

# Responsible sourcing

## Supply chain strategy

The challenges facing modern societies, such as climate change and energy issues, are increasingly global in their scope. To meet these challenges, it is essential for Nissan to identify relevant issues at each stage along the supply chain and make ongoing efforts to address them. Nissan's business and supply chain expand across the globe. We share Nissan's vision and policies with business partners, with whom we strategically collaborate to achieve our goals through the promotion of consistent procurement activities on a global scale. We aim to achieve sustainable growth built on a foundation of mutual trust with our business partners. We listen closely to and work with our suppliers as equal partners, developing and maintaining cooperative and competitive relations that enable us to implement best practices.

We use common, transparent processes and criteria worldwide to select suppliers and are open to doing business with new partners, regardless of nationality, size, or transaction ties in the past. Suppliers are selected after the relevant Nissan divisions meet to examine submitted proposals from a range of perspectives. We explain our decisions to every supplier that takes part in the supplier selection process as part of a thoroughly fair, impartial, and transparent system.

Transactions with suppliers are based on the three values that Nissan regards as important: trust (work fairly, impartially, and professionally), respect (honor commitments, liabilities, and responsibilities) and transparency (be open, frank, and clear).

In Japan, we also adhere to the "proper trading guidelines" issued by the Ministry of Economy, Trade and Industry for the automotive industry.

## Approach to responsible sourcing

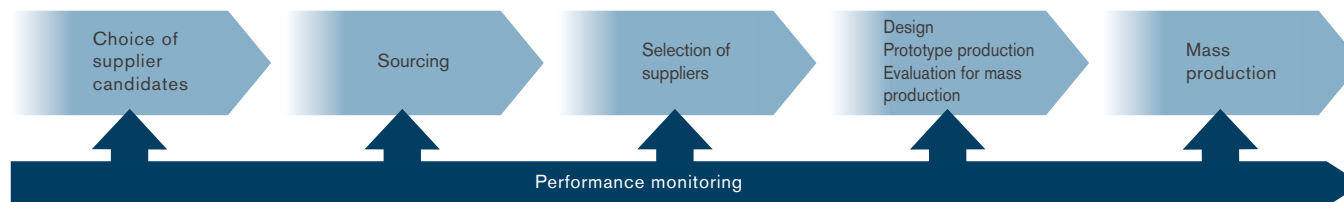
### Initiatives with suppliers

Nissan is committed to conducting business in an ethically, socially, and environmentally responsible manner at every stage of its global supply chain.

In addition to the values that Nissan cherishes, Nissan aims to build a sustainable supply chain and realize responsible procurement of all parts and raw materials. To this end, Nissan established the Nissan CSR Guidelines for Suppliers (revised in 2023)\*<sup>1</sup> and the Nissan Green Purchasing Guidelines (revised in 2023)\*<sup>2</sup>, defining the initiatives expected of suppliers. We request our suppliers and their business partners be aware of, manage, and practice these policies.

Furthermore, in March 2024, Nissan announced the Nissan Green Program 2030 and Nissan Social Program 2030 as midterm action plans to make these initiatives more concrete. The Nissan CSR Guidelines for Suppliers explain expected initiatives in 26 categories across five areas with the aim of encouraging suppliers to review their corporate activities from a sustainability perspective and implement CSR initiatives. (Refer to the table on next page). As one aspect of this, we require suppliers to undergo assessments by third-party organizations and provide a written commitment to ensuring that suppliers and their business partners will maintain the same levels of management. Further, if suppliers are found to be in a state of non-compliance, the guidelines prescribe required responses, such as filing a report immediately, investigating, and formulating corrective measures. In the case of a noncompliance incident, we will take firm action based on our regulations and do everything

## Processes from supplier selection to mass production



\*1 Click here for more information on the "Nissan CSR Guidelines for Suppliers". <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SUPPLIERS/>

\*2 Click here for more information on collaborations with suppliers within "Value chain activity achievements." >>> P059

necessary to prevent a recurrence.

The Supplementary Handbook at the end of the Nissan CSR Guidelines for Suppliers (2023) is aimed at promoting an understanding and further clarifying important issues that must be taken into consideration and addressed regarding compliance and social issues represented by human rights and labor.

When issuing each policy, we distributed booklets that were explained at supplier meetings to ensure that suppliers were fully aware of these policies. In addition to Japanese and English language booklets, we also publish Chinese language versions as appropriate.

In the Nissan Social Program 2030, we have set the goal of ‘Establish a framework to promote respecting human rights in the supply chain to aim for “No human rights violation”’ and are undertaking initiatives to achieve it.

As far as Nissan can confirm, there were no cases of human rights violations such as discrimination or significant risks related to forced labor or child labor among suppliers in fiscal 2023.

In Japan, we are continuing our initiatives to prevent and mitigate negative impacts on human rights through ongoing dialogue with our suppliers. In fiscal 2023, we established and began operating a grievance and remedy mechanism “human rights hotline for suppliers” to receive reports of human rights violations by Nissan employees from suppliers (available 24 hours a day, 365 days a year), with the aim of promoting our initiatives to respect human rights together with our suppliers.

