

	CONTENTS	INTRODUCTION	CEO MESSAGE	BLUE CITIZENSHIP: NISSAN'S CSR	RENAULT-NISSAN ALLIANCE	CSR DATA	THIRD-PARTY COMMENT
ENVIRONMENT	SAFETY	PHILANTHROPY	QUALITY	VALUE CHAIN	EMPLOYEES	ECONOMIC CONTRIBUTION	CORPORATE GOVERNANCE & INTERNAL CONTROL

# **QUALITY**

## NISSAN CSR SCORECARD

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 (Scope of Application)	FY2011	FY2012	FY2013	Long-Term Vision
Product Quality	duct Quality  Achievement of high scores in external indicators that are most influential to customers		Achieved nearly all FY2011 targets	U.S.: Infiniti EX, Infiniti M, Frontier and Quest took the top spot in each segment in J.D. Power IQS	U.S.: Infiniti brand ranked 6th in all Consumer Reports categories, Nissan brand ranked 14th in non-luxury category (October 2013)	Under quality improvement goals of Nissan Power 88, make Infiniti a leading luxury brand and make Nissan a leading global automotive brand by FY2016
					U.S.: Infiniti FX and Murano took the top spot in each J.D. Power IQS segment (June 2013)	
		[Europe] U.K.: What Car? Germany: ADAC Italy: Quattroruote	U.K.: Qashqai and Note earned high marks in <i>What Car?</i> Germany: Qashqai and Micra won high reliability marks in ADAC	U.K.: Qashqai and Note earned high marks in What Car?     Germany: Qashqai and Micra won high reliability marks in ADAC	U.K.: Oashqai and Note earned 4 stars and Juke earned 3 stars in <i>What Car?</i> (May 2013)	
		italy. Qualiforable	reliability marks in ADAC	reliability marks in ADAC	<ul> <li>Germany: Qashqai and Micra won high reliability marks in ADAC (April 2013)</li> </ul>	
		[Other] China: J.D. Power IQS/VDS South Africa: Ipsos PSI Brazil: Quatro Rodas	China: 3 models in top 3 rankings for J.D.     Power IQS, 4 models in top 3 for J.D. Power VDS     South Africa: 3 models in top 3 for	South Africa: X-TRAIL and NP200 ranked 1st, Micra and Navara ranked among the top 3 in each lpsos PSI segment     Brazil: Versa, March took top rank in each	South Africa: NP200 ranked 1st, Micra, Qashqai and X-TRAIL ranked 3rd in each Ipsos PSI segment (November 2013)	
		India: J.D. Power IQS	Synovate PSI (in FY2012 Synovate was acquired by Ipsos; later rankings are under that name)	category in Quatro Rodas	Brazil: March ranked 2nd in its segment in Quatro Rodas (December 2013)	
		that hamey			India: Micra ranked 2nd in its segment in J.D. Power IQS (November 2013)	
Sales and Service Quality	Achievement of Sales and Service Quality objectives, resulting in the highest levels of customer loyalty and service retention	Customer satisfaction survey results relating to Sales and Service Quality in focus countries	Maintained Top-Level Quality in those focus markets where already attained; improved rankings in other markets by implementing kaizen actions	Maintained Top-Level Quality in those focus markets where already attained; improved rankings in other markets by implementing kaizen actions	Maintained Top-Level Quality in Japan, China and Mexico; improved rankings in the U.S. and other major markets by implementing <i>kaizen</i> actions	Achieve Top-Level Quality in all focus markets by FY2016

# **KEY FIGURES**

- Approximately 200,000 customer inquiries handled (Japan)
- Solid results in third-party product quality surveys (see listings in scorecard above)
- Top-level scores in J.D. Power Sales Satisfaction Index, Customer Satisfaction Index (Japan, China and Mexico)



	CONTENTS	INTRODUCTION	CEO MESSAGE	BLUE CITIZENSHIP: NISSAN'S CSR	RENAULT-NISSAN ALLIANCE	CSR DATA	THIRD-PARTY COMMENT
ENVIRONMENT	SAFETY	PHILANTHROPY	QUALITY	VALUE CHAIN	EMPLOYEES	ECONOMIC CONTRIBUTION	CORPORATE GOVERNANCE & INTERNAL CONTROL

## **NISSAN'S APPROACH TO QUALITY**

There are many aspects to quality. Nissan seeks to provide high quality at all stages of the customer experience. To achieve this, Nissan pursues effective companywide cooperation at the cross-functional and cross-regional levels.

