



Supplier Webinar #3: Production Update



Mark Willoughby
General Manager,
Purchasing

Introduction

- Please mute your video & audio during this meeting
- A link to access this recorded message will be posted on the Honda Engage Website - <https://hondaengage.com/sar/suppliercovid19webinars> after Monday, June 22nd
- We encourage you to share and communicate within your team!

Today's Speaker Line up:



Mark Willoughby
General Manager,
Purchasing



Elly Bradford,
Senior Manager,
Purchasing Planning

Agenda:

Leadership Message

- Industry Outlook
- Production Forecast

Best Practice Activity

- Lessons Learned –
Social Distancing

Supplier Challenges

- Operational Stability

Complexities of Restarting Production

Stay at Home Orders



Line Layouts



State & Federal Regulations



New Safety
Requirements



Supply Chain
Interruption



N.A. Plant by Plant Production Image

Plant	Line	70%					94% →					June														
		6/8	6/9	6/10	6/11	6/12	6/13	6/14	6/15	6/16	6/17	6/18	6/19	6/20	6/21	6/22	6/23	6/24	6/25	6/26	6/27	6/28	6/29	6/30		
MAP	#1	<div>No DT or UTR Anticipated</div> <div>Bump to 94% OK (Cyber Incident Recovery)</div>							98	98	98	98	98	98		98	98	98	98	98		98	98			
	#2								98	98	98	98	98	98		98	98	98	98	98		98	98			
ELP									98	98	98	98	98	98		98	98	98	98	98		98	98			
PMC									94	94	94	94	94			94	94	94	94	94		94	94			
AEP									94	94	94	94	94			94	94	94	94	94		94	94			
HTM									94	94	94	94	94			94	94	94	94	94		94	94			
HCM	#1						94		94	94	94	94	94			94	94	94	94	94	94		94	94		
	#2								94	94	94	94	94			94	94	94	94	94	94		94	94		
HMIN									94	94	94	94	94			94	94	94	94	94	94		94	94		
HMA	#1								94	94	94	94	94			94	94	94	94	94	94		94	94		
	#2								94	94	94	94	94			94	94	94	94	94	94		94	94		
HPPG									94	94	94	94	94			94	94	94	94	94	94		94	94		
HDM-C									94	94	94	94	94			94	94	94	94	94			94	94		

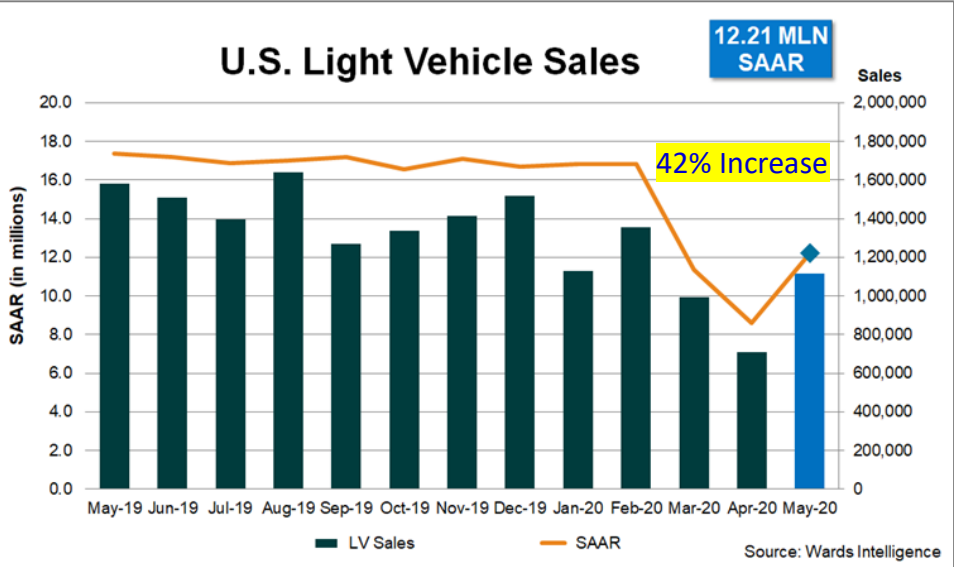
We are ready to resume full production!

