



Modern Slavery Statement 2020

This is Nissan's first modern slavery statement (**Statement**), provided under section 14 of the *Modern Slavery Act 2018 (Cth)* (the **Act**).

The single joint Statement covers the following Nissan group entities:

- Nissan Motor Co. (Australia) Pty Ltd (**NMA**)
- Nissan Financial Services Australia Pty Ltd (**NFSA**)
- Nissan Casting Australia Pty Ltd (**NCAP**)

(collectively, **Nissan**).

Nissan is committed to operating ethically and responsibly and establishing and adhering to the highest ethical standards across our group. We will not tolerate any forms of slavery or human trafficking in our business or supply chains.

As part of this commitment, we engaged an independent adviser to undertake a detailed review of modern slavery practices across Nissan's Australian operations and supply chains. This review involved stakeholders from across the group, and included a detailed analysis of our operations and supply chains and modern slavery risks, an assessment of our controls to address these risks, and recommendations for improvement.

As a result of this review, Nissan has implemented a number of new initiatives designed to embed an awareness of modern slavery risks, and sustainable controls in our business.

This Statement describes Nissan's structure, operations, supply chains, modern slavery risks and controls during the period 1 April 2019 to 31 March 2020 (the **Reporting Period**) as required under the Act. It also describes the new controls Nissan has committed to implement to minimise its modern slavery risks. Our modern slavery statement for the next reporting period will contain an update on these initiatives.

1. Structure and operations

NMA, NFSA and NCAP all share the same ultimate holding company, Nissan Motor Co Ltd (**NML**), which is based in Japan.

NCAP and NMA are fully owned by Nissan International Holdings BV in the Netherlands. NFSA is fully owned by NMA.

NMA

During the Reporting Period, NMA engaged in the importation, sale and distribution of Nissan and INFINITI branded motor vehicles (and parts and accessories for those vehicles) (**Nissan Products**) in Australia.

NMA has a network of authorised franchise dealers (**Dealers**) across Australia who have a Dealer Agreement with NMA under which they purchase Nissan Products from NMA, and sell, and offer repair and maintenance services in relation to Nissan Products to customers.

During the Reporting Period, NMA's headquarters were based in Dandenong South, Victoria¹. NMA also had regional offices in:

- Victoria - to manage the operations of Dealers in Victoria and Tasmania;
- NSW - to manage Dealers in NSW and ACT;
- Queensland - to manage Dealers in Queensland and Northern Territory;
- Western Australia - to manage Dealers in Western Australia; and
- South Australia – to manage Dealers in South Australia.

At the commencement of the Reporting Period, NMA had 251 employees.

NFSA

NFSA provides regulated consumer loans and commercial finance to retail customers and NFSA approved dealers. NFSA also offers insurance-related products for Nissan motor vehicles.

During the reporting period, its head office was co-located with NMA.

At the commencement of the Reporting Period, NFSA had 228 employees.

NCAP

NCAP manufactures aluminium castings to be used in the manufacture of Nissan electric vehicles, light trucks and commercial passenger vehicles for the Renault, Nissan, Mitsubishi Alliance Group, which are sold internationally, including in Japan, USA, Thailand and Mexico. In addition, NCAP manufactures towbars for all locally sold Nissan vehicles.

NCAP's manufacturing plant is located at 209-235 Frankston - Dandenong Rd, Dandenong South in Victoria. It employed 135 full time employees and up to 100 casual staff (fluctuating based on demand) during the Reporting Period and operates three shifts a day, five days per week.

2. Supply chains

Nissan had more than 1,000 suppliers during the Reporting Period, which include both local and overseas suppliers, and suppliers of goods and services.

NMA

All vehicles NMA distributes and sells in Australia are imported and are manufactured in plants operated by Nissan affiliated companies in various countries, including in Japan, Thailand, UK and USA. Each of these manufacturing plants is subject to global Nissan compliance policies and procedures that include controls regarding responsible labour practices².

NMA also sources replacement parts and accessories for Nissan vehicles from overseas suppliers, some of which are Nissan affiliated entities and others are independent third party manufacturers. These suppliers are located in countries including Japan, New Zealand, USA and France.

During the Reporting Period, NMA had more than 600 suppliers of goods and services to support its Australian operations. The suppliers of goods include vehicle, parts and accessory suppliers, suppliers of goods for the Dealers (e.g signage) and a range of products for general corporate use.

¹ NMA and NSFA no longer work in the Dandenong South offices, and moved premises to Mulgrave, Victoria on 30 September 2020.

² Further information regarding these controls is detailed in the "Controls" section below.

NMA also procured a range of services, including vehicle delivery services, warehousing services, corporate services such as advertising and marketing services, and professional advisory services.

NCAP

During the Reporting Period, NCAP had more than 300 suppliers, 96% of which were based in Australia, and 4% overseas (including in Japan, South Korea, USA, Netherlands, China and Italy).