In 2011 Nissan announced its "Enhancing Quality" program,\* spelling out clear quality-related goals and methods that are to be achieved by fiscal 2016. Nissan aims to be recognized by customers as a brand with top-level quality. The company is working on both product quality and sales and service quality with the aim of reaching the top level in every region globally.

The product quality of a vehicle is fundamental for a customer to use it safely and comfortably over the long term. Nissan aims to provide a high level of quality that meets customer expectations during the entire lifecycle of a vehicle. This includes the perceived quality when a customer opens the vehicle door in the showroom, sits in the seat and takes a test drive; the initial quality in the first year after purchase; and the durability that remains even after many years of use.

Nissan also conducts initiatives to increase customer satisfaction in the area of sales and service quality. The company aims to exceed expectations at every customer contact point, from visiting dealerships, purchasing a car and receiving maintenance to when the customer decides to replace the car.

Nissan listens to customers and reflects their feedback in every process companywide in its pursuit of customer satisfaction.

### **FISCAL 2013 PERFORMANCE**

- Continued monitoring product quality survey results\* from third-party organizations in fiscal 2013; conducted internal reviews
- Globally bolstered initiatives to reflect customer feedback in all processes, from product planning to after-sales service
- Set up "Quality Listening Box" in Japan to collect employee feedback regarding quality
- Began measures at dealers to improve sales and service quality for new vehicles

### **FUTURE MEASURES**

- Continue comprehensive efforts to enhance quality, towards the goal of elevating the Nissan brand into the top group among global automakers and Infiniti into a leader among luxury brands
- Construct system to share know-how globally for enhanced quality in developed countries

#### ▶ page\_61

\*Click here for more information on product quality survey results in the scorecard.

**▶** website

Click here for more information on "Enhancing Quality."

	CONTENTS	INTRODUCTION	CEO MESSAGE	BLUE CITIZENSHIP: NISSAN'S CSR	RENAULT-NISSAN ALLIANCE	CSR DATA	THIRD-PARTY COMMENT
ENVIRONMENT	SAFETY	PHILANTHROPY	QUALITY	VALUE CHAIN	EMPLOYEES	ECONOMIC CONTRIBUTION	CORPORATE GOVERNANCE & INTERNAL CONTROL

### **COMPANY ORGANIZATION FOR QUALITY**

To further improve overall customer satisfaction, Nissan has revamped its Quality Management System (QMS), headed by executives with responsibility for maintaining quality, to strengthen its implementation structure. The management system now clarifies responsibility for a broad range of quality items. It promotes initiatives that not only address the quality of Nissan's products but also enable cross-functional management of sales and service activities, the distribution phase and part suppliers. This lets Nissan offer top-level quality that satisfies customers in every way.

Nissan also has the Quality Management Committee, the Global Sales Steering Committee, and the Sales & Service and Monozukuri Collaboration Committee. Under executive leadership, these teams meet regularly to discuss specific issues.

### LISTENING TO CUSTOMER FEEDBACK

Quality is a means of displaying how successfully Nissan interacts with its customers. The aim is to provide the value that customers expect and to respond rapidly if they are not satisfied. The company listens to all feedback, reflecting it in measures to improve quality at every stage—from vehicle design and development to after-sales service.

Employees who buy Nissan vehicles are also customers and important stakeholders. The company actively seeks their views on quality for incorporation in improvement initiatives.

## Rapid Response to Customer Feedback

Nissan responds to customer comments and questions worldwide through a range of methods, such as points of contact at dealers, call centers and surveys.

Nissan's customer call center in Japan annually receives approximately 200,000 cases of comments and questions from customers. All catalogs, instruction manuals and similar materials published in the last 50 years have been converted into PDF files for easy searching, letting operators address customer concerns as quickly as possible. Operators also have access to a database of frequently asked questions and their answers, organized by vehicle models, keywords and categories.