Thank you for confirming supply chain readiness to support ramp-up

We are expecting 100% production levels in early July, as we continue to improve output based on social distancing.

Honda received set back with cyber security issue, but we are ready to resume full production

Industry Sales Results – May 2020



Dealers see 'booming' business as automakers crank up production

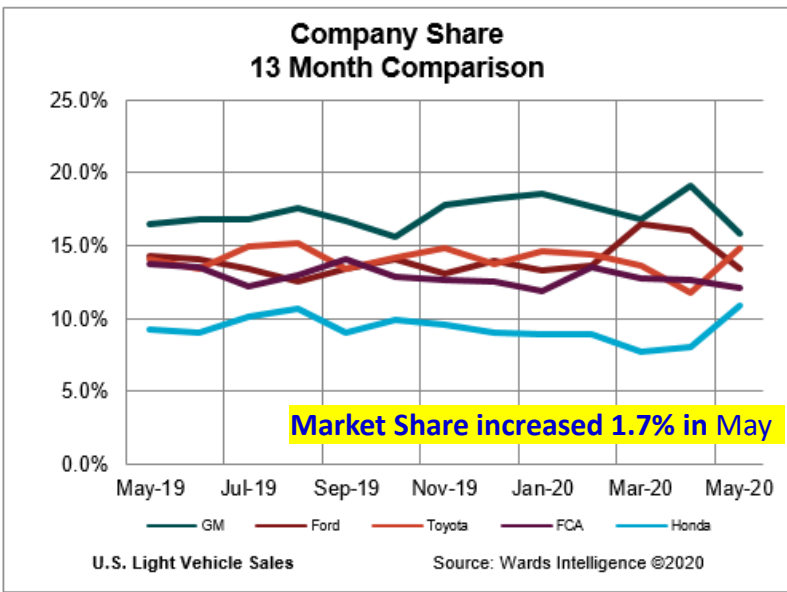
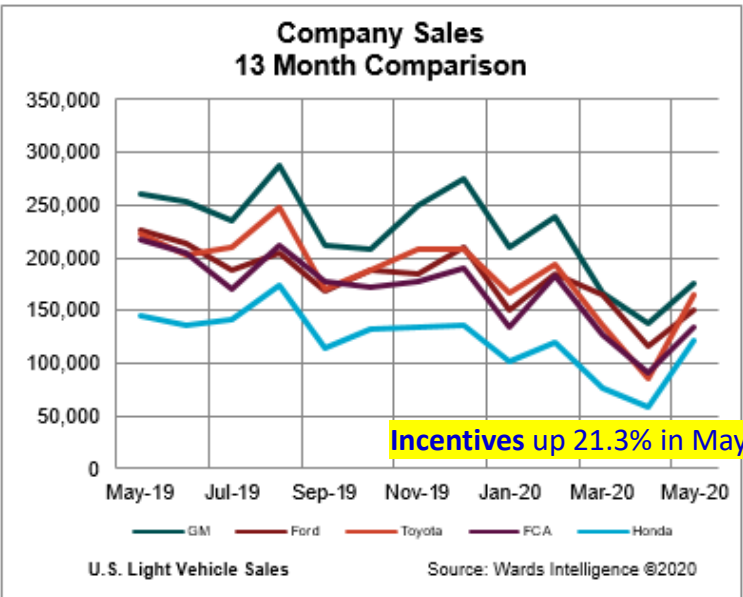
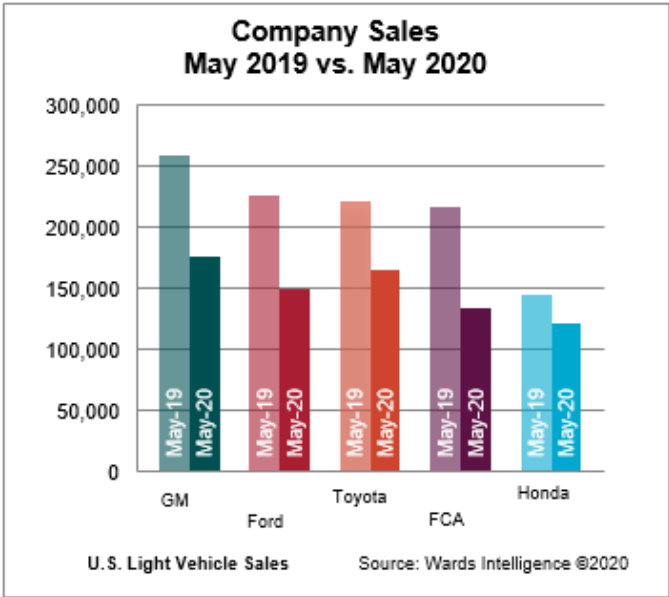
Kalea Hall, Breana Noble and Jordyn Grzelewski, The Detroit News Published 12:01 a.m. ET June 8, 2020 **The Detroit News**

