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VALUE CHAIN

The challenges facing modern societies, like climate change and energy, are increasingly global in their scope. As a business with worldwide operations, Nissan pursues its activities on a similarly global scale, with a value chain that extends throughout the world. By improving its CSR management through sharing fundamental values and principles with its business partners, Nissan promotes consistency in the CSR activities undertaken throughout the value chain.

Together with its business partners, Nissan aims to achieve sustainable growth built on a foundation of mutual trust. The company listens carefully to and works with its suppliers and dealers as equal partners, developing and maintaining cooperative and competitive relations that enable it to implement best practices.

Renault-Nissan CSR Guidelines for Suppliers distributed to:

100%
of suppliers

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VALUE CHAIN

SCORECARD FY2014 TARGET ACHIEVEMENT RATE: ✓✓ ACHIEVED ✓ MOSTLY ACHIEVED ✗ NOT ACHIEVED

Nissan makes year-round use of the CSR scorecard as a fundamental tool to manage, review and validate its progress in each of the sustainability strategies defined for its CSR activities. The table below shows some of the values behind Nissan's ongoing activities and the indices used in the scorecard to gauge the company's performance.

Nissan Priorities	Nissan Objectives	Indicators of Progress	FY2013 Results	FY2014 Results	Assessment	Action Planned for Next Year Onward	Long-Term Vision
Working with suppliers	Promote thorough understanding and implementation of <i>Renault-Nissan CSR Guidelines for Suppliers</i> to instill CSR principles at suppliers and in the supply chain	Level of implementation of <i>Renault-Nissan CSR Guidelines for Suppliers</i> at suppliers	<ul style="list-style-type: none"> Continued <i>Renault-Nissan CSR Guidelines for Suppliers</i> requirement when sourcing suppliers and ensured the agreement of all suppliers 	<ul style="list-style-type: none"> To ensure thorough legal compliance with new regulations, revised <i>Renault-Nissan CSR Guidelines for Suppliers</i> (to be deployed in 2015) 	✓✓	<ul style="list-style-type: none"> Deploy revised <i>Renault-Nissan CSR Guidelines for Suppliers</i> Continue to ensure the agreement of suppliers with guidelines 	Proceed continuously to ensure legal compliance in the supply chain and thorough understanding and implementation of appropriate measures
	Conduct conflict mineral surveys to instill CSR mindset in the supply chain	Level of implementation of conflict mineral surveys at suppliers and in their supply chain	<ul style="list-style-type: none"> Conducted surveys in Japan, North America, Europe and China 	<ul style="list-style-type: none"> Expanded survey scope to include Asia Published Nissan policy and activities on website to ensure thorough understanding and implementation of activities throughout supply chain, including Asia 	✓✓	<ul style="list-style-type: none"> Continue to conduct surveys 	
	Promote management of controlled and banned substances at suppliers to meet environmental regulations	Level of implementation of Nissan Green Purchasing Guidelines and concrete initiatives	<ul style="list-style-type: none"> Collected component data for relevant vehicle models from suppliers 	<ul style="list-style-type: none"> Promoted compliance with EU REACH Regulation among suppliers 	✓✓	<ul style="list-style-type: none"> Continue to promote management of controlled and banned environment-impacting substances at suppliers, in line with Nissan Green Purchasing Guidelines 	Continuously advance cooperation with suppliers regarding environmental management to help reduce use of environment-impacting substances
	Conduct environmental surveys (CO ₂ emissions, wastewater and other waste) at suppliers to reduce environmental impact in the supply chain	Conducting of surveys at suppliers representing more than 70% of total procurement by value	<ul style="list-style-type: none"> Continued implementation of surveys based on Nissan versions 	<ul style="list-style-type: none"> Implemented surveys by international NPO CDP, sharing outcomes (focus of CDP's survey activities and survey results) with suppliers to enhance process 	✓✓	<ul style="list-style-type: none"> Continue to conduct surveys of CO₂ emissions and wastewater at suppliers 	
Working with dealers	Implement the PDCA cycle to make improvements to promotion of CSR activities at sales companies in Japan	Level of implementation of compliance self-inspection program	<ul style="list-style-type: none"> Continued implementation of twice annual compliance self-inspection program to enhance compliance awareness 	<ul style="list-style-type: none"> Continued implementation of twice annual compliance self-inspection program to enhance compliance awareness 	✓✓	<ul style="list-style-type: none"> Continue to conduct and regularly review self-inspection program 	Provide support to help cement voluntary efforts at sales companies
		Discussion of policies for improvement based on examples of violations	<ul style="list-style-type: none"> Held June meeting for dealership representatives to share information about examples of violations, improvement policies and training 	<ul style="list-style-type: none"> Held June meeting for dealership representatives to share information about examples of violations, improvement policies and training 	✓✓	<ul style="list-style-type: none"> Advise and warn dealers based on examples of violations and discuss policies for improvement 	
		Level of implementation of training based on examples of violations and initiatives to prevent violations	<ul style="list-style-type: none"> Distributed training materials and held training to prevent violations 	<ul style="list-style-type: none"> Distributed training materials and held training to prevent violations 	✓✓	<ul style="list-style-type: none"> Prepare training materials based on examples of violations and conduct training as necessary 	
		State of initiatives for building new system to bolster prompt internal information sharing and responses when violations occur	<ul style="list-style-type: none"> Implemented a new system to bolster prompt internal information sharing and responses when violations occur 	<ul style="list-style-type: none"> To strengthen compliance, maintained system to bolster prompt internal information sharing and responses when violations occur 	✓✓	<ul style="list-style-type: none"> Maintain system to bolster prompt internal information sharing and responses when violations occur and review as necessary 	



