



Honda Australia Motorcycle and Power Equipment Pty Ltd
1954 - 1956 Sydney Road
Campbellfield VIC 3061

Modern Slavery Statement

Reporting Year Ending 31 March 2020

29 December 2020

1. Reporting entity 'Honda MPE'

Honda Australia Motorcycle and Power Equipment Pty. Ltd. ("Honda MPE") ABN 96 006 662 862

2. Structure, operations & supply chains

Structure

The Honda Group manufactures and distributes automobiles, motorcycles, power products and associated spare parts globally.

Honda MPE is part of the Honda Group and its ultimate parent company is Honda Motor Co., Ltd., which is headquartered in Japan.

The Honda Group employs a matrix management system. In this matrix, the vertical axis represents the organisations for each region, while the horizontal axis denotes individual businesses, such as automobile and motorcycle operations. On the vertical axis are organisations in Japan and six overseas regions (North America, South America, Europe, Asia & Oceania, China and Africa/Middle East).

As a company structure, Honda MPE is a wholly-owned subsidiary of Honda Australia Pty. Ltd. (ABN 66 004 759 611). The parent company is responsible for automobile business in Australia.

Operations

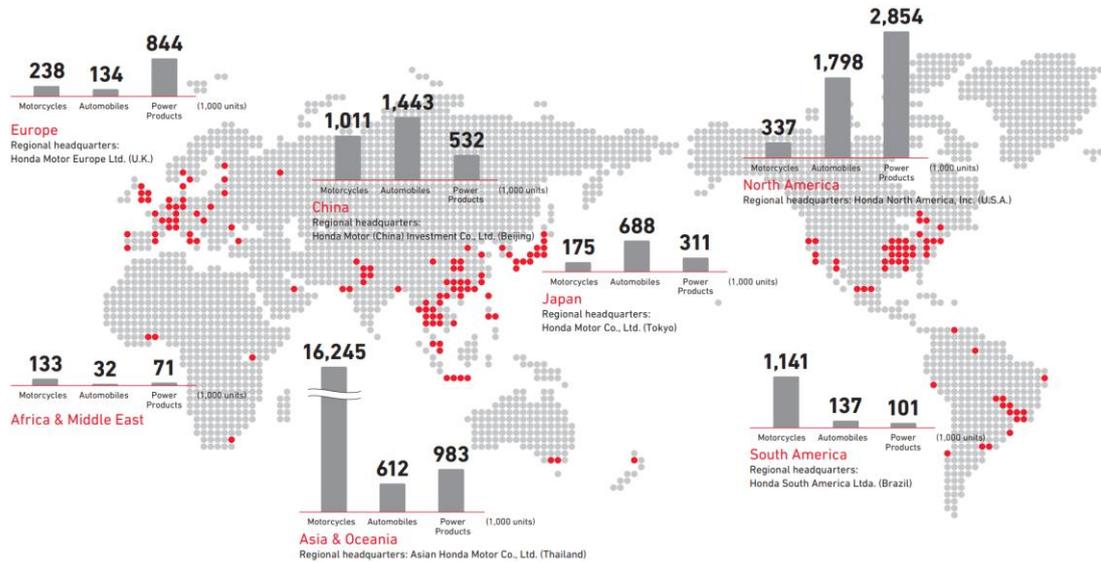
Honda MPE's operations in Australia include:

- Importation and distribution of motorcycles, all-terrain vehicles (ATVs) 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 & brushcutters utilising local and imported components
- Importation and distribution of replacement spare parts for complete built products
- Importation and distribution of merchandise and accessories
- Motorcycle rider and automobile driver training services to the public and to corporate entities

Honda Australia Pty. Ltd. could elect to submit a single statement which represents the consolidated Australian group. However, Honda MPE has chosen to submit a separate statement, in recognition of our different modern slavery risk profile. Specifically, Honda MPE's engagement in local assembly activities and the procurement of merchandise and accessories, which is different to the automobile business.

