

HONDA

HONDA AUSTRALIA PTY. LTD.

AND

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

MODERN SLAVERY STATEMENT 2024

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**).

This Statement summarises the structure, operations, supply chains, modern slavery risks and controls during the period from 1 April 2023 to 31 March 2024 (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 159 people across its business operating areas. Honda AUH also operated offices in Sydney, Brisbane and Perth 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 MPE

Honda MPE is a wholly owned subsidiary of Honda AUH. During the Reporting Period, Honda MPE employed approximately 175 people across its business operating areas and operated from several locations across Victoria and New South Wales, including 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.

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. For example, Honda Australia currently sources IT services from information technology suppliers based in India who employ ethical practices as described within the supplier's corporate governance policies.

Honda AUH uses third party suppliers engaged under various service agreements 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

Source	Motorcycles (incl. SSV)	Power Products	Spare Parts	Assembly Parts (HMA)	Merchandise
Australia			◆	◆	◆
Brazil	◆		◆		
China	◆	◆	◆	◆	◆
EU		◆	◆		◆
India	◆	◆	◆		
Japan	◆	◆	◆	◆	
New Zealand			◆	◆	◆
Thailand	◆	◆	◆		
USA	◆	◆	◆	◆	◆
Vietnam	◆		◆		

- ◆ Red Colour indicates procured from Honda Group
- ◆ Grey colour indicates supply chain includes parties external to Honda Group

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

Channel	Motorcycles (incl. SSV)	Power Products	Spare Parts, & Merchandise	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 and reputable 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. However, Honda AUH has a close working relationship with these suppliers, and has observed their operations, policies and practices.

Importing Vehicles and Parts

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).

Merchandise

Honda AUH sources its merchandise from a local Australian business. The material used to create the merchandise is sourced from Australian and overseas suppliers.















3.1 Honda Australia Automotive importing by category

Source	Cars	Car Parts	Merchandise
Australia			◆
E.U.		◆	
Japan	◆	◆	
Thailand	◆	◆	
USA		◆	

¹ See <https://www.walkfree.org/global-slaveryindex/map/#mode=map:country=AUS:region=1:map=prevalence:year=2023:view=recommendations>

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 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

Honda MPE procures ranges of merchandise, 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 compliance training courses covering Honda's Code of Conduct and modern slavery legislative requirements, with all courses having minimum pass mark criteria associated. This way, Honda Australia Associates 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, including the following:

1. **Honda Australia Corporate Governance and Business Ethics Committee (HCG 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 the Chief Compliance Officer of Honda Australia.

2. **Honda Australia Risk Management Committee**

- This Committee is responsible for the identification, management and mitigation of key risks to Honda Australia. The members of this committee consist of the board of directors of Honda Australia and senior leadership team. The committee is chaired by the Chief Risk Officer of Honda Australia.

The Practice Policy also 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 Australia's Whistleblower Service.

Honda Australia Purchasing Manual

Honda Australia's Purchasing Manual defines the processes Honda 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. The manual also 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 2024

The Honda Report 2024² was issued by Honda Motor Co, Japan in June 2024 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.

² See https://global.honda/en/sustainability/cq_img/report/pdf/2024/honda-SR-2024-en-all.pdf

Purchasing Initiatives

Chemical Substance Management

The Company has issued the Honda Chemical Substance Management Standard, which aims to ensure that all the components that make up Honda products comply with laws and regulations as well as to reduce their impact on the global environment and ecosystem. Honda asks suppliers around the world to establish a structure for managing chemical substances that meets the standard and to guarantee that the components they supply satisfy the standard. The Company also uses an industry standard management system for specific data on chemicals contained in components, which are evaluated prior to commencing mass production.

Measures to Counter Procurement Risk

Honda views all phenomena that can impact production as risks, including disasters, fires, financial issues and labor issues within suppliers. Accordingly, the Company works to reduce these risks and prevent the spread of any impact if they materialize throughout the supply chain, beginning with the procurement of components and materials. For example, Honda defines all components and materials whose procurement is dependent on a single facility as Mission-Critical Parts, and inspections and countermeasures are implemented continually around the world.

As part of this initiative, Honda has established a scheme for suppliers in Japan starting in 2021 to promptly register information on new supply chains (production sites below Tier 2) in its procurement risk management system when such information is generated.

Through the operation of this system, the Company established structures to quickly ascertain the extent of damage to suppliers in the affected areas and whether production has been affected in the event of a major disaster.

Honda also performs once-yearly evaluations based on supplier surveys in order to minimize financial risk. In addition, the Company checks risk every month by referring to information from third-party organizations.

Requiring Legal Compliance from Suppliers

Honda seeks to strengthen sustainability, including compliance, throughout the supply chain. In conducting business, the Company concludes basic agreements on component procurement that specify areas of attention such as safety, disaster prevention, environmental preservation, and the protection of resources. The agreements also contain terms regarding compliance with each country's laws and regulations, including competition laws and laws and regulations related to the prevention of bribery.

