

Diversity and Communication: Keys to Sustainability and Trust

What does corporate social responsibility mean to Nissan, and what activities is the company focusing on to fulfill this responsibility? How is Nissan positioning environmental concerns and diversity in its business strategy? And how is this strategy shaping the company's relationships with its stakeholders? Chief Operating Officer Toshiyuki Shiga discussed these topics with Simon Sproule, corporate vice president in charge of global communications, CSR and IR. Their dialogue—moderated by Peter David Pedersen, a specialist in environmental and sustainability issues—sheds light on the course Nissan is setting into a future where CSR will form a central part of every successful firm's business activities.

Nissan's Approach to CSR

Moderator: What does the concept of corporate social responsibility mean to Nissan as a global corporation?

Toshiyuki Shiga: Nissan creates and sells its products in many countries, and it's key that we be globally involved in producing value for society. We hope to contribute more to people, especially in the communities where we do business. These contributions define who we are as a company.

There are over 180,000 Nissan employees worldwide, and developing nations are a key area for our operations. Our activities have to contribute to society not just through the cars we provide, but in terms of improving the environment. We need to reduce the environmental burden and improve living conditions for our workers. We've got to have good relationships with the people who live where we work. Achieving this balance between business and social responsibility is good for the company's growth.

Moderator: Mr. Sproule, you're Nissan's corporate officer in charge of CSR. What does this term mean to you?

Simon Sproule: A lot of people view CSR as something companies do to make a good impression. But I think the difference in the Nissan approach to CSR is that it's very deeply tied to our business itself. Profit sits comfortably with our social and environmental responsibilities.

Our objective for CSR is relatively simple. It's about sustainability—about ensuring that this business will be viable for decades, and that our actions today aren't going to put our future at risk. CSR is about managing those risks. We do that through dialogue and discussion with stakeholders.

Nissan is more economically powerful than many countries, and with that comes responsibility. People want to understand the values driving such a powerful company, and they demand transparency from us. CSR is our way of presenting our credentials. This isn't just window-dressing; CSR is a task with real impact, and a way to keep our business sustainable.

Moderator: Last April you set up your CSR Group to manage CSR issues in a more integrated way. Would you tell us about this establishment?

Shiga: All our functions are tied in some way to CSR. But in the past Nissan's activities weren't clearly prioritized and directed. It's much better to integrate these efforts, utilizing our resources more efficiently. This also helps us to communicate





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these efforts more clearly with the outside. This integrated approach is a way to contribute to our stakeholders.

Sproule: We're still working on integrating sustainability throughout the company, and we express our priorities in our scorecard. Publishing this key CSR tool helps us set clear targets for our activities and communicate transparency to stakeholders. The scorecard also sparks valuable dialogue with them—we expect that some of them will challenge us. This feedback helps us focus on the priority issues that we want to include in the broad category of CSR.

Shiga: A more transparent process—a quicker, more efficient way to do things—is something we're shooting for. Having a defined policy is ideal.

Pursuing Strength in Diversity

Moderator: Diversity development is one key CSR activity. Why is this so important?

Shiga: Nissan has to consider the diversity of its customers and the markets it serves. We've got to reach our customers' eyes and ears. Our customer base is diversifying, and so we're focusing on how to reach more of those consumers. We're focusing on people.

Our leadership direction is to make Nissan a more customer-oriented company—more market-driven. That means our culture has to be more flexible, allowing us to understand a variety of opinions and cultures and to provide more attractive products and services. Nissan has a strength in diversity that completely differentiates us from others.

This is strategically important for us. Our Alliance with Renault makes it easier to promote diversity. There are many nationalities represented here. We also have men and women working with the same responsibilities and positions. We're promoting this type of culture.

The key here is to realize that if we're always doing the same job with the same team, delivering the same performance, Nissan cannot grow. So we need change and reform. We need innovating challenges inside the company. People came to us from Renault, bringing approaches that were new to us, and learning from them made us stronger. Diversity in management is an important concept that propels us toward sustainable growth.

Moderator: What results have you seen since establishing your Diversity Development Office, or DDO, in 2004?



