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THIRD-PARTY COMMENT



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This report makes it clear that sustainability is the driving force for Nissan's innovation. It also displays Nissan's corporate responsibility toward and solutions for environmental issues, its dedication to electric vehicles (EVs) and autonomous driving, its calls for CO₂ reduction by 2050, and much more. All of this is rooted in the long-term perspective held by the company's top management, based on which a variety of efforts are underway. Furthermore, Nissan deserves high marks for carrying out materiality assessment at the top level of the company and describing the processes involved in this Sustainability Report.

Nissan's eight sustainability strategies underpin the value of the company's intangible assets. By enhancing the strategies, Nissan can also enhance its corporate values. All of them are important, and it is appropriate to disclose information on them to a multi-stakeholder audience. The world's investors, however, are guided to a significant extent by the principles of so-called ESG investment, where choices are made according to a company's environmental, social and governance stances. Of these three, I would note that governance is particularly important to ESG investors. In February 2014 Japan's Financial Services Agency issued the "Japanese Stewardship Code," a set of principles to be followed by responsible institutional investors. This signals the onset of an era when ESG and long-term approaches to investment will be the mainstream in Japan, too. Nissan is clearly placing emphasis on different issues and undertaking information disclosure in different ways according to the stakeholders involved, as can be seen from the company's use of its CSR scorecard and other activities. We can expect to see Nissan continue earning high marks in terms of socially responsible investment (SRI) rankings and ratings.

Nissan has made efforts over time to enhance its Alliance with Renault, taking this relationship to an even higher stage. As the companies' supply-chain management and purchasing functions are increasingly converging, we can expect to see enhanced efforts along similar lines throughout the value chain—in particular in terms of the implementation and improvement of due diligence. Supply chains in the automotive industry are broad and deep, making it difficult to carry out due diligence even for tier-1 suppliers—much less those at tier 2 and later stages in the chains. Nevertheless, due diligence is a vitally important aspect of CSR in the emerging and developing markets that will be the main field for business competition in the future, as well as a key topic to address in gauging the risks and opportunities of a globalizing economy. In this connection, the skillful use of information and communications technology throughout the value chain will be a major issue to address from now on.

Nissan is to be evaluated highly for its rapid advancement of CO₂ reduction and other environmental measures, which it undertakes through a range of programs not limited to EVs. The company also displays earnest efforts in the areas of safety and quality, which are closely related to the environment. When it comes to the environment, the E component of ESG investment, Japanese companies are well regarded internationally, and Nissan can be expected to remain a front-runner in the future as well. Nissan also deserves recognition for touching on "sales and service quality" in this report.

Nissan's approach to philanthropy with focus on the three areas of environment, education and humanitarian support is to be commended, but today the global debate has shifted to the post-2015 landscape. In the future, Nissan will need to distill its focus still more, engaging in strategic philanthropy and tying those efforts to business opportunities. One key concept for the company to keep in mind as it does this will be engagement with a full range of stakeholders.

In the area of employee issues, Nissan is a diversity top-runner in Japan, earning society's respect for its efforts in the two areas of gender and cultural diversity. However, in April 2013 the European Commission proposed an amendment to accounting legislation that would require companies to form policy and report on the diversity of their boards of directors. In April 2014, the European Parliament adopted this as a new directive. It takes time for a company to foster human resources and reform its corporate culture, so one thing Nissan needs now is to consider a policy, with the years up to around 2050 in its scope, that addresses diversity not just at the executive level but for all employees.

In the post-industrial-capitalism age of the 21st century, people's wisdom will be the primary player in companies' activities. The creation of people-centered organizations will be the most important task underlying all areas of corporate endeavor. While I feel this is something that Nissan recognizes and is already moving to address, it bears repeating here.

Finally, I would note that while the Sustainability Report is to be commended for its inclusion of a broad range of data, demands are on the rise for more reporting of CSR information that focuses on long-term policies and targets and such information presented with financial details in integrated reporting. Nissan needs to channel its reporting efforts in this direction, too.