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NISSAN'S APPROACH TO THE VALUE CHAIN

To promote effective purchasing activities, in 2001 the Alliance partners established a common purchasing company, the Renault-Nissan Purchasing Organization, and steadily increased the scope of its activities. This organization now covers all purchasing domains, incorporates all purchasing functions and builds mutually profitable business partnerships with all suppliers.

Transactions are based on the three important values of trust (work fairly, impartially and professionally), respect (honor commitments, liabilities and responsibilities) and transparency (be open, frank and clear).

Nissan uses a common transparent process worldwide when sourcing suppliers and provides a wide variety of opportunities for other companies to do business with it, regardless of their nationality, size or history with the company. When making selections, the relevant Nissan divisions meet together to examine from a range of perspectives the proposals received from suppliers. Nissan explains its decision to every supplier that has taken part in the sourcing process as part of a thoroughly fair, impartial and transparent system.

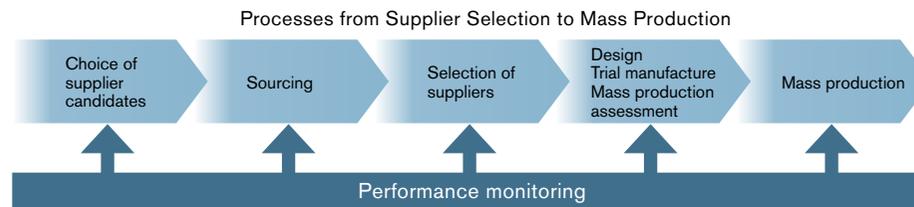
Nissan and Renault have produced a booklet, *The Renault-Nissan Purchasing Way*,^{*} outlining the values and processes the Alliance sees as important when doing business. This booklet has been shared with the tier-1 suppliers of Renault and Nissan since 2006.

In addition, Nissan has been practicing transactions confirming to "proper trading guidelines" issued by the Ministry of Economy, Trade and Industry for the automotive industry.

▶ [Click here to download *The Renault-Nissan Purchasing Way*.](#)
 ▶ website

COMPANY ORGANIZATION FOR THE VALUE CHAIN

The Renault-Nissan Purchasing Organization



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WORKING WITH SUPPLIERS

To make its global supply chain sustainable, Nissan aims to conduct ethically, socially and environmentally responsible business at every stage. The company collates and manages a database of plant locations, total value of purchases and other basic information for all of the suppliers with which it conducts transactions. Building on this understanding of its partners in the value chain and based on the *Renault-Nissan CSR Guidelines for Suppliers* and the Nissan Green Purchasing Guidelines,¹⁾ the company is working together with all of its suppliers to instill CSR principles.

