

HONDA

HONDA AUSTRALIA PTY. LTD.

AND

**HONDA AUSTRALIA MOTORCYCLE AND POWER
EQUIPMENT PTY. LTD.**

MODERN SLAVERY STATEMENT 2023

This is the joint modern slavery statement (**Statement**) of Honda Australia Pty. Ltd. ACN 004 759 611 (**Honda AUH**) and Honda Australia Motorcycle and Power Equipment Pty. Ltd. ACN 006 662 862 (**Honda MPE**) (collectively referred to as **Honda Australia**) and is given to the Minister under section 14 of the *Modern Slavery Act 2018* (Cth) (the **Act**). In previous years, Honda AUH and Honda MPE lodged separate Statements in recognition of the different operations and modern slavery risk profiles between the two entities.

This Statement summarises the structure, operations, supply chains, modern slavery risks and controls during the period from 1 April 2022 to 31 March 2023 (the **Reporting Period**) across both Honda AUH and Honda MPE as required under the Act. It also contains an update on the initiatives committed to in the previous modern slavery statement.

1. Structure and operations

Honda AUH

Honda AUH is 100% owned by Honda Motor Co Limited (**HM**), which is based in Japan. Honda AUH is located in Moonee Ponds, Victoria and during the Reporting Period, employed approximately 154 people across its business operating areas. Honda AUH also operated offices in Sydney and Brisbane to manage the network operations outside of Victoria. Honda AUH owns 100% of Honda MPE and Honda Australia (Sales) Pty. Ltd. ACN 004 759 915 (**Honda Sales**).

The business activities of Honda AUH include the importation, distribution, and sales and marketing of Honda vehicles in Australia, and parts and accessories for those vehicles. Honda AUH's operations were managed by 4 internal Divisions during the Reporting Period:

- Customer Experience;
- Ownership Experience;
- Automotive;
- Business Services.

Honda MPE

Honda MPE is a wholly owned subsidiary of Honda AUH. During the Reporting Period, Honda MPE employed approximately 170 people across its business operating areas and operated from several locations across Victoria and New South Wales, including Campbellfield, Somerton and Kilsyth in Victoria and St Ives in New South Wales. The business operations vary depending on the location, and includes:

- importation and distribution of motorcycles and side-by-side vehicles (**SSVs**);
- importation and distribution of power products - including generators, lawnmowers, water pumps, outboard marine engines and stationary engines
- local assembly of lawnmowers and brushcutters utilising local and imported components;
- importation and distribution of replacement spare parts for complete built products;

- importation and distribution of merchandise and accessories; and
- motorcycle rider and automobile driver training services to the public and to corporate entities.

Honda Sales is not a trading entity.

2. Supply Chains

Honda AUH

Honda AUH has suppliers of goods and services based in Australia and overseas. The Honda vehicles sold in Australia are all purchased by Honda AUH from Honda manufacturing plants overseas, including in Thailand and Japan.

Motor vehicles are very complex products and can contain in the order of 2,500 components. Each component may have several tiers of supply, particularly complex components. Because Honda AUH itself does not manufacture Honda vehicles, it is not involved in the sourcing of these components and relies on the systems and controls that apply to all of HM's manufacturing operations globally.

During the Reporting Period, Honda AUH had 500 active vendors in its accounts payable system. These vendors supplied the business with a range of goods and services and were based both in Australia and overseas.

The bulk of goods that Honda AUH purchased during the Reporting Period (by financial expenditure) were Honda vehicles parts and accessories. Spare parts and vehicle accessories were also purchased from affiliated companies or third-party overseas based suppliers, located in Thailand, Japan, USA and Europe. Some vehicle accessories were also sourced from a local Australian supplier.

Honda AUH also acquired a range of services to support its local operations during the Reporting Period. Some of the major categories of services include advertising and media buying services, vehicle and parts processing and delivery services, warehousing services, IT services, and professional services such as accounting, corporate advisory and legal services.

These services were predominantly sourced from suppliers based in Australia, although some of these suppliers are part of multinational organisations headquartered overseas.

Honda AUH uses third party suppliers engaged under short and long term contracts to support some of its operations that might otherwise be performed internally, including its parts warehousing and customer call centre functions.