NCAP obtained raw materials (including aluminium) for its manufacturing operations through brokers who source the materials from raw materials suppliers overseas, including in China, Indonesia, Malaysia and UAE.

In terms of services, NCAP sources various corporate services locally, including marketing, insurance, utilities, transport, logistics and professional advisory services. It also uses third party suppliers of labour hire services to manage its manufacturing-related workforce.

NFSA

During the Reporting Period, NFSA used around 90 suppliers, most of which were based in Australia, and most were suppliers of services rather than goods. These services included financial services, credit reporting services, debt recovery services, insurance services, marketing services and professional advisory services such as accounting and legal services.

NMA, NCAP and NFSA also outsource their accounts payable functions and general ledger services to a Nissan affiliated company in India.

3. Risks of modern slavery in Nissan's operations and supply chains

Together with our advisers, Nissan has sought to understand the inherent modern slavery risks in Nissan's operations and supply chains. This included an assessment of the sectors and industries in which our suppliers operated during the Reporting Period, as well as their geographic locations.

Operations

The risks of modern slavery in Nissan's Australian operations are low. There is no known vulnerability to modern slavery in its activities (the distribution of vehicles, the provisions of financial services and manufacturing), and these sectors are all highly regulated in Australia.

Supply chains

For NMA, some of the overseas countries from which it sources Nissan Products, such as Thailand and India have been assessed by the Global Slavery Index³ as having a medium to high vulnerability of modern slavery. While these countries have an inherently higher risk of modern slavery, NMA primarily sources Nissan Products from Nissan affiliated companies who are subject to Nissan global policies regarding responsible procurement⁴.

NFSA's supply chains have been assessed as having a low risk of modern slavery, as the bulk of its procurement activity is focussed on obtaining corporate services from large, well-known Australian-based service providers, where the modern slavery risks are inherently low.

³ See <https://www.globallslaveryindex.org/2018/data/maps/#prevalence>.

⁴ Further information regarding these global controls is detailed in the "Controls" section below.

The main theoretical modern slavery risks in NCAP's supply chains relate to the significant volume of raw materials that it sources indirectly (via brokers) from countries that have been rated as having a medium risk of modern slavery (e.g China and Malaysia).

4. Controls to address Nissan's modern slavery risks

Prior to embarking on its independent assessment of its modern slavery controls, Nissan already had a number of formal policies in place designed to promote ethical and legally compliant business conduct. Below we have summarised the controls that relate to modern slavery that Nissan had in place during the Reporting Period, as well as the new controls it is introducing.

Reporting Period

The key activity Nissan undertook during the Reporting Period to manage its modern slavery risks was to participate in a detailed modern slavery audit, assessment and gap analysis led by an independent adviser. This audit identified that the following existing modern slavery controls were in place during the Reporting Period:

Supplier contracts

Nissan's standard contracts for the procurement of goods and services contained specific provisions requiring its suppliers to:

- comply with all applicable modern slavery laws;
- take all necessary steps to ensure that there is no modern slavery in their supply chains;
- implement and maintain appropriate due diligence procedures for their own suppliers;
- notify Nissan of any suspected modern slavery in their supply chains; and
- keep records to trace the supply chain of all goods and services provided to Nissan.

Employee Code of Conduct

All Nissan employees are required to sign and comply with Nissan's Code of Conduct. The Code of Conduct sets Nissan'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 modern slavery include the requirement 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;
- engage in practices and business transactions that are lawful, fair and competitive; and
- reject unethical or illegal business practices or actions.

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.

Compliance Committee

Compliance with the law and Employee Code of Conduct is overseen by Nissan's "ANZ Compliance Committee" that meets quarterly and is made up of representatives from various Nissan departments including Legal, Finance and HR.

The Compliance Committee is independent of the Management Operating Committee, and focusses on preventative, detective and remedial action in relation to business compliance. The ANZ Compliance Committee reports to Nissan's regional and global compliance functions.

Corporate Procurement Policy

This policy is designed to guide the procurement of goods and services with processes underpinned by fairness, accountability and transparency. It guides Nissan's Procurement Department and its dealings with suppliers.

Nissan Global Policies and Procedures

As explained above, a significant proportion of the goods and services procured by Nissan are sourced from Nissan affiliated companies overseas, who operate under the direction and control of Nissan's parent company, NML.

Since January 2004, NML has participated in the United Nations Global Compact, a corporate responsibility initiative built around universal principles regarding human rights, labour, the environment and anticorruption.

