

# Global environmental management framework and governance system

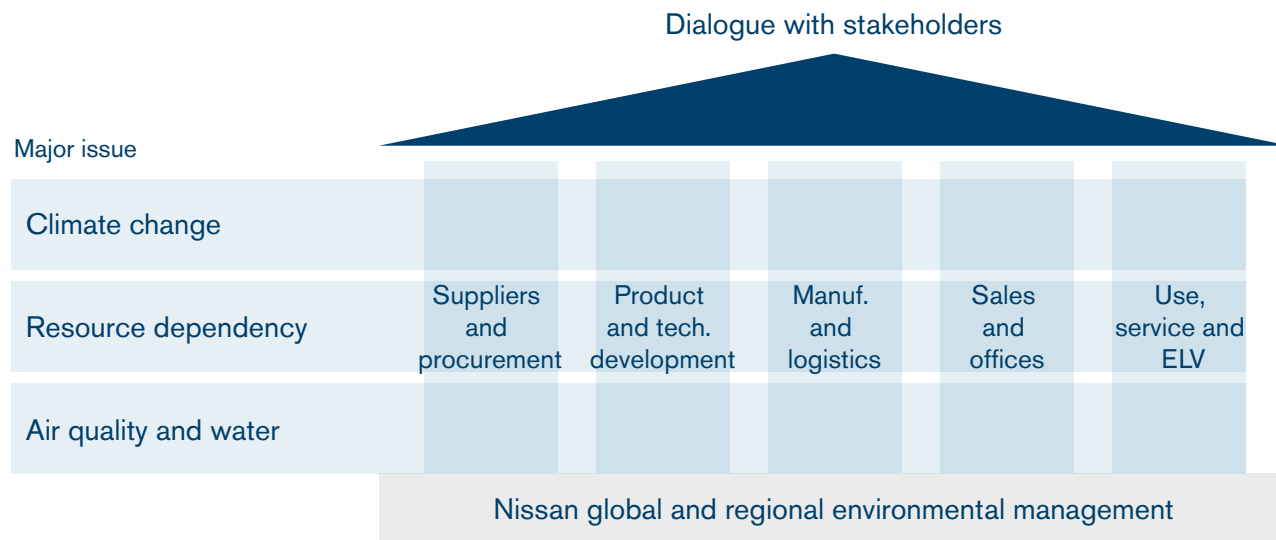
## Environmental management governance

To promote comprehensive environmental management as a global company while responding to a diverse array of environmental issues, Nissan has a governance system built on dialogue and partnership with each region and many corporate functions as well as with a variety of stakeholders. The Global Environmental Management Committee (G-EMC), co-chaired by the Chief Sustainability Officer (CSO) and the Director who is Representative Executive Officer, President and CEO, determines overall policy and the content of reports before the board of directors.

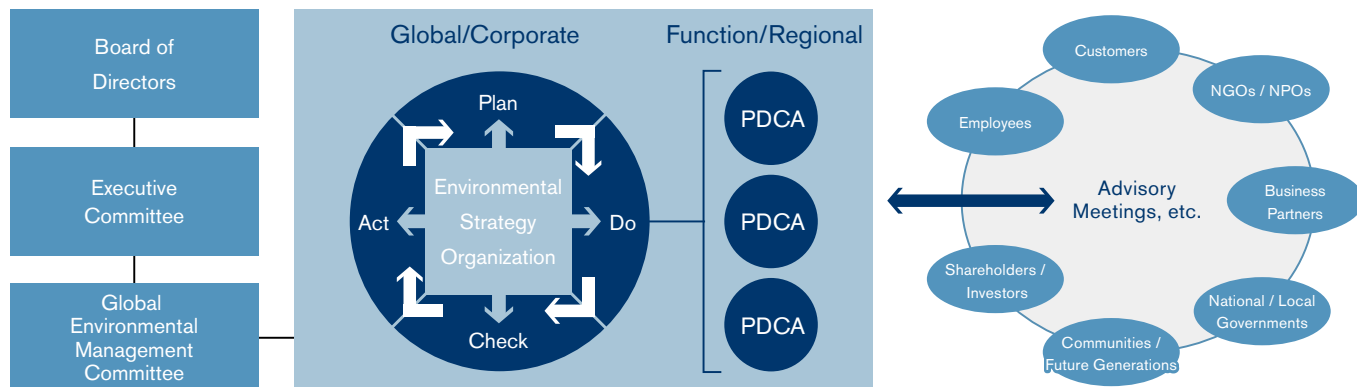
Its meetings are attended by the relevant corporate officers to cover the whole value chain. Executives also clarify risks and opportunities at the corporate level and determine the specific programs to be undertaken by each division, using PDCA cycles to manage and operate the environmental programs efficiently. Environmental risks are regularly reported in Internal Control Committee meetings to strengthen corporate governance.