▶▶ website | ¹⁾ Click here to download the Nissan Green Purchasing Guidelines.

Renault-Nissan CSR Guidelines for Suppliers

To effectively implement CSR practices worldwide, in May 2010, Renault and Nissan published the *Renault-Nissan CSR Guidelines for Suppliers*²⁾ with reference to the CSR guidelines of the Japan Automobile Manufacturers Association, Inc. It also designed self-assessment checklists. Renault and Nissan have distributed the guidelines to all suppliers worldwide. The Alliance partners have also asked suppliers to further distribute them to secondary and tertiary business counterparts to ensure they are shared throughout the supply chain.

▶▶ website | ²⁾ Click here to download the *Renault-Nissan CSR Guidelines for Suppliers*.

Via explanations in the following five areas, the guidelines aim to help suppliers review their business activities from a CSR viewpoint and implement CSR activities.

- ① Safety and Quality: Providing products and services that meet customer needs, etc.
- ② Human Rights and Labor: Prohibition of child labor and forced labor; compliance with working hour and remuneration laws, etc.
- ③ Environment: Implementation of environmental management; reduction of greenhouse gas emissions, etc.
- ④ Compliance: Compliance with laws; corruption prevention, etc.
- ⑤ Information Disclosure: Open and impartial communication with stakeholders, etc.

Chapter 3 of the guidelines, "To Our Suppliers," mandates compliance with laws and regulations. If suppliers engage in activities that violate legal compliance, they are to report this immediately, along with investigation results, and submit corrective countermeasures. In case of infringement, Nissan will take rigid actions based on its company rules and do everything necessary to prevent a recurrence.

When the guidelines were published in 2010, a section on compliance with laws and regulations was incorporated into the basic contract; Nissan confirms this section with all new business partners.

In 2014, Nissan began discussions regarding amendment of the guidelines to respond to new laws and standards, to reinforce thorough legal compliance and to instill CSR practices at business partners in emerging countries.

Confirming CSR Observance at Suppliers

Nissan oversees its suppliers observance of CSR requirements by confirming their acceptance of the *Renault-Nissan CSR Guidelines for Suppliers* and by checking their environmental management systems and environmental activities to be conducted with Nissan at time of selection. The company also conducts CSR training in its purchasing department to ensure that employees there are equipped to check supplier CSR activities during routine operations.

Any problems in the supply of parts and materials may lead to problems for Nissan's production and the value chain as a whole. The company therefore addresses CSR comprehensively, including confirmation of risk affecting suppliers' ability to supply under normal circumstances; suppliers' quality, cost, delivery, development, management (QCDDM) performance; and measures crafted together with suppliers in response to natural disaster risk to ensure production continuity or early restoration of capacity.

Nissan constantly assesses the situation at suppliers based on a range of factors. If cases of high risk emerge, the company works with suppliers to rapidly draft and implement countermeasures.

Suppliers and Environmental Activities

Nissan shares its environmental philosophy and its environmental action plan with suppliers. To improve environmental performance throughout the value chain, Nissan published the Nissan Green Purchasing Guidelines¹⁾ in 2001, requiring suppliers' cooperation. The guidelines offer a more detailed explanation of the environment section in the *Renault-Nissan CSR Guidelines for Suppliers*.

▶▶ website | ¹⁾ Click here to download the revised version of the Nissan Green Purchasing Guidelines.

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Environmental activities at suppliers are based on the core components of compliance with environmental regulations and Nissan's basic environmental principles and activities to reduce environmental load.

To reflect trends in regulations worldwide, such as the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation and the European Reusability/Recyclability/Recoverability (RRR) Directive, Nissan has also added further banned substances and expanded component data management globally. Further, the company checks environment-loading substance management and activities when suppliers are selected for new cars. Nissan informs suppliers of specific actions to comply with the REACH Regulation and requires their compliance.