Sproule: We're a Japanese company, but we employ people of many nationalities, across the globe—in North America, Europe and China, for example. While addressing diversity issues in Japan, the DDO has started gathering best practices from around the world.

It's interesting to note that there is actually diversity within diversity. There are different issues to address in Japan, North America and Europe, and we can't make one set of rules for all countries. This is a key philosophy to consider. The DDO in Tokyo is setting up that mindset for the company on a global basis, encouraging everybody to think about those differences.

This all leads back to the customer. The demographics of the developed world, with its aging populations, are changing dramatically. Places like China and India, meanwhile, have a growing middle class and increasing numbers of skilled, educated young people. Global diversity is undergoing a massive shift, and we've got to change with it. Our DDO is encouraging that from inside.

Shiga: Communication involving local people is the key. Diversity and CSR represent our capability to encompass and understand different opinions and respect different cultures. They help us enjoy success all over the world.

We're pursuing two activities in connection with women's participation. First, we're expanding employment—increasing the number and responsibilities of challenging positions where we utilize the talent of female employees. The second activity is related to our customers' needs. We're working to understand women's thinking about our product lines and about design in general.

Working for the Health of the Globe

Moderator: For automakers, the environment is a mainstay of CSR development. What direction is Nissan going to take here?

Shiga: Nissan has three key goals: to reduce CO₂ emissions, to protect the air, water and soil, and to recycle resources. We view CO₂ reduction as particularly important among these, and we pursue this both as a company and on the level of our individual employees. We want Nissan to communicate its sincerity about greenhouse gases—to show that we're always thinking of the environment. We have been working to reduce CO₂, but our employees need to be aware of this goal as they handle their daily duties. I want to see this environmental sensibility grow deep in the company's culture.

It's unacceptable for a global firm to ignore environmental issues. Nissan is making huge investments in eco-friendly technology. Our aim is to provide the right technology to the right market at the right time, providing the right value to the customer. Ultimately it is the customer who will decide. I think the environment is



Moderator:
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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.

Nissan is taking an important step as the company moves to manage issues related to corporate social responsibility more strategically. I hope Nissan will always keep in mind the fact that the ultimate purpose of such CSR activities is not only to sustain the company's growth, but to contribute to the sound and truly sustainable development of society as a whole.

one of our most essential areas of focus as a company. Our environmental strategy has to be more real, more fundamental.

Sproule: When we brought in experts from outside to take part in our Environmental Advisory Meeting in 2005, they came in skeptical. After we finished, though, they saw the quality of the dialogue and our openness. We showed we knew that we weren't perfect, but also that we understood our responsibility to improve. And they saw our willingness to challenge each other—to debate and find the best solutions. We gained a lot from that outside input. It's definitely something we would like to repeat in the future.

Words are one thing and actions are another, of course. We've got to demonstrate in the environmental field that we are serious. We're looking at alternative fuels and energy sources on a much broader basis than the hybrids in the news lately. We have active research in fuel cells, bio-fuels, diesel, CVT transmissions and so forth. We aren't taking a singular approach to this.

Moderator: How is Nissan engaging with its stakeholders?

Sproule: The concept of "stakeholders" in the past focused mainly on shareholders. This has grown recently to encompass the company's employees and other firms it does business with, and it's only in the last couple of years that Nissan has really started talking about stakeholders in this broader sense. Creating value for all stakeholders is at the heart of the Nissan Value-Up plan. Employees benefit from working for a healthy Nissan, and we're a stable business partner for our suppliers. Along with the communities where we operate, consumers are stakeholders putting deep trust in us. When they put their families in our cars they're putting their safety in our hands. They're counting on us to work on environmental issues, too.

We need to look at how we talk to each group individually. We need to make our messages more personal. Today people are constantly bombarded with information, and our challenge is to cut through that and make stakeholders understand that we're talking directly to them—and that we're listening to them as well.

Shiga: Nissan Value-Up is about challenges. Our employees do tough jobs, and we ask for a lot of support from our suppliers, too. I believe that Nissan is a rewarding partner for these stakeholders. I want them to say, "Yes, working with Nissan is challenging, but it's good for us."

We want to build solid relationships with people in the communities where our plants are located. On all levels, we want to drive home the message that Nissan is good for people.