In fiscal 2023, there was one report through the hotline, but no human rights violations by Nissan employees were confirmed. In addition, we conducted a mock whistleblowing drill with five suppliers to improve the operation of the hotline from the suppliers’ viewpoints. In fiscal 2024, we are considering to expand the scope to which negative impacts are prevented or mitigated.

Furthermore, based on the belief that forced labor is one of the most important human rights issues in the supply chain, Nissan focused on migrants, who are considered to be particularly vulnerable to adverse impacts, and in fiscal 2023 partnered with the International Organization for Migration (IOM), an organization affiliated with the UN, to conduct a pilot project\*<sup>2</sup> on human rights due diligence for migrant workers in the supply chain.

Through this project, we have gained an understanding of the human rights violations of migrant workers and the likelihood of such violations. Nissan recognizes that these are potential human rights issues and risks that we should focus on in the supply chain, and will use the results of this project to consider how to enhance its future activities.

## Approach to Supply Chain Management



\*1 Click here for more information on Nissan human rights policies and initiatives. >>> [P065](#)

\*2 Click here for more information on the project. <https://thailand.iom.int/blogs/pilot-project-automobile-sector-assessment-migrants-human-rights-nissans-supply-chain-thailand>

## Responsible sourcing management

### Evaluation, Monitoring, and Auditing of Suppliers' Sustainability Practices

Nissan has been confirming suppliers' commitment of the Nissan CSR Guidelines for Suppliers and check their environmental management systems and their willingness to advance environmental activities with us at the time of supplier selection. Among newly selected suppliers in fiscal 2023, 100% of them met both Nissan's social standards and basic environmental principles.

In 2016 Nissan began third-party assessment of suppliers' sustainability activities, including those related to the environmental and human right issues, to raise the level of activities through mutual confirmation. When results do not meet Nissan's expectation, suppliers are requested to draw up plans for improvement. We then monitor their implementation. We held a seminar for suppliers, where a rating organization spoke to them directly on how to answer assessment questions and formulate improvement plans. By now, more than 90% of Nissan's purchase turnover is covered by a third-party assessment.

Nissan requires all employees to attend e-Learning courses on the Subcontractors Act\*<sup>1</sup> and the Anti-Monopoly Act\*<sup>2</sup> as mandatory training every year in order to maintain fair and impartial relationships with suppliers. We also conduct sustainability training in our purchasing department to ensure that employees conduct checks of suppliers' sustainability activities in their daily work. If there are issues with the supply of parts and materials, they may lead to problems not only for Nissan's production but also the supply chain as a whole. We therefore position the following measures as part of sustainability activities and implement; (1) confirming supply risks under normal circumstances; (2) following up

annually on quality, cost, delivery, development, management, sustainability, and risk (QCDDMSR) performance; and (3) working with suppliers to craft response plans for natural disasters to ensure production continuity or early restoration of capacity.

In fiscal 2023, we launched Third-Party Compliance risk monitoring in accordance with the Global Third-Party Compliance Risk Management Policy. There were no suppliers whose compliance was problematic, and no supplier contract was terminated for such a reason. \*<sup>3</sup>,\*<sup>4</sup>

### Promotion of *Monozukuri* activities with suppliers

We work to continually improve the competitiveness of our products through the *Monozukuri* Activities program, a collaboration between suppliers and Nissan that was launched in 2008. Since 2009, these activities have expanded through the joint THANKS Activities initiative, which emphasizes trust and cooperation between Nissan and its suppliers. With the goal of working with suppliers to become cost leaders under today's challenging market conditions, we strive to improve product quality, reduce costs, and rationalize manufacturing through measures that include increasing production volume per part, promoting localization, and improving logistics.

In fiscal 2013, we introduced the Total Delivered Cost (TdC) Challenge, aiming to optimize all fluctuating costs, including for specifications, materials, exchange rates, and logistics. Our various functional departments, together with suppliers, are continuously working to proactively promote the TdC Challenge and improve both quality and supply.

# THANKS

Trusty and  
Harmonious  
Alliance  
Network  
Kaizen activity with  
Suppliers

\*1 Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors

\*2 Act on Prohibition of Private Monopolization and Maintenance of Fair Trade

\*3 Click here for more information on the detail of Nissan Human Rights management and its structure. [>>> P067](#)

\*4 Click here for more information on initiatives related to third-party compliance risk. [>>> P134](#)

## Engagement with suppliers

Providing suppliers with timely and accurate information is a key task for Nissan. Suppliers' meetings are held in Japan and overseas to spread understanding of Nissan's purchasing policy for the fiscal year, midterm business plan, and other matters. In Japan, we hold monthly meetings and directly inform suppliers of our production plans, activities, and requirements.

The meetings are also an opportunity for Nissan to respond to supplier questions and requests.