For quality purposes, Nissan also positions its employees as customers of the company. The "Quality Listening Box," on the company intranet since 2013, lets employees actively contribute information to raise the quality of products and services.

## Reflecting Customer Feedback in Products and Services

Nissan has implemented a system for reflecting customer feedback in its products and services, putting this to work through reliable information sharing among all functions, including product planning, R&D, manufacturing and sales.

Opinions and comments received by the customer call center in Japan are shared companywide on the intranet, where employees can access and view the database at any time.

Additionally, important cases are discussed in executive-led committees, whose decisions are applied to Nissan's products and services.

## **Developing a CS Mindset**

To improve quality companywide, all employees must consider the customer's perspective and keep customer satisfaction (CS) in mind as they work.

In Japan, Nissan holds CS training for new hires, employees in their third year and newly appointed managers. The training covers quality policy in the Nissan Group and quality improvement measures, incorporating actual feedback from customers in group discussions. Nissan lets employees discuss what the company can do for customers and what action is necessary in the current situation, thus fostering a quality-improvement mindset rooted in CS among individual employees. The company is expanding its measures to overseas sites with the aim of cultivating this mindset globally.

The company has held the Nissan Quality Forum for employees and suppliers from 2003. This forum uses information displays, video presentations and actual vehicles and parts to showcase Nissan's latest status on quality, customer feedback and activities aimed at meeting targets. The forum is organized continuously and cross-functionally by the Total Customer Satisfaction Function (TCSX)\* and the R&D, manufacturing, sales/service and other divisions in order to raise awareness of CS and quality-improvement issues of all employees. The forum takes place in Japan, the United States, the United Kingdom, Russia, China, Thailand and other locations around the world.

The TCSX targets an overall increase in customer satisfaction with the goal of gaining a thorough understanding of customer dissatisfaction and making necessary improvements.

	CONTENTS	INTRODUCTION	CEO MESSAGE	BLUE CITIZENSHIP: NISSAN'S CSR	RENAULT-NISSAN ALLIANCE	CSR DATA	THIRD-PARTY COMMENT
ENVIRONMENT	SAFETY	PHILANTHROPY	QUALITY	VALUE CHAIN	EMPLOYEES	ECONOMIC CONTRIBUTION	CORPORATE GOVERNANCE & INTERNAL CONTROL

### **PRODUCT QUALITY**

For Nissan, a leading automaker with a strong level of *monozukuri*, Japan's tradition of careful craftsmanship, the product quality of its vehicles is the foundation for its sustainability as a company.

Within product quality, Nissan includes perceived quality, initial quality and durability. Quality improvement efforts target the entire lifecycle of a vehicle, from planning and design to R&D, manufacturing, distribution, sales and after-sales service. Nissan monitors the results of third-party quality surveys for use as internal indices and makes improvements throughout the PDCA (plan, do, check, act) cycle.

### **Product Quality Assessments by External Bodies**

Nissan uses the results of third-party quality surveys\* as internal indices, applying them in improving the manufacturing of its vehicles. It has set high-level indices and is striving to achieve them in each of the regions in which it operates.

### **Perceived Quality**

Perceived quality is the quality that customers feel when seeing, touching and using a vehicle. For example, when customers come to the showroom they open the vehicle doors, sit in the seats and check things like the texture of interior fittings.

The feeling of quality is a subjective matter, and fixing quantified criteria requires very careful investigation. To define criteria for quality evaluation from the customer's point of view, Nissan evaluates cars using the opinions of numerous in-house product monitors and specialists with in-house training. The company also surveys customers who have purchased or are considering purchasing a Nissan car.

The company is now expanding the surveys' geographic coverage to gain a fuller understanding of customers' perceptions in different markets around the world while reflecting those perceptions in new vehicles from the development stage. Nissan scientifically measures and analyzes customer perceptions to gain a quantitative grasp of what makes people feel good. This information shapes the company's specific design targets.

### Improving Initial Quality

Initial quality issues involve defects that occur within a year of a new-car purchase. Nissan has endeavored to reduce defects by establishing internal indices showing the frequency of defect claims within 3 and 12 months following sales. As a result, it has reduced defects by almost half from levels prior to the launch of this initiative.