May's U.S. auto sales trends show promise for reopening

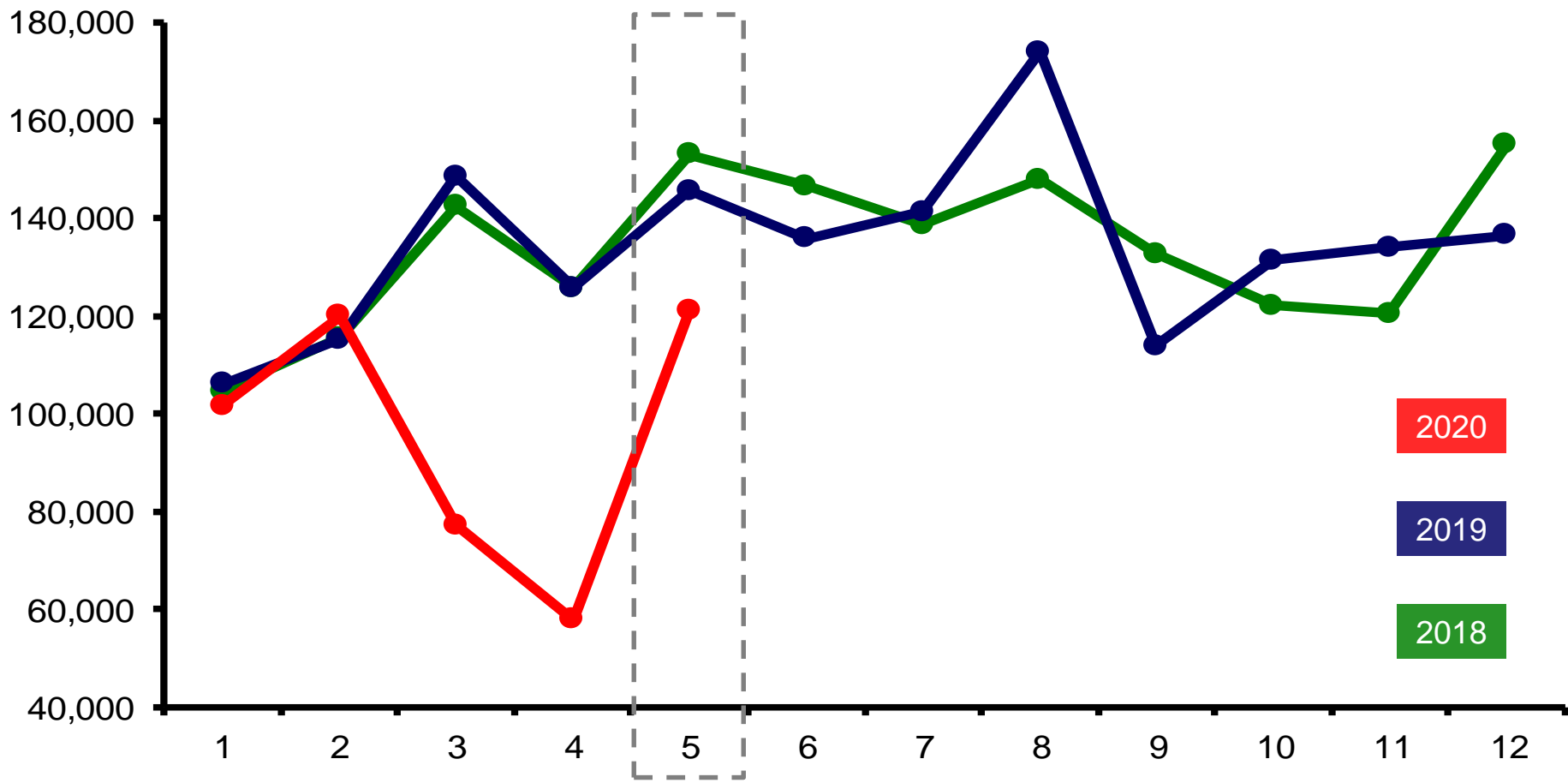


Sales rebounded quickly in states emerging from lockdowns

Will summer sales maintain momentum?