Honda MPE

Honda MPE's supply chains source Honda Group products from all continental regions, except Africa and the Middle East. Outside of Honda Group products, Honda MPE sources component parts from India and the Asia and Oceania region.

Honda MPE Supply Sources

<i>Source</i>	Motorcycles (incl. ATV &SSV)	Power Products	Spare Parts	Parts for Assembly	Merchandise & Accessories
Australia			◆	◆	◆
Brazil	◆		◆		
China	◆	◆	◆	◆	◆
E.U.		◆	◆		◆
India		◆	◆		
Japan	◆	◆	◆	◆	
New Zealand				◆	
Thailand	◆	◆	◆		
USA	◆	◆	◆	◆	
Vietnam	◆				

◆ Grey colour indicates supply chain includes parties external to Honda Group

A summary of Honda MPE's downstream supply channels is set out below:

Downstream channels

<i>Channel</i>	Motorcycles (incl. SSV)	Power Products	Spare Parts, Merchandise & Accessories	Rider & Driver Training
Dealer networks	◆	◆	◆	
Mass merchants		◆	◆	
Direct to consumer				◆
Export		◆		

3. Risks of Modern Slavery in Honda Australia's Operations and Supply Chains

Honda AUH

Because a large part of its supply chain is based overseas, and is managed by Honda affiliates in those countries, Honda AUH is not directly involved in those parts of its supply chain. Accordingly, we have sought to understand the inherent risks of modern slavery in our supply chains, by assessing factors such as the sectors and industries in which our suppliers operated during the Reporting Period, as well as their geographic locations.

Operations

The risk of modern slavery in Honda AUH's operations is low. There is no particular vulnerability to modern slavery in our business activities (the distribution, sales and marketing of vehicles), and these sectors are highly regulated in Australia. Our key functions where outsourced labour is used, are also subject to close scrutiny by employee organisations and industry governing bodies.

Supply Chains















The risk of modern slavery in Honda AUH's local suppliers in Australia has been assessed as being low for the reasons above, together with the fact that the bulk of its local procurement is to acquire corporate services from large, reputable, and well-run Australian businesses.

Honda AUH does outsource some of its activities to Australian-based suppliers, including its parts warehousing, customer call centre and roadside assistance functions, whose workers are not under the day-to-day control of Honda AUH. That being said, Honda AUH has a close working relationship with these suppliers, and has observed their operations, policies and practices.

Some of the overseas countries from which we import Honda vehicles, parts and accessories, such as Thailand, have been assessed by the Global Slavery Index¹ as having a medium to high vulnerability of modern slavery. While this inherent slavery risk is significant, this is mitigated by the fact that Honda AUH sources its vehicles from Honda-owned manufacturers overseas, and they are subject to HM's strong global Codes and policies regarding human rights and relationships with business partners and workers (as described in section 4 below).

Honda MPE

The following table provides a heatmap of risks of modern slavery practices in the operations and supply chains of Honda MPE:

<i>Activity</i>	Sector & Industry Risk	Product & Services Risk	Geographic Risk	Entity Risk
1. Product procurement				-
2. Spare parts procurement				-
3. Assembly parts procurement				-
4. Merchandise & accessory procurement				-
5. Outbound logistics	-	-	-	-
6. Dealer operations			-	-
7. Technical & warranty operations	-	-	-	-
8. Rider & driver training	-	-	-	-

Honda MPE has identified elevated risks in categories 3 and 4 in the above table. The first and second categories have been assessed as lower risk, as they are

¹ See <https://www.walkfree.org/global-slavery-index/map/#mode=map:country=THA;region=1:map=prevalence:year=2022..>

procured within the Honda Group, which has well established and managed systems to address modern slavery.

Locally Identified Elevated Risks

Assembly Parts Procurement

Honda MPE operates a small assembly facility in Melbourne. This assembly facility produces lawnmowers and brushcutters, predominately for the Australian domestic market. The following table describes the sources of components:

<i>Components</i>	Honda Group	Outside of Honda Group	
		Aust & NZ	Asia
Engine	◆		
Chassis casting		◆	
Component parts	◆	◆	◆
Packaging		◆	

Where component parts are sourced outside of the Honda Group and from overseas vendors, there may be an elevated risk of modern slavery.

