



# Honda Supplier Sustainability Guideline

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Honda Motor Co., Ltd.

## 【Purpose of issuing this guideline】

Honda strives to become a company who is rooted and well received in the local community and “society wants to exist”. Also, Honda is dedicated to developing the supply chain that co-exist and co-prosper with local society by actively promoting sustainable initiatives with our suppliers all over the world.

As for sourcing activity, Honda selects the optimum suppliers based on our assessment of supplier performance in Q (quality), C (cost), D (Delivery), D (Development), and E (Environment) area as well as their initiatives in the area of human rights, labor, safety, compliance, risk, information protection, etc. through our sourcing process.

The purpose of this guideline is for Honda and our suppliers (at all tiers) to share our approach for sustainability initiatives as well as the basic items which Honda and suppliers will work together in sustainability area. We expect all suppliers to comply with these standards and cascade these standards to their supplier chain.

\*This guideline is based on JAMA “Supplier CSR Guideline”, AIAG/CSR Europe “Sustainability Guiding Principles” as well as the Honda philosophy, etc.

## 【Items in scope】

### 1. Safety/Quality

#### Honda's fundamental policy

In order to realize a satisfaction of, and gain trust from, each single customer by overcoming any form of struggles and achieving 120% quality, Honda strives to build quality products at all of development, production, and sales phases.

#### Expectations to our suppliers

- 1) Provide products and services that meet the needs of our consumers and customers.

Supplier should understand the needs of our consumers and customers and develop and provide the products that are valuable <sup>(※)</sup> to society.

※ Product that is valuable to society = For example, the product that is user-friendly for anyone regardless of their age, gender, or disability, etc.

Also the product that is friendly to the earth such as energy-saving/resource-saving/eco-friendly products.

- 2) Thorough enforcement of safety/quality governance for products and services  
Produce and provide the products and services that comply with the national and local safety and quality laws and regulations.
- 3) Safety/quality assurance of products and services  
Establish and execute a company-wide system to ensure safety and quality of products and services.

### 2. Human Rights and Working Conditions

#### Honda's fundamental policy

In accordance with the basic principle of the Honda Philosophy, “Respect for the individual”, Honda respects the will and the human rights of all employees and suppliers and treats them fairly. Also, Honda strives to maintain safe and healthy work environment by upholding our belief, “No production without safety”.

#### Expectations to our suppliers

- 1) Non-discrimination

Suppliers should not tolerate any form of discrimination in any employment situations <sup>(※)</sup>. Suppliers should provide equal employment opportunities regardless of worker or applicant characteristics such as race, ethnicity, national origin, religion, gender, etc.

※Job application, hiring, promotion, raise, termination, retirement, work assignment, discipline, etc.

- 2) Respect for human rights  
Suppliers should not tolerate any form of harassment at their workplace based on worker's characteristics such as race, ethnicity, national origin, religion, gender, etc.
- 3) Prohibition of child labor  
Suppliers must observe the minimum employment age in their business activities in accordance with the national and local laws and regulations.
- 4) Prohibition of forced labor  
Suppliers must ensure that all labor is voluntary and respect employees' right to resign when they want and at their own free will. Suppliers must prohibit any forms of forced, bonded or compulsory labor, and human trafficking.
- 5) Wage  
Suppliers must comply with the applicable national and local laws and regulations in respect of minimum wage, overtime, payroll deduction, piece wage, and other remuneration.
- 6) Working hours  
Suppliers must comply with applicable national and local laws and regulations in respect of employees' working hours (including overtime), annual paid time off, holidays, etc.
- 7) Communication, consultation, and discussion with employees  
Suppliers must be in good faith when company communicate, consult, and/or discuss with their employees or the representative of their employees.  
Supplier should admit employees' rights to or not to associate freely in accordance with the applicable national and local laws and regulations.
- 8) Safe and healthy work environment  
Supplier should be dedicated to preventing accidents and disasters by taking employee's safety and occupational health as the priority.

### 3. Environment

#### Honda's fundamental policy

With "global environmental conservation" as a key pillar of our corporate policy, in accordance with "Honda environmental declaration", Honda strives to realize "the society with zero environmental burden" in the future by working on "action to address climate change and energy issues", "efficient resource utilization", and "conservation of clean air" through our technologies and business activities.

In addition, Honda acknowledges that promoting LCA<sup>(\*)</sup> is an important initiative to reduce environmental burden throughout the product lifecycle from raw material through product disposal. Therefore, Honda will expand the scope to utilize LCA more

than ever to make carbon reduction proposal at development stage and to reduce environmental burden by resource circulation, et. Also, Honda acknowledges the importance of conserving biodiversity in all our corporate activities, and we will continue to work to ensure our corporate activities are in harmony with conservation of biodiversity.

※LCA is an abbreviation for Life Cycle Assessment

### Expectations to our suppliers

#### 1) Environmental management

In order to promote a wide range of environmental initiatives, suppliers should establish a corporate-wide environmental management system and continue to implement and improve the system while they comply with their national and local laws and regulations.