We actively communicate with a broad range of stakeholders through our sustainability (ESG) data book and by answering inquiries from various environmental rating agencies.

Global environmental management framework and governance



Environmental management organization



## Climate change in the executives' performance-based incentives

Since fiscal 2021, the company has incorporated the performance indicators for sustainability in performance-based cash incentives\*1 that form a part of the long-term incentive program to increase its mid- to long-term corporate and social value. In fiscal 2024, those performance indicators and evaluation weights were reviewed and updated to further strengthen the climate change-related initiatives.

- From FY2021 External evaluation on carbon neutrality (evaluation weight 5%)
- From FY2024 A CO<sub>2</sub> performance score covering the entire value chain based on emission reductions across seven areas (evaluation weight 10%)

## Enhancing environmental management based on ISO 14001

All major production sites around the world have obtained ISO 14001 environmental certification. In Japan, product development processes and all major facilities, including global headquarters, research and development, production, and logistics, have also obtained ISO 14001 certification. The assigned environmental management officer coordinates companywide goals and shares the goals with the employees through local offices. Local offices are responsible for the activities at each facility and division and for coordinating the proposals submitted by employees. By engaging in discussions at least once a month, the ISO secretariat and local offices confirm progress toward established goals, share best practices, improve management systems, develop plans for the next fiscal year, and communicate requests from local facilities and divisions. The items discussed are reported to the environmental management officer twice a

year (once at the management review conference) to further enhance overall management.

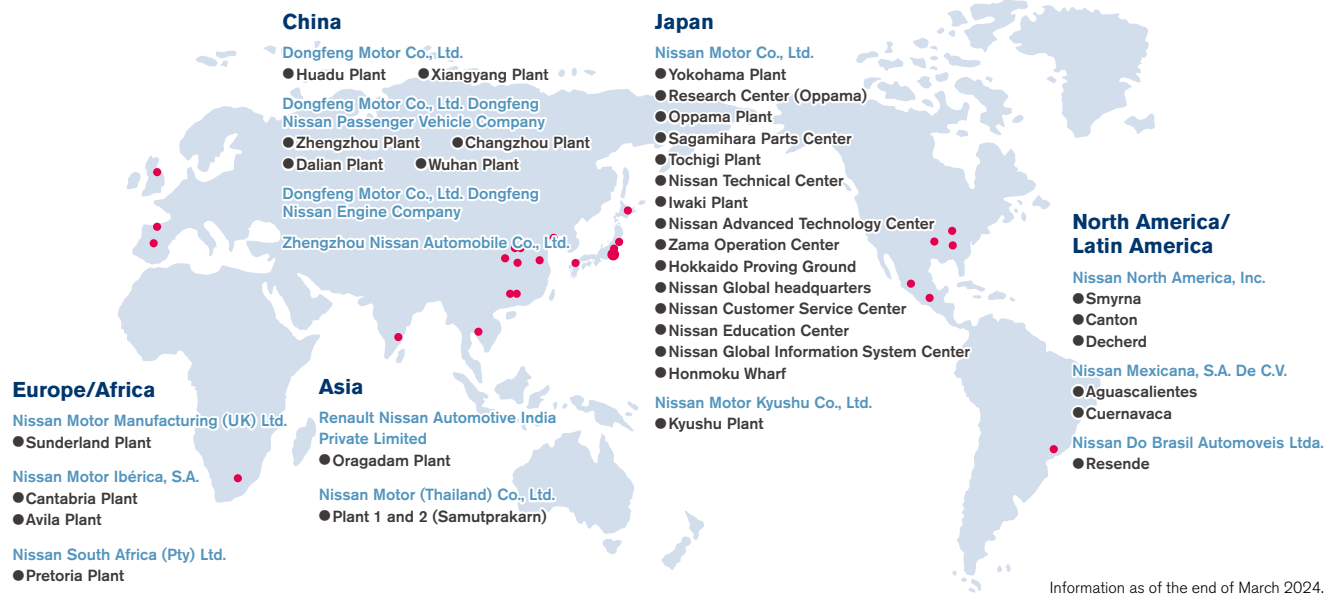
We periodically conduct third-party audits to confirm that management is functioning appropriately. We also conduct internal audits of areas covered by third-party audits and all other environmental activities, prioritizing compliance with regulatory reporting requirements and identifying and assessing risks.

### Working with consolidated production companies

We encourage our consolidated production companies in a variety of markets to acquire ISO 14001 certification and to undertake other environmental initiatives based on their respective policies.

### Working with dealerships

We believe that concern for the environment at our dealerships is essential to earning the trust and appreciation of our customers for Nissan's environmental activities.



