

## NISSAN CANADA INC.

Annual Report – Financial Year 2023 – Prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“**the Act**”).

### **Introduction**

This report has been produced by Nissan Canada Inc. (“**NCI**” or the “**Company**”) for the financial year ending May 31, 2023 (the “**Reporting Period**”). The report sets out the steps that the Company has taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the Company or of goods imported into Canada by the Company. The report also provides supplementary information as is required under the Act.

### **Steps Taken To Prevent And Reduce Risks Of Forced Labour And Child Labour Are Used At Any Step Of The Production Of Goods Imported Into Canada**

NCI places the utmost importance on compliance with the law and human rights while conducting its business activities. This is consistent with Nissan Group’s long history of developing a framework for respecting and promoting human rights.

During the Reporting Period, NCI took the following steps to prevent and reduce the risk of forced labour or child labour in our importation supply chains. These include:

- NCI implemented new practices to ensure its commitment to voluntary participation of employees and candidates in its workforce. Hundreds of hours have been spent globally reviewing best practices, feedback from governments and NGOs, performing due diligence and understanding the new regulatory requirements around the world.
- NCI established a cross-functional team consisting of members from various groups including Purchasing, Engineering, Quality, Corporate Compliance, Customs Compliance, Legal, Government Affairs and Corporate Communications to strengthen the Company’s ability to find and eliminate any inputs in vehicles or parts from forced or child labour. The team is also working on strengthening remediation plans, training plans for employees and suppliers, and establishing documented processes to ensure continuity of the team findings and strategies.
- NCI, along with global related parties, have made and continue to make considerable global investments in cutting edge systems, cross functional teams and employee headcount. The resources are used to ensure a supply chain free of forced and child labour by analyzing supplier risk throughout the supply chain.

Additionally, in 2023, Nissan Motor Co., Limited (“**NML**”) updated its Global Human Rights Policy, which applies to NCI, to support the eradication of forced and child labour. Training on Human Rights was also escalated as a required training topic to the Nissan workforce.

## **Structure, Activities And Supply Chains**

NCI is incorporated under the *Canada Business Corporations Act* and is headquartered at 5290 Orbitor Drive, Mississauga, Ontario. NCI is the Canadian sales, marketing and distribution subsidiary of NML, a holding company based in Japan, and an affiliate of Nissan North America, Inc. (“NNA”).

NCI directly employs 450 full-time staff across offices in Vancouver (BC), Mississauga (ON), and Kirkland (QC). There are 209 independent Nissan dealerships, including 81 that also act as Nissan Commercial Vehicles dealers, 114 electric vehicle-certified dealers, and 39 INFINITI retailers across Canada.

NCI is primarily engaged in the importation, marketing, sales and distribution of automobiles. The majority of NCI's imports are from affiliates located in the US, Japan, and Mexico. NCI purchases additional parts from other suppliers.

## **Policies & Due Diligence Processes In Relation To Forced Labour And Child Labour**

NCI sources most of its products from other Nissan entities, all of which rely upon NML's robust due diligence processes. It is NML's policy to adhere to the highest human rights standards and participate in all local customs security programs. NCI shares common suppliers for service parts and accessories with its US affiliate, NNA. NNA conducts extensive research on each supplier's profile to determine the company's fiscal soundness and ability to deliver goods and services within contract parameters.

NCI requires that its Canadian market specific suppliers observe Nissan Global policies and adhere to all contract terms and conditions, purchase order conditions, and master service agreements, which include compliance with law provisions, that cover forced and child labour. NCI's corporate Purchasing Sourcing Policy sets out requirements for the selection of new suppliers including carriers.

Additionally, NCI benefits from NML's global policies and due diligence processes. NCI and NML clearly articulate their position against the use of forced and child and labour in multiple external and internal policies and statements. These policies and processes ensure that all persons affiliated with NML, including employees and suppliers, conduct themselves in accordance with applicable laws and the highest standards of conduct. NML has strongly and publicly articulated in position in opposition to the use of forced and child labour in both policies and statements, which are further discussed below.

### ***Due Diligence Processes***

NCI and its parent, NML, are committed to maintaining a supply chain free of forced and child labour. This commitment begins in its initial interactions with its suppliers. NML's supplier contracts include provisions prohibiting forced and child labour. For example, NML's standard Master Purchase Agreement requires suppliers to certify knowledge of and compliance with the U.N. Global Compact. Further, a supplier is required to ensure any sub-supplier also conforms to these requirements.

