

CEO Interview

Toward a New Chapter in Automotive History

Nissan has performed well coming out of the financial crisis that started in 2008 and is charting a bold course to the future of zero-emission mobility with the Nissan LEAF, the first affordable, mass-marketed, 100%-electric car. But the earthquake that shook eastern Japan on March 11, 2011, has presented the company with a new set of challenges to overcome, as well as the opportunity to reconsider the nature of the company as it again confronts crisis. Corporate social responsibility (CSR) specialist Peter David Pedersen asked Nissan President and CEO Carlos Ghosn about Nissan's approach to CSR issues and his views on the future of the company and global mobility.



Carlos Ghosn President and Chief Executive Officer, Nissan Motor Co., Ltd.

Peter David Pedersen: The massive earthquake and tsunami on March 11 brought deep change to the Japanese economy and business environment. In a time of crisis, do you see corporate social responsibility taking on greater importance or new meaning for corporations?

Carlos Ghosn: We face a shifting risk environment at all times, not just at times of major disasters. No company, no matter how far back its tradition goes, can stay the same and survive in a state of constantly changing risk. Managing risk flexibly and effectively is a key to long-term success.

For Nissan, risk management—which has crisis response as a major component—is always a key part of fulfilling our corporate responsibility to society. The role of CSR does not change when we face a disaster on the scale of the March 11 earthquake and tsunami, but it does stand out in sharper relief in times of crisis.

Pedersen: You recently reorganized the way Nissan manages CSR issues, setting up a direct line of communication between the CSR officer and you as CEO. Why have you restructured at this time? Is there something in the business climate that makes such a change imperative for Nissan?

Ghosn: I think this is a normal evolution, although it has been accelerated by our experiencing two major crises in recent years—first the financial crisis that started in 2008 and, second, the 2011 earthquake. When events of this magnitude happen, suddenly the values that were considered obvious in society become less obvious and people question the values of corporations. People both within and outside Nissan revisit fundamental questions about the purpose of the company: What is its reason for being? What is it working for? What relative weight does it place on its values?

When we created the direct line of communication between the CSR officer and the CEO, we sent an extremely important signal that CSR is foremost in the minds of the leaders of the company. Everything we do has a social meaning—not only in terms of technology, but also what we are doing to support communities. And it's not sufficient just to *do* it; we give meaning by communicating our actions to people so that they understand their importance and the reasons why we are pursuing those actions.



Peter David Pedersen

Chief Executive
E-Square Inc.

Chief executive of E-Square Inc., a sustainability consultancy in Tokyo, Japan. Has extensive experience working with Japanese multinational corporations on sustainability and CSR issues, in particular facilitating vision and strategy building. Is also a much sought-after moderator of stakeholder dialogues.



I am not micromanaging Nissan's CSR activities, but I am paying attention to Nissan's CSR priorities, resources and content. This direct link from the CSR group to my office ensures swift action. There is no unnecessary debate about our decisions. We need no arbitration once a policy is set; we just have to take action.

This is why repositioning CSR in the company—clarifying our priorities—was important. Everything we do as a company has meaning in light of CSR, and now the CSR team can make direct suggestions about what new priorities and new actions we need, confident that they are being heard at the top level of the company.

Pedersen: Does this mean Nissan has staked out a new leadership role in the area of CSR?

Ghosn: It is not for us to say whether we are leading or innovating in this field. Whether Nissan is ahead of the game or below average is something for people outside our organization to decide. We are starting from what we feel society needs and what we are capable of doing, and we are taking the initiative in that direction. If we find ourselves in a leadership position as a result, that's great. But CSR is not a competition.

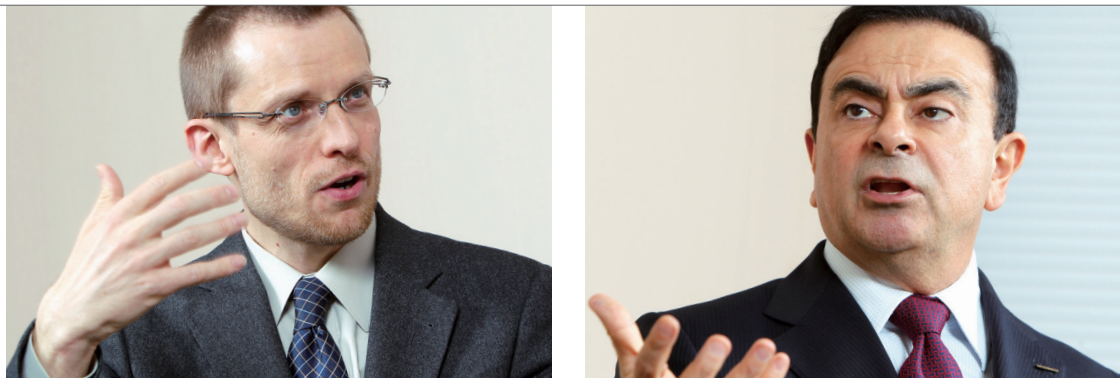
That being said, we are working very hard to be a leader in certain areas that are often defined as CSR-oriented for their eco-awareness. We have set a course toward zero-emission mobility and sustainable mobility for all.