## Recognizing supplier contributions worldwide

Each year we recognize the contributions of our suppliers to the development of our business and improvement of our performance with awards presented at the global level as well as in each of the regions where we operate.

The purpose of this awards program is to ensure that Nissan's concept of balanced management in terms of social and environmental\*<sup>1</sup> considerations as well as quality\*<sup>2</sup>, cost reduction, technological development, and other economic activities, permeates the entire supply chain on a global level. At the Nissan Global Supplier Awards, we present Global Quality Awards to suppliers showing exceptional performance in quality for the year, and Global Innovation Awards to suppliers whose innovative initiatives improved Nissan's brand and product power. Global Quality Award recipients are selected by Nissan's purchasing, quality and other divisions using standard criteria applied worldwide. Global Innovation Award recipients are selected from suppliers nominated by Nissan's production, development, and other divisions in two categories: product technology and process management.

In fiscal 2023, six companies received Global Quality Awards, while Global Innovation Awards went to five projects and five companies.

\*1 Click here for more information on collaborations with suppliers within "Value chain activity achievements." >>> [P059](#)

\*2 Click here for more information on initiatives with suppliers within "Quality." >>> [P078](#)

## Responsible minerals sourcing

### Minerals sourcing policy

In 2013, Nissan moved quickly to establish a policy against use of conflict minerals and published the policy on its website. Following this, in July 2020 it formulated and published its new Global Minerals Sourcing Policy Statement\*<sup>1</sup> and expanded the scope from the conflict minerals known as 3TGs (tin, tungsten, tantalum, and gold) to all minerals including cobalt from conflict-affected and high-risk areas. Nissan requests that suppliers ensure similar controls.

Nissan's goal is to conduct ethical, social, and environmentally conscious business practices at every level of our global supply chain. We monitor our supply chain to assess whether the mineral resources contained in materials or components used to manufacture our products have any harmful social effect, such as on human rights or the environment. When there are concerns about the minerals being used, Nissan actively works to end that use.

### Responsible minerals sourcing management

Referring to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas, Nissan carries out due diligence on high-risk minerals sourced from conflict and high-risk areas, including 3TGs (tin, tungsten, tantalum, and gold) and cobalt. Since 2021, Nissan has joined the RMI\*<sup>2</sup> to assess risks together with suppliers and further strengthen activities to correct problems when they are identified.

With regard to 3TGs, we began conducting conflict mineral surveys in our major areas of operation (Japan, North America, and Europe) in fiscal 2013. Starting in fiscal 2014, we gradually expanded the scope of these surveys to other areas. Surveys on a massive scale are required to grasp the status of minerals usage throughout the global supply chain. We therefore collaborate with organizations including the Japan Automobile Manufacturers Association, Inc., the Japan Auto Parts Industries Association, and the Japan Electronics and Information Technology Industries Association to hold regular working group sessions to consider methods for investigation and analyzing the results of those investigations.

The surveys track minerals back through the chain of suppliers using CMRT (Conflict Mineral Reporting Template) provided by the RMI. This enables Nissan to identify smelting and refining companies that are not procuring minerals that are a source of funds for armed groups in their regions. We provide the suppliers we survey with manuals describing how to fill in required forms and what tools to use to collate results. In this way, we work to increase understanding of conflict mineral issues throughout the supply chain.

In fiscal 2023 we conducted surveys in 10 markets Japan, the U.S., Mexico, Europe, China, Thailand, India, South Africa and Brazil, and Argentina. No suppliers were found to be using minerals from smelters / refineries believed to be

connected to armed groups.

Going forward, we plan to make our surveys more effective by improving its methodology in conjunction with the member companies of the Japan Automobile Manufacturers Association, Inc., and the Japan Auto Parts Industries Association. We will also continue to seek responses from suppliers that did not reply to the survey.

We are aware that cobalt poses geopolitical risks, environmental damage and human rights issues during mining. We have conducted interviews with lithium-ion battery suppliers, from the viewpoint of cobalt content, and since 2018, we have been working to identify supply chains and smelters and refiners. The results are disclosed annually in our "Actions for minerals sourcing" report.\*<sup>3</sup>

The head of the Purchasing Department is responsible for conducting supply chain due diligence with the cooperation of the R&D Division, Sustainability Development Department, and other related divisions, and reports the results to the Global Sustainability Steering Committee. The results are also appropriately reported to the Executive Committee (EC), Nissan's highest decision-making body, for use in determining future initiatives.

\*1 Click here for more information on the Global Minerals Sourcing Policy Statement. [https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Minerals\\_Sourcing\\_Policy\\_e.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Minerals_Sourcing_Policy_e.pdf)

\*2 RMI stands for Responsible Minerals Initiative, an organization with member companies and associations from the information and communications technology and other industries that works to improve global social and environmental awareness.

\*3 Click here for more information on our Actions for minerals sourcing. [https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Minerals\\_e.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Minerals_e.pdf)