Merchandise and Accessories

Honda MPE procures ranges of merchandise and accessories, which include clothing. For these ranges of merchandise, Honda MPE uses an Australian-based intermediary not connected to the Honda Group. The intermediary sources most items from the Asian region. The nature of the products and geographical source may lead to an elevated risk.

4. Controls to Address Honda Australia's Modern Slavery Risks

Reporting Period

Honda Australia had the following controls in place to mitigate modern slavery risk during the Reporting Period.

Supplier Contracts

Certain Honda Australia's service agreements for the procurement of goods and services contain specific provisions requiring its suppliers to:

- take all reasonable steps to ensure there is no modern slavery in their businesses or supply chains;
- conduct their business in a manner that is consistent with the principles of the Act;
- implement a system of training to ensure relevant supplier personnel understand and comply with the Act; and
- implement due diligence procedures for their suppliers to ensure there is no modern slavery in its supply chains.

Honda Code of Conduct

All Honda Australia associates, contractors and temporary staff (**Associates**) are required to comply with the Honda Code of Conduct (**Code of Conduct**).

The Code of Conduct is a global document issued by HM that applies to Honda Associates around the world, including Honda Australia. Behaviour that violates the Code of Conduct may be subject to disciplinary action, including termination of employment.

Honda Australia's leadership team demonstrate strong commitment to the Code of Conduct. From time to time, they present materials on this subject during weekly meetings and in a more tangible sense the leadership team ensure that staff (including themselves) have undertaken internal online training courses covering Honda's Code of Conduct and modern slavery legislative requirements, with all courses having minimum pass mark criteria associated. This way, our Honda Australia employees knowledge, understanding and engagement concerning these matters is monitored annually.

Honda Australia Practice Policy

Honda Australia's Practice Policy provides a set of guidelines and rules to Associates for ethical behaviour. It forms part of Associates' employment terms, and a breach of the Policy can lead to disciplinary procedures, including dismissal.

Key sections of the Practice Policy include the "dignity principle" and the "citizenship principle", which require Associates to respect the dignity of all people, adopt practices that enhance human development in the workplace and the community and act as responsible citizens in the community.

The Practice Policy also summarises the functions of Honda Australia's risk and governance committees:

- Honda Corporate Governance and Business Ethics Committee: this committee is accountable for maintaining good governance of Honda Australia and directing corporate governance activities to be completed. The members of this committee consist of the board of directors of Honda Australia and senior leadership team. It is chaired by Chief Compliance Officer.
- Risk Management Committee: this committee is responsible for the identification, management and mitigation of key risks to Honda Australia and is chaired by the Chief Risk Officer.

The Practice Policy requires Associates to report any suspected unethical or improper business behaviour of a breach of law or Honda policies and provides a clear "reporting route" internally or to Honda's Whistleblower Service (see details below).

Honda Australia Purchasing Manual

Honda Australia's Purchasing Manual was reviewed and updated during the Reporting Period and defines the processes Associates must follow in the procurement of goods and services. The Purchasing Manual also requires supplier

contracts to be thoroughly reviewed to ensure full compliance with all laws, regulations, Honda Australia policies and the Honda Code of Conduct. It lists certain mandatory and non-negotiable clauses for Honda Australia's agreements with suppliers, one of which is a commitment to comply with the Act.

The Purchasing Manual states that prior to supplier selection, evaluation criteria will include the supplier's ethics, and for overseas sourcing, human rights standards will be considered.

The Honda Report 2022

The Honda Report 2022² was issued by Honda Motor Co, Japan in June 2022 and remains a go-to reference for all Honda global subsidiaries. Amongst the many sustainability driven and global governance related themes and topics found in the document, it also explains the broad initiatives Honda is progressing in relation to its purchasing, sustainability, logistics and human rights considerations, concerning its current and future global procurement activities.

Initiatives Related to Purchasing

Working Together with Suppliers Worldwide

Honda's goal is to achieve a sustainable society across the supply chain. We implement initiatives with consideration for the environment, safety, human rights, compliance and social responsibility, among others, in partnership with our suppliers worldwide. Based on the Honda Philosophy, we have established the Purchasing Belief and Three Purchasing Principles and engage in business that is fair and equitable with transparency. We have also published the Honda Supplier Sustainability Guidelines to share our approach to sustainability with suppliers worldwide and to promote Honda initiatives.