All factors that affect CS, not just mechanical faults, are a part of vehicle quality. Nissan sees these factors as issues requiring action and strives to improve quality in these areas.

The J.D. Power Initial Quality Study indicated, for instance, that rear wiper switches on Nissan vehicles were difficult to use because of differences with other manufacturers' models. The sales and service division teamed up with R&D personnel to undertake a cross-functional initiative addressing the issue. This produced a revised instruction manual, as well as enhanced efforts by sales personnel to explain how the switch is used at the time of delivery and consideration by the R&D team of adjusting how rear wipers are operated.

The values that customers expect from vehicles may vary according to their culture, sex, age and personal taste, and can be affected by such market factors as the level of car ownership or climate. Although Nissan uses a set of basic specifications for global design, it also makes adjustments to meet regional needs.

### **Enhancing Durability**

Product life is affected by durability issues that can arise from long vehicle use: molded resin parts changing color or deforming, surface materials becoming abraded, chrome stripping away and material fatigue producing odd noises in the vehicle. Nissan obtains data on warranty service claims made two to four years after the initial sale and on problems that arise out of the warranty period. Analysis of this data contributes to the development of technologies that are more resistant to durability issues. Nissan's aim is to reduce durability quality issues by at least 30% by fiscal 2016, compared to the fiscal 2010 level.

## **▶** page\_61

Click here for more information on product quality survey results in the scorecard.

	CONTENTS	INTRODUCTION	CEO MESSAGE	BLUE CITIZENSHIP: NISSAN'S CSR	RENAULT-NISSAN ALLIANCE	CSR DATA	THIRD-PARTY COMMENT
ENVIRONMENT	SAFETY	PHILANTHROPY	QUALITY	VALUE CHAIN	EMPLOYEES	ECONOMIC CONTRIBUTION	CORPORATE GOVERNANCE & INTERNAL CONTROL

### Working with Suppliers to Improve Product Quality

As Nissan's production network expands worldwide, there is greater risk of problems arising related to quality and supply of parts in the areas of operation. The company works with suppliers to improve quality at all production sites from the parts design stage onward to help ensure product quality.

Nissan is promoting stronger global management for the head offices of its suppliers with worldwide presences and working to enhance its own global quality management. When suppliers fall short of Nissan standards in their production control or quality control during the manufacturing process, the company offers support for their *monozukuri* activities by visiting the shop floor and seeing what is actually happening.

Nissan has also prepared checklists based on successful resolution of past issues. The company is implementing various quality-improvement measures by working not only with its direct but also with its tier-2 suppliers as well.

#### Improving Quality in Different Markets

Nissan established its Field Quality Centers (FQCs)\* with the goal of getting a better understanding of customer demands in each region of the world and providing prompt solutions to the quality issues arising there. There are now eight FQCs in operation in Japan, Europe, the United States (two locations), Brazil, China, India and South Africa.

The centers conduct market quality research and analysis in five phases. First, they recall problem products from the market to clarify the facts and conduct detailed interviews to replicate the defects. Second, they bring suppliers together with the company's R&D and manufacturing personnel to share information, to decide on areas for further investigation and to assign responsibilities. Based on the findings of the detailed studies, all staff members gather again to scientifically pinpoint the cause of problems and decide on specific countermeasures. These measures are incorporated in future R&D and manufacturing activities and in building new management structures to prevent recurrence of reliability issues or incidents.

### Producing Consistently High-Quality Products Worldwide

Nissan has adopted the 4G Strategies to produce high-quality products globally. These strategies enable Nissan to quickly create optimum

production structures for providing consistently high-quality products to customers around the world.

## Nissan's 4G Strategies

## Global Production Engineering Center (GPEC)

The GPEC develops optimized production processes through focused trials and analysis of new vehicles. In addition to dramatically improving quality in the vehicle production preparation stage, it strives to establish quality consistency globally by spreading high quality standards to manufacturing plants in and outside Japan.

## Global Training Centers (GTCs)

Manufacturing quality and productivity depend greatly on the skills of individual workers. To raise these skills to a competitive level in Nissan's plants worldwide, the GTCs carry out training through classroom lectures and skills training activities based on the Nissan Production Way. Graduates of the Master Trainer programs take part in training programs for local staff in regional training centers, effectively passing their skills on to others.