##### ① Establishing structure at company level and business entity level.

Suppliers should establish an environmental management structure that is consistent with ISO14001 certification system or the certification system by other third-party certification organization and become certified.

##### ② Establishing environmental management structure by business axis and by product axis

Suppliers should establish an environmental management structure from the aspect of product lifecycle by enhancing collaboration at business level (including education to sub-tier suppliers on how to establish an effective environmental management structure).

#### 2) **Reduction of Greenhouse Gas (GHG<sup>(※1)</sup>) Emissions**

In order to contribute to the prevention of global warming, we will manage greenhouse gas emissions in our business activities to realize carbon neutrality. In addition, we will improve production efficiency, promote energy saving efforts, switching to low carbon energy, and utilize renewable energy to reduce GHG.

##### ① Understanding and reducing greenhouse gas (GHG) emission

Promote greenhouse gas emission reduction activities such as understanding greenhouse gas emissions and effective use of energy throughout the life cycle.

##### ② Reduction of CFC emissions

If CFC is used in suppliers' sites or products, please change it to non-chlorofluorocarbon and low GWP<sup>(※2)</sup>.

※1 Abbreviation for Green House Gas

Carbon dioxide(CO<sub>2</sub>), methane(CH<sub>4</sub>), dinitrogen monoxide(N<sub>2</sub>O), hydrofluorocarbons(HFCs), perfluorocarbons(PFCs), sulfur hexafluoride(SF<sub>6</sub>), etc.

※2 Abbreviation for Global Warming Potential

### **3) Air, Water, and Soil Environmental Conservation**

We will comply with the laws and regulations of each country and region concerning environmental conservation such as air, water, and soil. In addition, continuously monitor and reduce pollutants to strive for environmental preservation including reduction of water use.

### **4) Efficient Use of Resources**

We will comply with the laws and regulations of each country and region concerning appropriate disposal of waste and recycling, etc., and will work towards reducing the amount of final disposal of waste through more effective use of resources and promote the use of sustainable materials (e.g. reuse, recycle, and biomass).

### **5) Chemical Substance Management**

We will safely manage any chemical substances that carry a risk of environmental pollution. For chemical substances prohibited by the laws and regulations of each country and region, we will make sure and guarantee our products in those countries and regions do not contain such chemical substances. We also do not use prohibited chemical substances in manufacturing process. With respect to any specified chemical substances as stated in the laws and regulations of each country and region, we record and report the information on their emissions and discharge amount to government and administrative offices in accordance with the laws and regulations.

### **6) Conservation of Biodiversity**

We understand the importance of biodiversity conservation and give the maximum consideration to it.

### **7) Environmentally Friendly Products Development**

We encourage our suppliers to give us proposals on products (parts and materials) and services to be supplied from a perspective of zero environmental impact, focusing on the efforts mentioned in 2) to 6) above.

## **4.Responsible Sourcing of Conflict Mineral**

### **Honda's Fundamental Policy**

Honda's policy is to aim to be free from conflict minerals which contribute to the funding of armed groups in conflict areas, human rights infringement, and environmental destruction.

### **Expectations to our Suppliers**

When procuring mineral resources (conflict minerals<sup>(※)</sup>, and cobalt, etc.) contained in products, strive to use smelters and refiners who do not use minerals that may lead to human rights issues or environmental pollution. Also, conduct a survey of the supply chain.

※Conflict Minerals: Tin, Tantalum, Tungsten, and Gold

## **5.Compliance**

### **Honda's Fundamental Policy**

In order to further increase the trust of society, Honda will continue to work to strengthen compliance. As a member of society, we will comply with laws and regulations and strive to practice honest and ethical behavior.

### **Expectations to our Suppliers**

#### **1) Compliance with the Law**

We shall comply with the laws and ordinances of each country and region. We shall establish and implement policies, systems, codes of conduct, reporting systems, education and other mechanisms in order to ensure compliance with laws and regulations.

#### **2) Antitrust Compliance**

We shall comply with the antitrust laws of each country and region, and not engage in practices such as illegal monopolies, improper trade restrictions (cartels, bid rigging), unfair business practices or abuse of a dominant positions.

#### **3) Corruption Prevention**

Political contributions or donations must be made in accordance with the laws and ordinances of each country and region. We shall strive to establish and maintain transparent and fair relationships with any political or administrative entity. Also, companies shall not condone any entertainment, exchange of gifts, giving or acceptance of money for the purpose of obtaining or maintaining undue profit or preferential treatment.

#### **4) Prevention of conflicts of interest**

We have the responsibility to avoid activities which conflict or appear to conflict with the interests of our company for the purpose of promoting his/her own interest or the interest of a supplier or a third party.

#### **5) Management and protection of confidential information**

We shall only use legitimate means to obtain personal or confidential information of any customer, third party or associate. Each company shall strictly manage and protect such information and will use such information only within its

appropriate scope.