Initiatives Related to Sustainability

Reducing Environmental Impact in Procurement Operations

In the Honda Global Environmental Purchasing Vision, we have adopted the concept of coexisting in shared prosperity with local communities by reducing environmental impact together with Honda's suppliers worldwide in our component procurement operations. Based on this vision, we have also formulated the Environmental Purchasing Grand Design, which shows the steps toward our priority of attaining a low-carbon society. When launching new transactions, we share the guidelines and the grand design with all suppliers in each region, and with their consent, jointly work to realize a low-carbon supply chain.

Initiatives Related to Logistics

Responding to Various Logistics Issues

Due to the extremely large volume of transportation that takes place from the upstream to the downstream of the manufacturing process at Honda, increasing efficiency, along with reducing environmental impact and compliance and risk management in logistics, are regarded as critical issues. Honda formulates, implements and centrally manages action policies and measures in response to various logistics-related pending issues and challenges. These include environmental response for CO₂ reduction, management of transportation companies, promotion of response to laws and regulations, policies concerning insurance and risk management.

Initiatives Related to Human Rights

ESG Inspection for Suppliers

Honda distributes a check sheet based on international standards to suppliers to confirm their compliance status of the Honda Green Purchasing Guidelines. The check sheet encompasses all aspects of human rights and labor matters, including eliminating race, ethnicity, nationality, religion, gender and other discrimination, as well as banning child labor, forced labor and human trafficking and guaranteeing minimum wages. We also conduct an interview survey with high-risk suppliers.

² See https://global.honda/en/sustainability/integratedreport/pdf/Honda_Report_2022-en-all-k.pdf

Modern Slavery Training

During this Reporting Period, all new Honda Australia associates were required to complete an online compliance training module in relation to modern slavery.

Honda Australia Whistleblower Service

Honda Australia has established a 1300 alert line and online portal, managed by an independent third party for Associates and suppliers of Honda Australia to report any "Reportable Conduct" under the Honda Australia Whistleblower Policy and Procedure with the option of remaining anonymous.

Reportable Conduct includes fraudulent activity, corrupt activity and illegal activity involving Honda Australia, which would include any modern slavery concerns in Honda Australia's operations and supply chains.

Progress on Controls Since the End of the Reporting Period

Following on from its 2022 modern slavery statement, Honda Australia has implemented various initiatives to strengthen its modern slavery control framework. This includes the development of questionnaires to evaluate and monitor modern slavery compliance on new suppliers.

The questionnaire is included in Honda Australia's request for proposal and onboarding processes for prospective and new suppliers to complete. Honda Australia will continue to develop and consolidate controls to mitigate against risks of modern slavery amongst its suppliers.

Honda MPE - Assembly Parts Procurement

Honda MPE's supplier management is also governed by Honda Group global purchasing policies and locally administered supplier agreements for overseas parts sourced outside of non-Honda controlled or affiliated factories.

This includes adherence to Honda's own quality standards such as supplier selection and contracting, supplier performance and evaluation and supplier quality audit standards.

Honda MPE - Merchandise and Accessories

In the Reporting Period, Honda MPE required its local intermediary to supply its current policies and procedures relevant to modern slavery.

Internal Measures

Future Honda Australia Controls

Honda Australia will continue to implement the following modern slavery processes and practices which form part of its modern slavery framework, including:

- Continue to create staff awareness of modern slavery by ensuring that all new Honda Australia Associates receive modern slavery training and that existing Honda Australia Associates attend regular modern slavery awareness training updates.

- Monitor the effectiveness of its modern slavery controls under the stewardship of its Honda Corporate Governance and Business Ethics Committee and Chief Compliance Officer.
- Ongoing implementation of modern slavery questionnaires as part of the onboarding process for new suppliers and for existing suppliers.

Honda Globally

As explained within this statement, a large component of the products imported by Honda Australia are sourced from Honda entities overseas. The Honda Report 2022 sets out a range of global initiatives established to keep associates and suppliers accountable for mitigating against and managing risks to human rights and modern slavery.

Some relevant initiatives are discussed below.