American Honda Monthly Sales Total

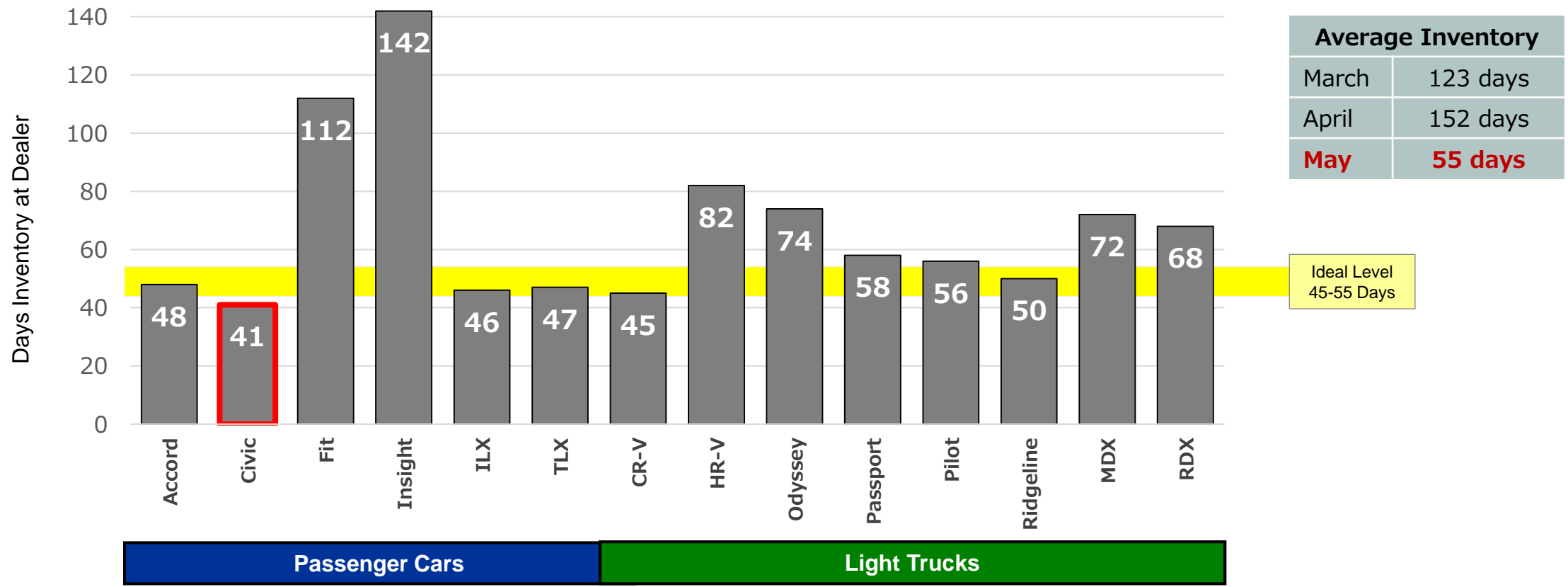


Although U.S. Sales fell 16.9% since last year, there was a dramatic rebound from April as sales began opening mid-month

May 2020 Sales – 120,977

Honda U.S. Inventory

By N.A. Production Model



- This inventory level is determined by dividing dealer inventory at the end of the month by average daily sales.

Bottom line: Overall inventory dropped nearly 100 days from April and is now within the ideal level ahead of the traditional strong summer buying season.