\*1 Click here for the social indicator. >>>P011

Environmental principles and policies

Understanding of environmental issues

Strategic approach to environmental issues

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Nissan Green Program

Value chain activity achievements

Third-party assurance

Our dealerships in Japan have introduced an original approach to environmental management based on ISO 14001 certification called the “Nissan Green Shop” certification system. This program is managed through internal audits conducted by the dealerships every six months, in addition to annual reviews and certification renewal audits carried out every three years by Nissan Motor Co., Ltd. (NML). As of the end of March 2024, the system has certified approximately 2,800 dealerships of 149 dealers, including parts dealers, as Nissan Green Shops. Certified dealers introduce and proactively communicate their environmental initiatives to customers.

### Raising environmental awareness among employees

Nissan’s environmental activities are supported by the environmental knowledge, awareness, and competence of each and every employee. As part of our ISO 14001 activities, we provide Nissan employees and the employees of partner companies working in our offices and plants with education aimed at reducing CO<sub>2</sub> emissions, energy and water consumption, and waste, as well as preventing environmental accidents, based on the Nissan Green Program 2030 (NGP2030). We also provide annual training for the purpose of preventing environmental accidents. In addition to education and training, quantitative evaluations of all employees are conducted at plants to develop human resources able to continuously improve their competence and reduce environmental impacts. The training curriculum is reviewed annually to ensure that employees always acquire the necessary competencies.

In Japan, we provide orientation for new employees and compliance education for new supervisors and executives to promote an understanding of NGP2030 and the environmental issues surrounding the automotive industry. We also share new information on environmental initiatives with our employees through our intranet, internal newsletters, and internal cable television broadcasts.

Outside Japan, we share information through our intranet, as well as through videos, events, and other locally appropriate tools and opportunities aimed at raising awareness and sharing information with all our employees.

### Nissan’s voluntary operational standards

Stricter controls on environment-impacting substances are being implemented in countries around the world. Examples include the European ELV directive, the European Union’s Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation, which went into effect in June 2007, and Japan’s Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture. The Japan Automobile Manufacturers Association (JAMA) launched a voluntary program to help minimize the potential release of formaldehyde, toluene, and other volatile organic compounds (VOCs)\*<sup>1</sup> in values cabins. This program utilized the VOC guidance value established by the Ministry of Health, Labour and Welfare for specific substances in January 2002 to be met for all new models manufactured or sold by Nissan in Japan after April 2007. In accordance with the Ministry’s guidance value revision in January 2019, new guideline values have been met for new models released in 2022 or later.

Nissan is strengthening its management of chemical substances, adhering to a planned schedule for their reduction and advancing the use of alternative substances. In 2005, we drew up policies regarding the use of substances scientifically recognized as being hazardous or carrying high hazard risks, as well as those identified as dangerous by NGOs. In 2007, these policies, which restrict environment-impacting substances even more than the domestic laws of the countries where we operate, were rolled out globally. Based on the above-referenced policies, Nissan developed a specific Nissan Engineering Standard (NES) for the Restricted Use of Substances, which identifies the

chemical substances whose use is either prohibited or controlled. The NES is applied in material selection and also in the components and parts used in our vehicles from initial development onward. For example, four heavy metal compounds (mercury, lead, cadmium, and hexavalent chromium) and the polybrominated diphenyl ether (PBDE) flame retardant have been either prohibited or restricted in models\*<sup>2</sup> launched globally since July 2007. To control VOC use in car interiors, Nissan adopted the voluntary targets of JAMA as our own standards for global operations, and we are reviewing and reducing the use of prohibited and controlled chemical substances in materials and adhesives for seats, door trim, floor carpet and other parts. Every year, we revise the Restricted Use of Substances standards to reflect changes in international laws and regulations and to add new substances covered by our voluntary internal standards. In the revision for fiscal 2017, we established criteria for proactively reevaluating hazards and risks related to regulations to enhance compliance levels. For example, we disclose information to users and submit REACH reports to the relevant authorities about the vehicles and parts produced in or exported to Europe from Japan and other countries (including some from the U.S.). We also comply with Classification, Labeling and Packaging of Substances and Mixtures regulations.

### Sanctions and government guidance at Nissan production facilities

During fiscal 2023, in relation to the environmental management system, none of Nissan’s production facilities government notifications or sanctions regarding significant violations of environmental laws or regulations. However, there were two cases where the agreed-upon limit was exceeded. We coordinated with the administration to take the necessary measures and conduct discussions.

\*1 VOCs : Organic chemicals that readily evaporate and become gaseous at normal temperature and pressure conditions.

\*2 Excluding vehicles manufactured outside of Nissan