Additionally, NNA and NML request that suppliers provide evidence that they have participated in a third-party social accountability assessment from a list of third-party vendors. If that vendor has not participated in a suitable social accountability assessment, NML may use a third-party vendor or specialized software to conduct an assessment of social responsibility concerns, including forced labour as warranted by risk profile.

Finally, NNA engages with suppliers to remain aware of risks within the automotive supply chain and to communicate the specific risks and requirements to prevent forced labour within the Nissan Supply Chain. For instance, NNA maintains active involvement with industry groups, such as AIAG and Autos Drive America. Likewise, it communicates with suppliers through specially targeted supplier newsletters, webcasts, and supplier summits. NML has provided many suppliers with forced and child labour training material, which reinforces the message about importance of a secure and safe supply chain, free of forced and child labour.

### ***Policies and Other Processes***

#### ***Human Rights Philosophy & Policy Statement***

As articulated in NML's [Human Rights Philosophy](#), NML considers the strict adherence to applicable laws and practices and the respect of human rights to be fundamental to its business activity in every country and area where it operates. The human rights of all stakeholders must be respected, and all Nissan group employees must uphold the highest ethical standards. NML does not tolerate infringements on human rights in the supply chain, such as forced and child labour, consistent with its respect for human rights.

NML's [Human Rights Policy Statement](#) discusses NML's approach to responsible business conduct and the realization of respecting human rights in the course of its business operations. NML is committed to upholding the highest ethical standards which we enshrine in our company rules. This policy was most recently updated in 2023.

Consistent with its respect for human rights, NML is a signatory to the UN Global Compact, the world's largest corporate sustainability initiative to align strategies with universal principles, including human rights.

#### ***Global Code of Conduct***

The [Code of Conduct](#) contains NML's core principles for conducting business with honesty and integrity, and in full compliance with established laws and regulations in all locations in which NML operates. NML requires all employees and, when possible, labour partners and contractors to complete annual Code of Conduct training. That training requires participants to certify their understanding of the Code of Conduct and commit to comply with it.

#### ***NML Human Rights Policy Statement***

As articulated in NML's [Human Rights Policy Statement](#), NML is committed to respect all human rights as set out in the Universal Declaration of Human Rights (UDHR), as well as the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social,

and Cultural Rights (ICESCR), and the International Labour Organization Declaration on Fundamental Principles and Rights at Work (ILO Core Labour Standards).

***NML's Statement on Actions for Human Rights & Due Diligence:***

NML's [Statement on Actions for Human rights & Due Diligence](#) articulates NML's respect for all human rights as set out in the Universal Declaration of Human Rights (UDHR), as well as the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social, and Cultural Rights (ICESCR), and the International Labour Organization Declaration on Fundamental Principles and Rights at Work (ILO Core Labour Standards).

***NML Global Guideline on Human Rights***

NML's [Global Guideline on Human Rights](#) further reiterates NML's commitment to ensure that all NML companies and partners respect human rights. Included in these Guidelines is NML's process—including a formal grievance mechanism—to facilitate reporting of potential misconduct, including concerns about human rights violations within the supply chain. Unless prohibited by law, all Nissan companies provide an anonymous reporting mechanism for employees, contractors and suppliers to report concerns, including those involving forced and child labour.

***Corporate Social Responsibility Guidelines for Suppliers***

NML expects all suppliers in its global supply chain to comply with its Corporate Social Responsibility Guidelines for Suppliers ("**CSR Guidelines**").

The CSR Guidelines provides suppliers with detailed guidance about the standard which NML expects in its supply chain, including as concerns human rights and labour. With specific respect to forced and child labour, the CSR Guidelines instruct suppliers to:

- Prohibit child labour
- Prohibit forced labour
- Ensure a safe and healthy working environment
- Promote Corporate Social Responsibility in their own supply chains

***Employee Code of Conduct***

All NCI employees are required to comply with NML's Global Code of Conduct. The Code of Conduct sets out NML's expectations as to how all its staff conduct themselves, and covers a wide range of topics. The sections of the Code that are relevant to forced labour and child labour include the requirements for all staff to:

- Treat colleagues, customers, suppliers and business partners with respect, dignity, fairness and courtesy

- Maintain fair and open relationships with business partners and suppliers
- Preserve and safeguarding company assets
- Engage in practices and business transactions that are lawful, fair and competitive
- Reject unethical or illegal business practices or actions
- Report all violations of the Code of Conduct.