July – August 2020 Production Plan



Sat. OT Daily. OT

MAP L1

450 u/d

July						
S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

Aug						
S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

HCM L1

820 u/d

July						
S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

Daily OT 1h

Aug						
S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Daily OT 1h

HMA L1

525 u/d

July						
S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

Aug						
S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

MAP L2

1,000 u/d

S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

HCM L2

870 u/d

S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

Daily OT 1h

S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Daily OT 1h

HMA L2

800 u/d

S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

ELP

950 u/d

S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

HMIN

1,000 u/d

S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

HDMC

680 u/d

S	M	T	W	T	F	S
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3					

S	M	T	W	T	F	S
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Driven by market demand we are adding Saturday production to plants in July/August as well as some daily overtime



Elly Bradford,
Senior Manager,
Purchasing Planning

Best Practice Activity

Lessons Learned –
Social Distancing

Supplier Webinar #3: Best Practices – Social Distancing

❖ Social Distancing – Lessons Learned

Item	Production	Non-Production	Lessons Learned
Fever Scan	0	0	✓
Entry Doors	0	0	✓
Scan In/Scan Out	0	0	
Staggered Shifts/Lunches/Breaks	0	0	
Walkways, Halls, Stairs	0	0	
Cafeteria/Break Areas	0	0	
Barrier Application /Process Dividers	0		
Area / Tool Cleaning	0		
Process Changes	0	0	
Layout Adjustments	0		
Smoking Accommodations	0	0	

Item	Production	Non-Production	Lessons Learned
Signage	0	0	
Meeting Rooms		0	
Office Area		0	✓
Restrooms	0	0	
Water Fountains	0	0	✓
Face Coverings	0	0	✓
Food Service	0	0	
Fans	0	0	✓
Locker Rooms, Uniform Laundering	0	0	
Shared Vehicles*			

❖ **Social Distancing – Lessons Learned**

Item

Lessons Learned

Fever Scan



- **Reliable Thermometer and Tools: Conduct calibration to confirm accuracy**
- **Added option 2nd fever scan if >100.4 degrees Fahrenheit**
- **Added lights in tents for late shifts**

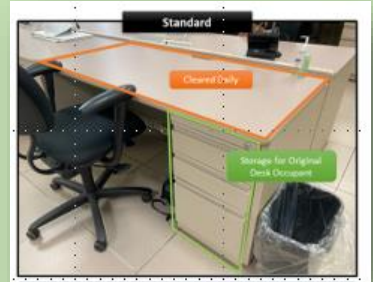
Entry & Exit Doors

- **Challenges to maintain 6 feet distance even with staggered shifts**
- **Open additional turn styles during shift changes**



Office Area

- **Requiring associates working in the office to clean their desks before using and then at the end of the day**
- **Cleaning supplies available in the office area**
- **Some locations - all items to be removed from desk**



❖ **Social Distancing – Lessons Learned**

Item

Lessons Learned

Water Fountains

- Replaced fountains with bottle fill/fountain combo add bottle fill
- Added a foot pedal