**6) Whistleblower protection**

We shall assure that employees and business associates will not be subject to termination, threats, harassment or other adverse action by reason of making a grievance report.

**7) Managing exports**

Export procedures and controls of any technology or item restricted by law or regulation of any country or region shall be followed.

**8) Protection of intellectual property**

We shall protect intellectual property rights owned by or belonging to the company, and not condone improper acquisition, use and infringement of the intellectual property rights of any third party and establish and manage effective detection processes in order to minimize the risk of introducing counterfeit parts.

## 6.Information Disclosure

### **Honda's Fundamental Policy**

In order to enhance further trust and sympathy from society, Honda will strive to disclose information promptly and appropriately and become a highly transparent company.

### **Expectations to our Suppliers**

**1) Disclosure of information to stakeholders**

We shall disclose information such as the financial condition, business performance, and details of business activities, to our stakeholders in a timely and appropriate manner. Through open and fair communication, we aim to maintain and develop mutual understanding and trust with our stakeholders<sup>(※)</sup>.

<sup>※</sup>Customers, sales companies, suppliers, employees, shareholders, communities/society.



## **[Guideline Compliance Mechanism]**

Please take the following actions to use this guideline.

### **(1) Compliance with the Guideline**

Honda requests that suppliers comply with this guideline along with the “Parts Supply Base Agreement” that Honda concluded with each supplier.

### **(2) Confirmation of Agreement on the Guideline**

Honda may request that suppliers submit the attached “Supplier Agreement Form” as a document of confirmation that the supplier has read, understands, and agrees on the contents of this guideline.

The agreement mentioned above is to be regarded as continued agreement on the latest guideline contents reflecting updates made by revising the guideline. Please contact Honda if you have any questions when the guideline is revised.

### **(3) Application of the Guideline**

Please establish company policy and internal system/structure to implement activities based on this guideline. Honda requests that suppliers use this guideline continuously and also make improvements to their use continuously.

### **(4) Request to Make the Guideline Known to Supply Chain Thoroughly**

Honda requests each supplier to make this guideline known to all of their sourcing suppliers and their entire sourcing supplier chain thoroughly and completely.

### **5) Confirmation of Implementation Status**

In order to confirm compliance status for this guideline, Honda may request suppliers to submit related documents and data or to conduct on-site (factory) investigation. Or Honda may request that related documents and data be available for Honda’s viewing. Applicable suppliers will receive notification separately.

- Guideline as a whole  
Written surveys to confirm supplier compliance with the guideline
- Respective Items
  - 3. Environment
    - 1) Environmental management 2) Reduction of greenhouse gas emissions
    - 3) Environmental (air, water, soil, etc.) preservation
    - 4) Efficient utilization of resources  
(Honda’) viewing of and provision (to Honda) of related documents and data
    - 5) Chemical substance management
      - ① Management of chemical substances in products
        - Establishment of system and structure that meet “Honda Standard

- for Management of Chemical Substances in Products” and chemical substance management that meets the standard
- Submission of Declaration of Compliance with “Honda Standard for Management of Chemical Substances in Products”
  - Entry to Honda-designated system(s) of data on chemical substances contained in products (Applicable products are to be specified by Honda.)

② Management of Chemical Substances within Line Processes

- (Data) entry to Honda-designated system(s) or submission of Safety Data Sheet SDS\*

(Applicable products are to be specified by Honda on top of the products for which SDS submission is legally required.)

\* Acronym for Safety Data Sheet

- In case that any change occurs to the data content due to regulatory change, etc., please enter or submit the latest version as soon as possible.
- In case that any change occurs to applicable products specified by Honda, please enter to SDS or submit it as soon as possible.
- Survey of environmental burdens (environmental FP <sup>(\*)</sup>) generated from the supplier’s organization and products based on the LCA method.

\* Acronym for footprint

-4. Responsible mineral sourcing

Survey of Conflict Minerals Use (CMRT<sup>(\*)</sup>)

Response to human rights/environmental due diligence required by laws, regulations, and such.

\* Acronym for Conflict Minerals Reporting Template

**6) Actions to be taken following guideline violation**

Honda requests that in any case of guideline violation that occurs in the scope of the supplier’s business and operational activities, the supplier notify Honda immediately. Honda requests that the supplier conduct root cause investigation, report investigation results, and also submit recurrence prevention countermeasures. If no appropriate measures are taken, there is a possibility that Honda may hold off on issuing a new RFQ temporarily or take other actions.

## Supplier Agreement Form

Honda requests all suppliers that receive this guideline their representative's signature on the "Supplier Agreement Form" and submission of the signed form.

Please acknowledge that the signature on the form of the representative of each supplier confirms that the supplier agrees on all of the items/conditions and supplies to Honda all of their parts and materials based on the agreement.

※ Signee: The responsible person who supervises sustainability activities  
(Executive/Managing Director in charge)

Company name:

Supplier code:

Department/title of the signee:

Signee's name:

Signature date:

Signature:

**HONDA**

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