Honda Human Rights Policy

The Honda Human Rights Policy highlights specific risks relating to modern slavery. The Policy encourages respect for each individual’s fundamental human rights and prohibits any form of forced labour, child labour and human trafficking within the Honda Group at a global scale.

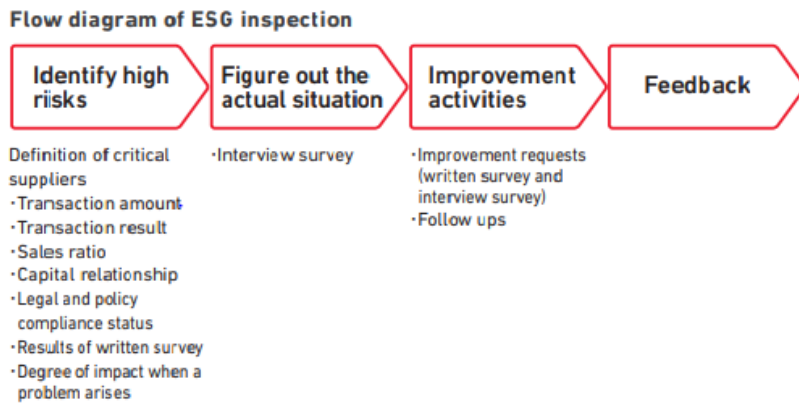
Honda Supplier Sustainability Guidelines

HM published the Honda Supplier Sustainability Guidelines, which state Honda Group’s basic approach to human rights and labour matter, including prohibitions to forced labour and child labour. Honda Group has asked its suppliers to implement these guidelines in practice.

Environmental, Social and Governance (ESG) Investigation

Honda in Japan has an ESG inspection process for high purchasing value suppliers to fulfil worldwide expectations of social corporate responsibility, including in the supply chain. The ESG inspection is carried out globally.

A flow diagram of the overall ESG inspection process³ is below:



³ See https://global.honda/en/sustainability/cq_img/report/pdf/2022/Honda-SR-2022-en-all.pdf

Part of the inspection involves a survey, through which Honda carries out the following three activities:

- Distribute a check sheet based on international standards;
- Confirm the compliance status of the guidelines;
- Promote improvement.

The check sheet verifies supplier activity in all aspects of human rights and labour matters, including banning child labour, forced labour and human trafficking. Moving forward, Honda will work with purchasing sites worldwide to promote global implementation of the ESG inspection. The results from the ESG investigation in FY2022 did not highlight any significant risk.

Conflict Minerals

Honda has also implemented several global systems to combat problems associated with the purchase and use of conflict minerals, such as Tin, Tantalum, Tungsten and Gold which have led to human rights infringements concerning child labour.

Honda surveys its suppliers globally based on the standards prescribed in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

In FY2022, Honda received survey responses from more than 7,000 suppliers, the results of which are published on its website⁴.

Based on survey results, Honda works together with its suppliers to address any concerns about the sourcing of conflict minerals and is also working to improve the accuracy of its survey.

5. How Honda Australia Assesses the Effectiveness of its Modern Slavery Controls

During this Reporting Period, our focus was to solidify our understanding of our modern slavery risks and how they may appear in our operations and supply chains.

We continued to implement processes to assess and mitigate modern slavery risks in our procurement process and ongoing supplier review systems. Training was also delivered to all Honda Australia Associates to raise awareness and increase knowledge of risks associated with modern slavery. This training allowed our management group to consider the suppliers we use and assess the modern slavery risks, both in Australia and overseas.

⁴ See <https://global.honda/investors/library.html>

Honda Australia is satisfied with the progress that has been made during the current Reporting Period. However, we will continue to evolve our processes to assess and address modern slavery risks in our operations and supply chains.

6. Honda Australia's process of consultation in the development of this Statement

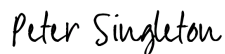
Honda AUH and Honda MPE have consulted together to create a single statement that reflects both entities' plans and developments to work in a unified and consistent way to mitigate the modern slavery risks in their operations and supply chains.

This statement was approved by the Board of Directors for Honda AUH on 27 September 2023.



Yoshitaka Okamoto
Managing Director

This statement was approved by the Board of Directors for Honda MPE on 27 September 2023.



Peter Singleton
Director