Face Coverings

&

Safety Glasses

- Making Ear Savers available



- Fog resistant safety glasses
- Anti-fog wipes



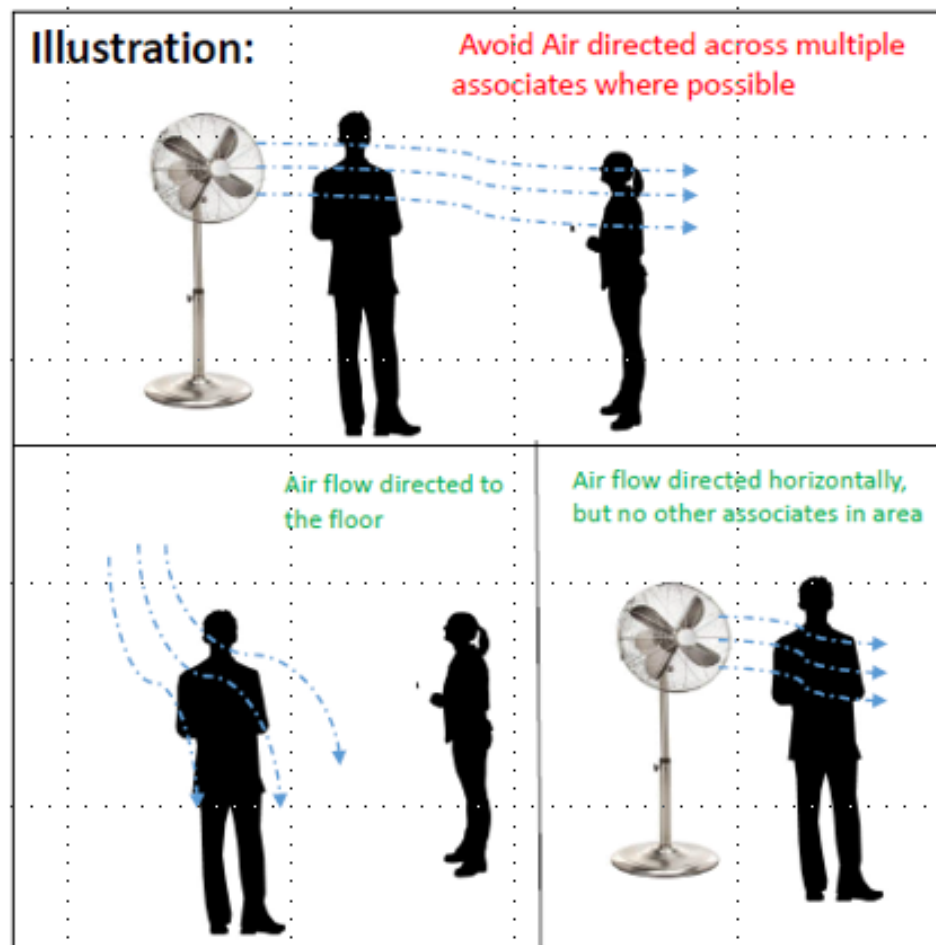
❖ Social Distancing – Lessons Learned

Item

Fans

Lessons Learned

- Look for situations where more than one associate is within high speed air flow from the fan, do not want to allow droplets to blow from one associate to another associate
- Adjust fan speed and/or redirect airflow
- Considering using existing column or ceiling fan



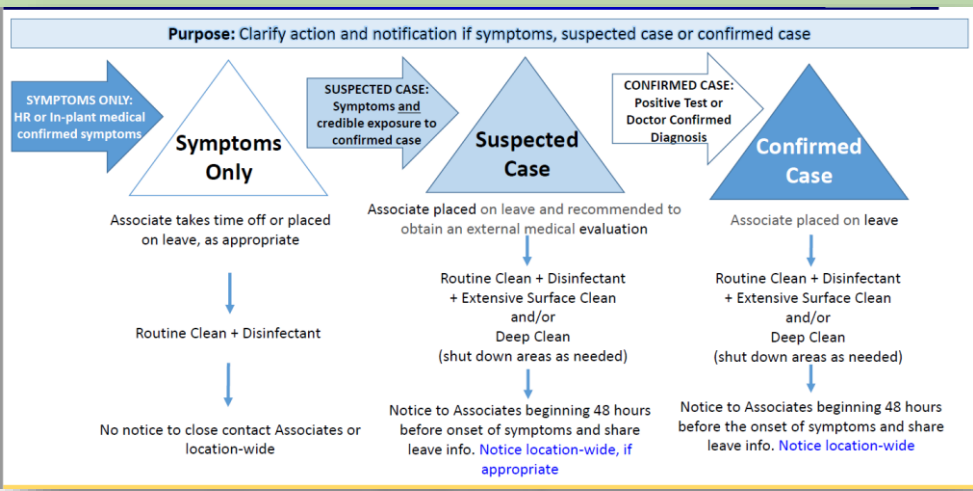
❖ Case Management and the Associate's Voice

Item

Case Management

Lessons Learned

- Have a consistent documented process



Voice of the Associate

Voice of the Associates

- Listen to the voice of the associates and show how you are handling the questions and comments

❖ Business Travel – Associate may have COVID-19 Symptoms

- Select Hotels for Business Travel
- Questions associates need to ask themselves if they have COVID-19 Symptoms
- Identify who the associates should contact within your company
- Determine how the associate should seek out medical assistant for an assessment and testing
- Alert Hotel General Manager, so adequate safeguards can be put in place as well as to extend stay if appropriate
- Identify next steps – how will the associate return home?



1. Do you have a fever or newly developed cough or shortness of breath/difficulty breathing?
Only need one symptom to answer yes to Question #1
2. If no to Question #1, do you have two or more of the following questions:
Muscle Pain Head Ache
Chills Sore Throat
Extreme Fatigue New Loss of taste or smell
Congestion/runny nose Nausea/vomiting/diarrhea

Visitors

Honda continues to limit visitors to our facilities; business critical visitors are permitted for essential business only.