### Global Packaging Design Center (GPDC)

The GPDC functions as a training center for developing logistics specialists to work at manufacturing bases. Training includes parts packaging design, packaging testing and evaluation methods, CAD and optimum logistics cost management to maintain high quality.

### Global Launching Experts (GLEs)

GLEs provide support in resolving issues related to *monozukuri* (production) that arise in the new vehicle launch phase. Nissan is meeting QCT (quality, cost, time) targets for each new vehicle launch thanks to the evaluations and advice from GLE core members and the support of GLE registered members.

▶▶ website

\* Click here for more information on Field Quality Centers.

	CONTENTS	INTRODUCTION	CEO MESSAGE	BLUE CITIZENSHIP: NISSAN'S CSR	RENAULT-NISSAN ALLIANCE	CSR DATA	THIRD-PARTY COMMENT
ENVIRONMENT	SAFETY	PHILANTHROPY	QUALITY	VALUE CHAIN	EMPLOYEES	ECONOMIC CONTRIBUTION	CORPORATE GOVERNANCE & INTERNAL CONTROL

### Fair and Swift Action on Major Quality Issues

Nissan's primary responsibility as a manufacturer is to make every effort to ensure that product issues do not occur in the first place. Another duty is to ensure that cars, which are extraordinarily complex industrial products, are manufactured to be as ready as possible for various eventualities. Nissan's approach is to conduct recalls transparently and to handle them fairly and promptly. The decision to conduct a recall is based on the company's compliance with relevant laws and consideration of how the issue may affect customers' safety. When a recall is judged to be necessary, Nissan implements it swiftly, placing top priority on customers' safety and on minimizing disruption to their lives.

Nissan's robust recall decision process has received high praise from the U.S. Department of Transportation as a model for the automotive industry, and has already been implemented at all operation sites worldwide.

### **SALES AND SERVICE QUALITY**

While targeting high quality in its vehicles, Nissan works to increase the quality of its sales and service to customers in the buying process. The goal is to go beyond customer expectations at all contact points. Through effective management of sales and service quality at sales companies in major national markets around the world, Nissan strives to improve customer satisfaction (CS). Based on the Nissan Sales and Service Way (NSSW) principles, the company's goal is to achieve top-level CS in 16 key national markets including Japan, the United States and major European markets, thereby boosting its brand image worldwide.

#### Customer Sales and Service Evaluation

To deliver top-level sales and service quality, the purchasing experience of Nissan car owners must be analyzed objectively. Studies are implemented based on third-party surveys in each national market.

Nissan has set J.D. Power's Sales Satisfaction Index (covering such items as delivery process, delivery timing and salesperson) and Customer Service Index (including service, maintenance and repair) as internal indicators. In fiscal 2013, Nissan maintained top SSI and CSI levels in Japan and China; came in first place for CSI and second place for SSI in Mexico; and made year-on-year improvements in Thailand.

### The Nissan Sales and Service Way

Nissan has established the Nissan Sales and Service Way (NSSW) as a set of global guidelines. These aim to improve customers' perception of Nissan's brands and products as well as to increase satisfaction with its sales and marketing activities and its after-sales service. The company conducts a range of activities to increase customer satisfaction and to improve sales and service quality based on the NSSW. These activities include dealer training to improve product knowledge, technical capability and customer handling, as well as the provision of guidance to improve dealership operations in response to customer satisfaction surveys. Nissan is also developing personnel and systems to put these improvements into place and to focus its operations even more on customer needs, with care given to feedback collected through call centers and other channels.

Nissan carries out these initiatives globally while keeping in mind differences in cultural conditions and customs across countries and regions. The company strives to provide the best customer service during the purchase and ownership experiences.

### **Enhancing Sales Quality**

In the area of sales quality, it is critical to improve the salespeople's skills and their knowledge of the vehicles. Nissan conducts sales training for new models, as well as skill improvement activities for its sales companies on a global basis. In fiscal 2013, to ensure customers receive the service they expect from sales outlets, the company adopted a new process for managing the sale of new models at dealerships. Nissan has created checklists for dealerships to confirm whether they have made necessary preparations for selling new models and whether their staff members have completed training for those models. Dealerships are required to implement these tasks, and Nissan annually monitors their progress. In fiscal 2013, dealers in Japan, the United States, Europe, China and India adopted this process.