Supply Chains

Contextualisation of Honda Group Operations (annual units '000s)



Source: Honda Sustainability Report 2020 <https://global.honda/about/sustainability/report.html>

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

Supply sources

Source	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

Downstream channels

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

3. Risks of modern slavery practices in the operations and supply chains

The following table provides a heatmap of risks of modern slavery practices in the operations and supply chains, as a result of conducting risk analyses:

<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	-	-	-	-

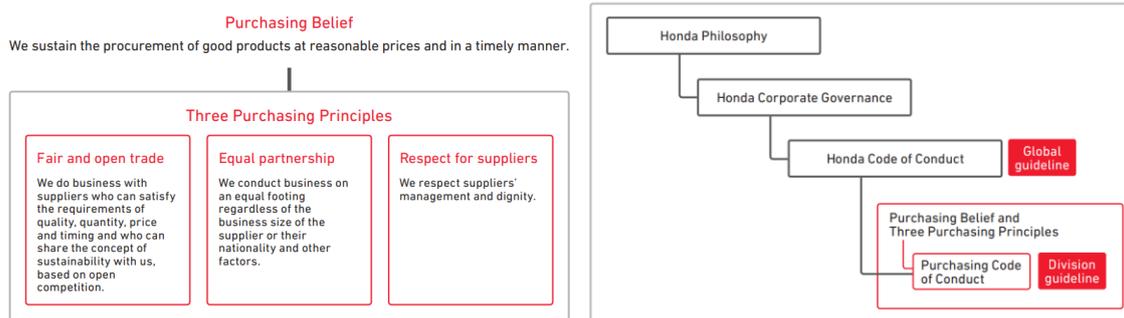
Honda MPE identifies elevated risks in categories (3) and (4).

The first and second categories are assessed as lower risk, as they are procured within the Honda Group, which has well established and managed systems to address modern slavery. Details related to the Honda Group are available at this URL:

<https://global.honda/about/sustainability/report.html>

Honda Group procurement

Honda Group's sustainability report explains the approach to global procurement incorporating the 'Purchasing Belief', 'Three Purchasing Principles' and 'Purchasing Code of Conduct'. These concepts, extracted from the *Honda Sustainability Report 2020* are illustrated in the graphics below:



Locally identified elevated risks

Assembly parts procurement

Honda MPE operates a small assembly facility in Melbourne. This assembly facility produces lawnmowers and brushcutters, predominantly 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 & accessories

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

4. Actions taken to assess and address the risks

Assembly parts procurement

Supplier management is governed by Honda Group global purchasing policies, including the adoption of Facility Quality Standards (F-QS). F-QS require physical audits be conducted every two years. Audits were last conducted in 2018 and due to be audited in 2020, during the modern slavery reporting period. However, due to COVID-19 this did not occur. These audits are budgeted for in 2021, subject to permissible travel. The audit materials will be revised to specifically address the Commonwealth Modern Slavery Act.

Merchandise & accessories

Prior to this reporting period, Honda MPE rationalised to two local intermediaries, and sought assurances as to the elimination of modern slavery in their supply chains. Risk was assessed to a lower level as these companies also supply to, and comply with, other major Australian organisations' modern slavery policies.

In this reporting period, Honda MPE required the local intermediaries to supply their current policies and procedures relevant to modern slavery. As part of this review, Honda MPE requested and received independent third-party audits of a sample of garment factories in the supply chain.

Internal measures

Honda's Code of Conduct

Honda's Code of Conduct applies to all of Honda Group's 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 wants to exist".

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.

Honda MPE demonstrates strong commitment to the Code of Conduct, with the leadership team taking turns each week to present examples, publishing information on the intranet and surveying understanding and engagement bi-annually across all employees.

Ethics 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 Compliance & Ethics Committee, comprising of senior management.

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

5. Assessing the effectiveness of the actions

In subsequent reporting periods, Honda MPE has moved to include modern slavery considerations in our collaboration with internal and external stakeholders. Honda MPE will achieve this through (1) raising awareness of the forms of modern slavery among our employees and suppliers, (2) broadening our approach to supplier and supply chain risk management to incorporate modern slavery components and metrics where applicable, (3) Reviewing existing processes in accordance with F-QS audit activities and (4) exploring together with key members in the Honda Group to find better ways to identify and take actions in our supply chains.

6. Consultation with entities owned or controlled

This criterion does not apply to Honda MPE, as it does not own or control any other entity.

7. Other relevant information

No other relevant information.

Statement approval

Pursuant to the Commonwealth Modern Slavery Act 2018, this statement has been approved by the board of Honda Australia Motorcycle and Power Equipment Pty. Ltd. and signed by a responsible member.



Peter Singleton
Director

29 December 2020