Responsible Mineral Sourcing

Honda recognizes the potential link between the increased demand for rare minerals, including cobalt, due to electrification and human rights issues such as child labor, and is engaged in activities aiming to avoid the use of minerals that may contribute to human rights violations and environmental pollution. In Japan, the Company uses templates provided by the Responsible Minerals Initiative (RMI) and works to identify cobalt refiners with the cooperation of its suppliers. Going forward, Honda will also consider global initiatives.

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 Actions since the End of the Reporting Period

In our 2023 Modern Slavery Statement, we said we would continue to deliver on the following actions to improve our practices to identify and address the risks of modern slavery in our operations and supply chain.

Actions identified in 2023	Progress during 2024
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.	<p>In 2024, all new Honda Australia Associates received online modern slavery compliance training and existing Associates received online refresher training. The training content covers modern slavery risks in Australia and is designed to assist Associates to recognise the signs of modern slavery and to report any concerns.</p> <p>This is an ongoing action.</p>
Monitor the effectiveness of its modern slavery controls under the stewardship of its HCG Committee and Chief Compliance Officer.	Legal, Risk and Compliance team provided the HCG Committee with an annual report in relation to the effectiveness of Honda Australia’s modern slavery program. The Chief Compliance Officer is also a member of the HCG Committee and has a direct reporting line to the Board of Honda Australia.
Ongoing implementation of modern slavery questionnaires as part of the on boarding process for new suppliers and for existing suppliers.	<p>In 2024, new suppliers were asked to complete modern slavery questionnaires as part of the on boarding process (to assess their modern slavery risks) and work is continuing to ensure that existing suppliers complete modern slavery questionnaires.</p> <p>This is an ongoing action.</p>

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.

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 receive annual modern slavery awareness training updates;
- Monitor the effectiveness of its modern slavery controls and report to the HCG Committee on the effectiveness of Honda Australia's modern slavery program;
- Ongoing implementation of modern slavery questionnaires as part of the onboarding process for new suppliers and for existing suppliers; and
- Ensure certain contracts contain modern slavery provisioning.
- Continue to conduct risk assessments of Honda Australia's operations and supply chain to better understand where modern slavery vulnerabilities may exist.

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 2024 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.

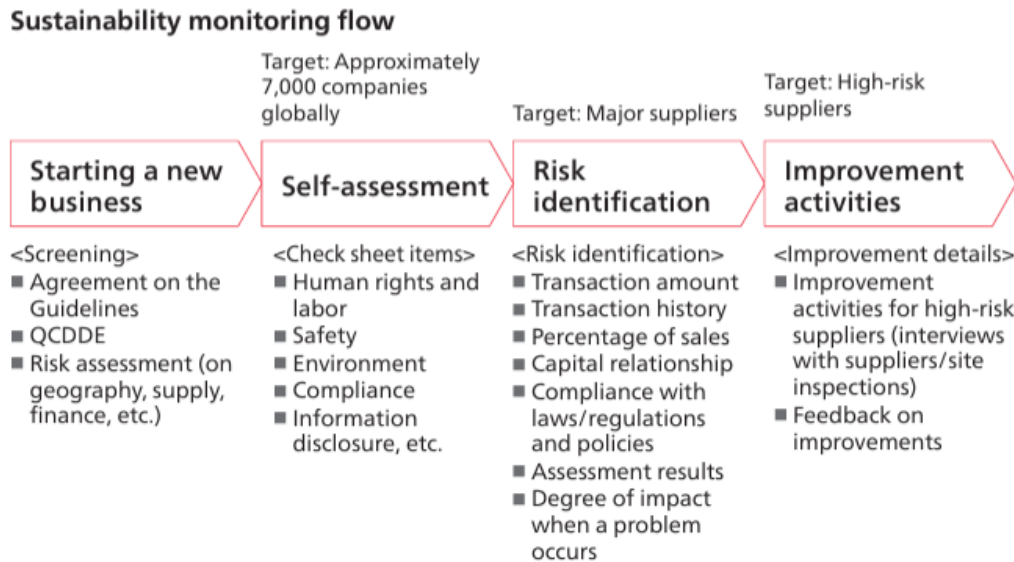
Honda Supplier Sustainability Guidelines

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

Sustainability Initiatives Inspections (Environmental, Social and Governance)

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

A flow diagram of the overall Sustainability Monitoring Flow³ is below:



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 Sustainability Initiatives inspection.

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.

³ See https://global.honda/en/sustainability/cq_img/report/pdf/2024/honda-SR-2024-en-all.pdf

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 FY2024, 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 reinforce 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 new Honda Australia Associates to raise awareness and increase knowledge of risks associated with modern slavery.

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.

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

This statement was approved by the Board of Directors for Honda Australia Pty Ltd on 24 September 2024.



Yoshitaka Okamoto
Managing Director

This statement was approved by the Board of Directors for Honda Australia Motorcycle and Power Equipment Pty Ltd on 20 September 2024.



Peter Singleton
Director