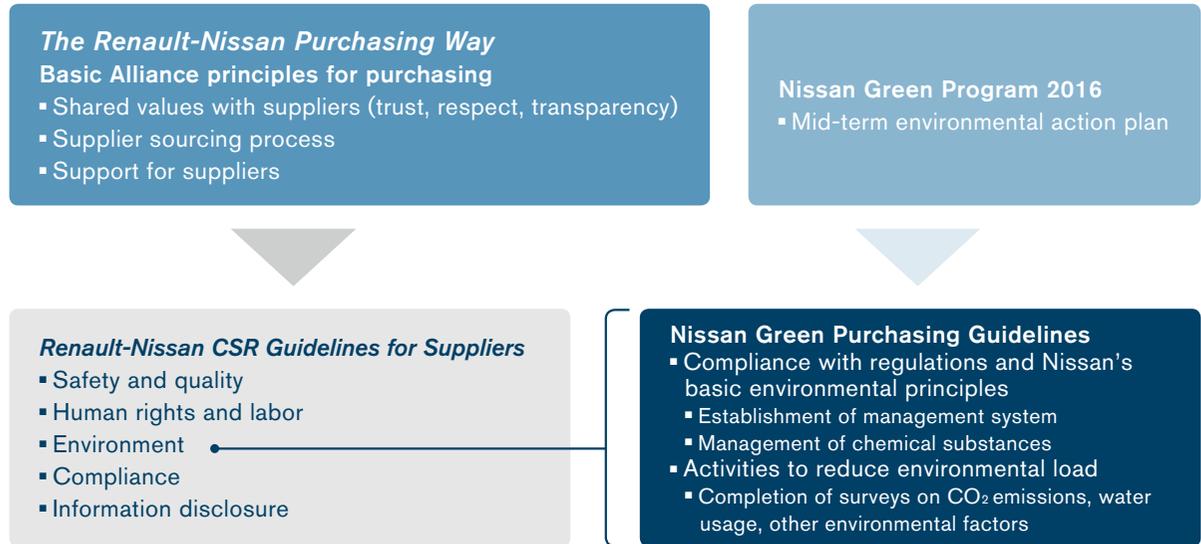
Based on the Nissan Green Program 2016, the company's mid-term environmental action plan, Nissan began environmental data surveys at suppliers in fiscal 2012 to ascertain CO₂ emissions, water usage and other data related to environmental load. The company publishes the results of these surveys.



Click here for more information on Nissan Green Program 2016.

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The Role of the Nissan Green Purchasing Guidelines



The Renault-Nissan Purchasing Way
Basic Alliance principles for purchasing

- Shared values with suppliers (trust, respect, transparency)
- Supplier sourcing process
- Support for suppliers

Nissan Green Program 2016

- Mid-term environmental action plan

Renault-Nissan CSR Guidelines for Suppliers

- Safety and quality
- Human rights and labor
- Environment
- Compliance
- Information disclosure

Nissan Green Purchasing Guidelines

- Compliance with regulations and Nissan's basic environmental principles
 - Establishment of management system
 - Management of chemical substances
- Activities to reduce environmental load
 - Completion of surveys on CO₂ emissions, water usage, other environmental factors

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Promotion of Monozukuri Activities with Suppliers

Nissan has been working to continually improve the competitiveness of its products through its Monozukuri Activities program, a collaboration among suppliers and Nissan that commenced 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 in today's challenging market conditions, the company is striving 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, Nissan introduced the Total Delivered Cost (TdC) Challenge as part of efforts to achieve the goals of its mid-term business plan, Nissan Power 88. The initiative aims to optimize all fluctuating costs, including for specifications, materials, exchange rates and logistics. Nissan's various functional departments and suppliers are coming together to make strong efforts in the TdC Challenge and improve both quality and supply.

▶ Click here for more information on the mid-term business plan, Nissan Power 88.
 ▶▶ website

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 the company's purchasing policy for the fiscal year and mid-term business plan, as well as other matters. In the case of Japan, Nissan holds monthly meetings and directly informs suppliers of its production plans and various activities and requirements. The meetings are also an opportunity for Nissan to respond to supplier questions and requests.

Recognizing Supplier Contributions Worldwide

Each year Nissan recognizes the contributions of its suppliers with awards presented in each of the regions where it operates, as well as with two worldwide supplier awards, the Global Quality and Global Innovation Awards. These are presented to suppliers that have contributed to its business performance at the global level. This awards system aims to encourage suppliers in the global supply chain to embrace Nissan's management approach, which balances the economic activities of quality, cost reduction and technological development with environmental concern and social responsibility.