- Management approval required
- Social Distancing guidelines must be maintained
- Face mask or shield required, visitors expected to provide their own PPE
- Fever scan and verbal screening required if staying a prolonged duration
- Honda escort required

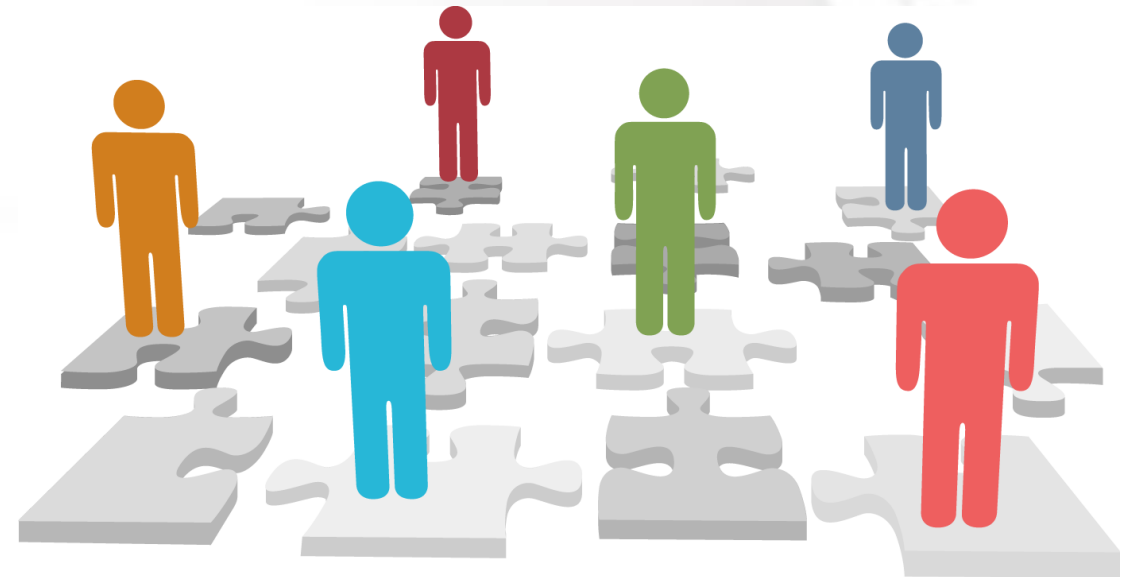


Mark Willoughby
General Manager,
Purchasing

Supplier Challenges - Operational Stability

Supply Base Challenges...

- Attendance fluctuations
- Associate concerns about returning to work or rumors about unconfirmed COVID-19 cases
- Some associates pursued other jobs
- Supply chain inventory lower than usual
- Contingent return to work



Questions to ask Yourself & Review with your Team...

1. What percentage of turnover (direct associates) did you experience from production shutdown through now?
2. What is total manpower plan vs. actual for each phase/time frame of ramp-up?
 - Direct Production
 - Technical Staff – Maintenance, Engineering
 - Indirect/Support Staff
3. What is daily absenteeism rate for production associates since return to work (compared to previous avg. rate)?
4. How are you handling absenteeism coverage?
 - Buffer of production associates
 - Contingent associates available (no issues)
 - We experienced issues with coverage
 - Other?
5. Do you still have any associates working remotely? What are your plans?
6. Has your company experienced any other concerns with manpower since production re-start?
7. Is your supply chain stable and operating effectively? Have your inventories returned to normal?
8. Do you have any New Model development/launch concerns?

Q&A

As a resource, if you need support or have additional questions please contact:

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Supplier HR/Manpower Stability
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Call or Text: 937-779-2592



Supplier Support Team:

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6/19 Webinar Summary

- Thank you for your diligence to achieve production readiness
- A great deal of effort has been applied to achieve new safety protocols
- Sales are stronger than expected and we need to work together to meet the updated production schedule
- Listen to the voice of the associates, share your actions to maintain workforce stability
- Verify sub-tiers are ready to support the production increase and inventories return to normal levels

We will continue to partner with you to meet the production demands!

Thank you for your support as we achieve
full production across North America!