NML has also published its "Nissan Human Rights Policy Statement"⁵, which it expects all of its employees to respect. It contains the following statement: *"We are committed to fair labor conditions and the highest standards of health and safety. We do not permit the use of child labor or forced labor. We do not allow discrimination or any form of harassment, and we are committed to respecting diversity."*

To ensure that NML's suppliers act responsibly and ethically, in December 2015, it published the "Renault-Nissan Corporate Social Responsibility Guidelines for Suppliers"⁶. NML requests all suppliers who receive this to sign a "Supplier Commitment" to these guidelines accepting its terms and conditions. Section 2.2.3 of the Guidelines ("Human Rights and Labour") prohibits child labour, forced labour, and requires adherence to local laws regarding remuneration and working hours.

SpeakUp System

NML introduced SpeakUp in 2017 as a whistleblower hotline⁷. The SpeakUp line is an avenue by which employees and suppliers can report violations of Nissan's policies or laws and regulations. It is managed by a third party contracted by NML.

Improvements to Nissan's modern slavery control framework

Nissan engaged an independent adviser to conduct a review of Nissan's modern slavery control framework with a view to developing a sustainable, specific and robust set of controls to address the risks of modern slavery in its operations and supply chains.

The review contained a number of recommendations for an enhanced modern slavery control framework. Nissan's Management Operating Committee has approved these recommendations, and has agreed a roadmap for their implementation, many of which are already underway.

Corporate Procurement Policy / Tendering

⁵ See https://www.nissan-global.com/COMMON/DOCS/CSR/LIBRARY/nissan_human_rights_policy_e.pdf.

⁶ See https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/CSR_Alliance_Guidelines.pdf.

⁷ See <https://secure.ethicspoint.eu/domain/media/en/gui/103583/index.html>

We have updated this policy to contain processes to:

- assess suppliers' modern slavery compliance practices prior to their engagement/selection (this has been incorporated into Nissan's tender evaluation processes and documents, including targeted questions regarding modern slavery in our revised due diligence questionnaire); and
- integrate the principles from NML's global policies and statements regarding responsible labour and procurement practices to ensure that these principles clearly form part of our local control framework.

We will update the policy to also include a process to monitor suppliers' with an inherently high risk of modern slavery compliance once they are appointed.

Supplier Code of Conduct

We have prepared a new Supplier Code of Conduct which will be issued to all of Nissan's prospective suppliers for endorsement as part of Nissan's RFQ package. We also plan to send the Code to all our current suppliers by 31 March 2021.

The Code will be made available to Nissan's suppliers on our new Nissan Procurement webpage (see details below).

The Code covers a range of compliance and ethical topics that Nissan requires its suppliers to adhere to. It includes strict modern slavery obligations and Nissan requires its suppliers to commit to these obligations.

Reporting of illegal or unethical activity

We implemented a new Whistleblower Policy on 1 January 2020⁸. The Whistleblower Policy also applies to suppliers (including their employees, contractors, consultants and service providers) and provides certain protections for reports regarding conduct by Nissan or its related body corporates that they observe or reasonably suspect to be illegal, unethical or otherwise improper.

New Nissan Procurement webpage

We have created a new webpage on Nissan's website for our suppliers which provides detailed information on Nissan's expectations of its suppliers and their supply chains. The webpage contains direct links to the Supplier Code of Conduct, Whistleblowing Policy and SpeakUp Line.

Employee Training

We will update our mandatory employee compliance training to include a component on modern slavery compliance and plan to send a bulletin to all Nissan employees on modern slavery compliance by 31 March 2021.

The independent advisor that we engaged to review our modern slavery compliance framework has also provided face-to-face training on modern slavery compliance to our Management Operating Committee, Procurement and HR teams and other relevant stakeholders across Nissan.

NCAP raw materials

Having identified that NCAP uses brokers to source raw materials for its manufacturing operations from countries with a high modern slavery rating, we have sent communications to those brokers

⁸ See https://www.nissan.com.au/content/dam/Nissan/AU/Files/Nissan_Australia_Whistleblowing_Policy.pdf

requesting information about their sourcing policies and controls from a modern slavery compliance perspective. We are working on the internal criteria for assessing the responses to provide a risk rating for modern slavery risks and appropriate risk mitigation strategies

NCAP labour hire arrangements

Given that a significant portion of NCAP’s workforce is sourced from third party labour hire providers, we have sent a communication to its labour hire providers asking them for information about their modern slavery policies and controls. We are working on the internal criteria for assessing the responses to provide a risk rating for modern slavery risks and appropriate risk mitigation strategies.

5. Consultation and commitment

Nissan has taken a group approach to addressing modern slavery risks. This Statement, and Nissan’s modern slavery control framework, are the collaborative effort of a cross-functional team, including representatives from Procurement, Legal, Human Resources, and Compliance, in consultation with senior management across NMA, NFSA and NCAP. The Nissan Australia group of companies, and our affiliated overseas companies, have a shared commitment to continuous improvement in the management of modern slavery risks in our operations and supply chains.

This statement was approved by the Board of Directors for NMA, NFSA and NCAP.



24 December 2020

Stephen Lester
Managing Director NMA



24/12/20

Peter Jones
Managing Director NFSA and NCAP