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 its production, development and quality divisions in the two categories of product technology and process management. In fiscal 2014, five companies received Global Quality Awards, and Global Innovation Awards went to 11 companies in the product technology category.

Conflict Mineral Policy and Measures

In August 2012, the U.S. government enacted regulations requiring companies to report the use of four minerals mined in the Democratic Republic of the Congo and surrounding countries, which were believed to be sources of funds for armed insurgents. Agreeing with the spirit of this legislation, Nissan investigated the supply chain for any use of conflict minerals and established a policy aimed at the nonuse of conflict minerals, announcing related information on its website. Investigations began in fiscal 2013.

▶ Click here for more information on Nissan's conflict mineral measures.
 ▶▶ website

The search for conflict minerals throughout the global supply chain is a large-scale undertaking. Nissan works together with organizations including the Japan Automobile Manufacturers Association, Inc., the Japan Auto Parts Industries Association and the Japan Electronics and Information Technology Industries Association and regularly discusses the issue in working groups, while considering the best methods for investigation and result analysis.

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WORKING WITH DEALERS

Nissan undertakes various measures to ensure that its approach to compliance is shared with dealerships and to enhance its internal controls. The company is strengthening lines of communication with dealers to further improve its CSR management.

Working with Dealers for CSR Management

To promote consistency in the CSR management approaches taken by Nissan and its dealers, the company carries out activities on an ongoing basis aimed at helping dealerships in Japan enhance their compliance.

Twice a year Nissan organizes self-inspection programs at all dealerships to enhance understanding of compliance matters and improve their compliance management status. The dealerships check their current compliance status and issues based on Nissan's self-assessment checklists and use the PDCA (plan, do, check, act) cycle to make voluntary improvements. Nissan also updates, edits and expands the checklists based on audit results, informing dealerships of changes and ensuring compliance. The program status is shared among dealerships and applicable Nissan departments and reports are made to the Board of Directors. Through measures to check improvements and their effectiveness, and by ensuring that its sense of compliance is shared with dealerships, Nissan strives to further improve its CSR management.

When major compliance issues occur, legal, communications, external and government affairs and other applicable Nissan departments work together with dealers to take appropriate action.

Compliance Training for Sales Companies

Nissan conducts the following initiatives as part of training for sales companies:

Regular Revision of Code of Conduct

Every three years, Nissan revises its Code of Conduct in response to legal amendments and social demands of corporate ethics. Nissan trains its employees concerning revisions and ensures thorough knowledge and implementation of the updated code. Nissan also holds training at sales companies based on the Nissan Code of Conduct. The last revision of the Code of Conduct was in October 2013.

 Click here for more information on the Nissan Global Code of Conduct. [▶▶ page_105](#)

Bolstering Information Security and Preventing Harassment

Based on teaching materials that cover the same topics as those taught in Nissan's e-learning courses, each sales company implements information security training to avert risks arising from serious incidents occurring in the course of daily activities, such as virus infections, unintended e-mail transmissions and information leaks due to misplaced or stolen PCs.

Examples of inappropriate posts on social networking services or blogs that are in violation of Nissan's global social media policy are shared with sales companies, which further share these internally to help prevent such posts. In an effort to enhance awareness and prevent recurrence, Nissan shares

information on the potential adverse impact, not just to the sales company but also to the Nissan Group as a whole, when such posts are made.

In the light of growing social interest in abuses of authority and incidents of such abuse at sales companies, Nissan is providing training materials with a focus on power harassment. Since fiscal 2012, sales companies have implemented training on such topics as "examples of acts and statements that constitute harassment," "what impact a harassment case can have," "past incidents involving sales companies" and "what steps should be taken when a case comes to light." In fiscal 2014, sections of the training materials, principally relating to "examples of acts and statements that constitute harassment," were updated with reference to recent cases.

 For more about activities with dealers, see the following sections.

Dealer CO ₂ Management Initiatives	▶▶ page_ 38
Sales of Nissan Green Parts	▶▶ page_ 40
Nissan Green Shop Certification System	▶▶ page_ 42
Enhancing Sales Quality	▶▶ page_ 70