All staff are required to undergo Code of Conduct training which contains theoretical business situations designed to ensure staff understand how to apply these principles in their day-to-day work and sign a commitment to comply with the Code of Conduct.

### ***Global Whistleblowing Policy and Speak Up Program***

NML's Global Whistleblowing Policy is a key component of its compliance program as well as the Company's core values. The Whistleblowing Policy guarantees protections to employees who report violations of the Code of Conduct or other company rules. Any person can ask a question or report an allegation of actual or suspected non-compliant behavior through the SpeakUp hotline.

### ***Minerals Sourcing Policies***

NML's policies regarding the sourcing of minerals in its supply chains are contained in the [Global Mineral Sourcing Policy Statement](#) and the [Actions for Minerals Sourcing](#). These documents articulate NML's commitment to respecting human rights and the responsible sourcing of minerals in its supply chain, and further discuss the due diligence processes that NML undertakes as part of its mineral sourcing.

### **Activities And Supply Chains That Carry A Risk Of Forced Labour Or Child Labour Being Used And The Steps Taken To Assess And Manage That Risk**

NCI primarily sources from related suppliers, including NNA. NNA has a supply chain with global reach. To properly document the supply chain, NNA maintains supply chain mapping for its various businesses. Supply Chain Management ("SCM") groups use mapping to examine existing processes. In partnership with a cross-functional task force, NCI prioritizes screening for potential forced and child labour within the supply chain based on feedback from local Customs authorities, industry group best practices, and publications from academic sources.

A major component of the NML forced and child labour mitigation strategy is obtaining data for manufacturing parts at a component level. The SCM group screens manufacturing parts and their suppliers through a process referred to as the Component Supply Chain Chart ("CSCC"). The CSCC creates visibility into tier-n sourcing for components that NCI and NNA purchase. To improve the efficiency of data collection and risk analysis, NML is working with a third party consulting firm to develop and implement a system to reduce CSCC data solicitation and recordkeeping into a web-based portal.

A CSCC has been a requirement of the manufacturing part sourcing process for many years and is required for for a part to move forward to vehicle installation and production. Certain parts, including those with a country of origin of China, and those containing silica, electronics and textiles undergo an additional review to ensure none of the sub-suppliers have been linked to the use of forced or child labour. A current ongoing project is to automate the solicitation and examination of the CSCC document. Part review is planned to be expanded to include all parts, and will incorporate third party systems using machine learning/AI, shipping and financial records, and other information inputs to help NML look for the risk of forced/child labour in the finished vehicle and parts supply chains.

### **Measures Taken To Remediate Any Forced Labour Or Child Labour**

NCI is not aware of any incidents of forced or child labour in its supply chain and thus the question of remediation has not arisen. NCI will nevertheless remain vigilant in this regard and will continue to act in accordance with NML's commitment to respecting human rights and avoiding forced and child labour in its supply chains.

### **Measures Taken To Remediate The Loss Of Income To The Most Vulnerable Families That Results From Any Measure Taken To Eliminate The Use Of Forced Labour Or Child Labour In Its Activities And Supply Chains**

NCI is not aware of any loss of income to families resulting from any measures taken to eliminate the use of forced or child labour in its supply chains and thus the question of remediation has not arisen.

### **The Training Provided To Employees On Forced Labour And Child Labour**

NCI requires all employees to complete training on forced labour and human rights. NCI also provides additional training or incorporate forced and child labour awareness training into their modules on related subjects. Employees are also encouraged to attend training sessions provided by governmental entities, non-governmental organizations, trade groups and logistics/compliance service providers.

Similarly, NML maintains records of all trainings, which include "FY23 Nissan Human Rights Training", and other targeted trainings. "Global Code of Conduct" training is required for all employees globally annually. NML also works to train the supplier base through ongoing communication specially targeted through supplier newsletters, webcasts, and supplier summits which include overviews of the specific risks and the requirements to prevent forced labour within the NML Supply Chain.


### **How NCI Assesses Its Effectiveness In Ensuring That Forced Labour And Child Labour Are Not Being Used In Its Business And Supply Chains**

NCI's policies and procedures are subject to internal audit review and continuous evolution with the goal of further advancing its commitment to human rights.

### Approval and Attestation

This Report was approved pursuant to paragraph 11(4)(a) of the Act by the Board of Directors of Nissan Canada Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

DocuSigned by:  
Per:   
64A41E7B07004EF...  
Name: Marie-Claude Morrissette  
Title: Director and Treasurer  
Date: May 31, 2024

*I have the authority to bind Nissan Canada Inc.*