Nissan is a business. We develop our technologies and products in order to develop our company and to meet the demands expressed—or yet to be expressed—by society. In the case of zero-emission mobility, we believe this demand is coming. The signs are evident. Customers aren't saying, "I want to buy an electric car"; they are saying, "I want something different" or "I want something compatible with the environment." The need exists, and it's a good need. Environment-compatible products will be beneficial for Nissan because consumers want them, and they will be beneficial to society as a whole. We are developing the technology in order to make them an affordable, mass-marketable, zero-emission reality.

Pedersen: This reality is already here in the form of the Nissan LEAF. It's exciting to see that you're advancing the Nissan LEAF not as a green niche product, but as a global strategy vehicle.

Ghosn: The Nissan LEAF is our flagship eco-car. It's a true game-changer. This initiative is not purely socially driven, of course. We need to justify our investment with a return on our money. But we are not blind to the fact that we are achieving something positive by promoting this technology and product. In a way, we are in a sweet spot with the Nissan LEAF. We are bringing to market a product that consumers will want while doing something good for the planet.

We are not going to see an immediate transformation. But looking at the industry five or 10 years down the road, we will see the return of the mass-marketed, popular electric car. This will be a major new chapter in automotive history.



Pedersen: You're initially rolling out the Nissan LEAF in Japan, the United States and Europe. But Nissan isn't focused solely on these industrialized markets. This new chapter will be more global in nature, right?

Ghosh: This is another facet of sustainability and another key part of Nissan's CSR approach: our drive for mobility for all. As people in the world's growth markets become more affluent, they reach out for the mobility that only cars can give them. Nissan is ready to meet their demand with affordable options and global growth models—vehicles that compete in important segments all around the world.

If all this mobility depends on fossil fuels, though, we will face growing concerns. Will we have enough oil? What will happen to oil prices? What kind of emissions will increasing mobility produce? But when zero-emission cars are a mass-marketable part of reality, and not niche products, they will breathe new life into the idea of sustainability.

What we are doing with the Nissan LEAF, as well as with our highly efficient PURE DRIVE gasoline-powered cars, is displaying options. We are showing people around the globe that low- and zero-emission mobility for all is within reach. We are pointing the way toward solutions that may help us avoid potential ecological crises in the future.

Pedersen: To return to the theme of crisis, particularly the March 11 disaster in eastern Japan, do you see Nissan engaging in the creation of zero-emission infrastructure or encouraging new forms of mobility as rebuilding takes place?

Ghosh: I don't think we'll see a specific region of Japan implementing special efforts toward this sort of goal. But every crisis brings transformation. The earthquake, tsunami and nuclear crisis will be no exception. It's too early to predict what kind of transformation will occur or how deeply it will affect Japan, but some interesting signs are already appearing.

In one of the communities most affected by the earthquake, one form of aid that residents asked us for in particular was electric cars because no gasoline was available in the region. We made available a number of Nissan LEAFs, which people told us were a great help.

I don't think there is any doubt that Japan will shift its energy policy. We're going to see moves in terms of nuclear power, in terms of electric vehicles. A great many changes are happening. The crisis is opening people's eyes to the need to transform Japan's society and energy systems, and the course of this transformation will become clearer as the lessons of March 11 are digested and adapted by Japanese society.

Japan is now sending a strong message of resilience. Nissan, too, has put all its plants back online, including our Iwaki Plant, which was hit hard by the quake. Overcoming crisis like this, ensuring that our people have a place to work and a way to contribute to the economy as Japan recovers, is one way we fulfill our responsibility to society.

When I first came to Nissan in 1999, the crisis we faced was internal. We needed to put our house in order. Over time we made that house strong enough to weather external storms like the financial crisis of recent years and the natural disaster of 2011.

But a company is only as strong as the society around it. We recognize the need to take the initiative, for instance, by helping disaster victims. At Nissan we support the people and society around us. This is our CSR.