As customers' expectations and preferences shift, it is also important to renovate dealerships accordingly, reflecting current trends. Nissan aims to maintain the same level of quality at all its sales outlets worldwide, at the same time ensuring that they meet diverse customer expectations in every country where it operates.

	CONTENTS	INTRODUCTION	CEO MESSAGE	BLUE CITIZENSHIP: NISSAN'S CSR	RENAULT-NISSAN ALLIANCE	CSR DATA	THIRD-PARTY COMMENT
ENVIRONMENT	SAFETY	PHILANTHROPY	QUALITY	VALUE CHAIN	EMPLOYEES	ECONOMIC CONTRIBUTION	CORPORATE GOVERNANCE & INTERNAL CONTROL

### **Boosting Service Quality**

For service quality, Nissan places importance on offering high quality repair and maintenance in a swift and precise manner. Nissan has developed and rolled out proprietary training programs and materials to improve its technicians' skills.

In Japan, Nissan fosters highly competent technical staff with an in-house qualification system that requires even higher certification standards than national programs. Nissan is considering optimizing the allocation of highly certified Nissan technicians depending on dealer size, thereby ensuring consistent shop competency. Following Japan, this practice has also started in the North American and European markets.

Nissan also has a global "Train the Trainer" program to deploy technical skills to local technicians. Every year, technical trainers from subsidiaries around the world gather at the Global Training Center in Japan to take part in this program. They then return to their countries and pass on technical skills and know-how to local technicians, enabling the provision of high-quality service worldwide. In fiscal 2013, a total of 134 trainers from 26 countries took part in "Train the Trainer" at the Global Training Center.

## Sharing CS Improvement Successes Globally

To improve customer satisfaction levels in markets worldwide, it is essential to enhance sales functions on a global basis as well as to help sales companies in various national markets meet their local needs. Nissan conducts Sales Satisfaction Index (satisfaction with the purchasing experience) and Customer Service Index (satisfaction with maintenance and delivery services) surveys in various markets. The Global SSI/CSI Meeting of major sales companies takes place periodically as a forum for global sharing of regional best practices. Regions with high satisfaction levels invariably possess know-how regarding specific approaches and tools. These are showcased at the meetings so they can be applied in regions where customer satisfaction shows room for improvement.

#### **Service Skill Contest**

Nissan strives to improve the technical capabilities, including basic diagnostic and repair skills, as well as the customer service skills of its after-sales service staff. These skills are further refined in the Nissan Service Technical Contest in Japan. The event, hosted with assistance from throughout the Nissan Group, focuses on employees working in dealership service departments.

The competition has four categories: Technical Staff, New Technical Staff, Technical Advisor and Female Technical Advisor. The first two groups are involved in maintenance, diagnostic and repair work, while the latter two groups are involved in frontline service reception. Teams and individual participants who take top honors at the nine regional competitions go on to compete at the national competition. The event brings together service staff with exceptional knowledge and experience from all around the country, giving them a chance to put their day-to-day practices to the test against those of their fellow colleagues. Such events help to increase both the technical skills and motivation of employees in service departments, thus strengthening the service structure of the Nissan Group as a whole.

## Improving Sales and Service Quality in China

The Chinese market is shifting from rapid growth to a period of more stability. Customer preferences are diversifying to a range of vehicles, including sedans and high-end models. In addition to serving their needs, Nissan is seeking to increase market share through increased activities in inland regions where demand is growing. Increasing satisfaction when customers buy a replacement or a second or third vehicle is another key area of focus for the company. In addition to conventional points of contact at sales outlets, customers today make use of websites providing a great amount of information. Many customers are influenced by trusted third-party sites in selecting dealerships and vehicles, and Nissan is strengthening its collaboration with these third-party information channels.

The company is also boosting its after-sales service, as in China many people visit dealerships on the basis of word of mouth from friends and acquaintances. To respond promptly to customer complaints and dissatisfaction, Dongfeng Nissan Passenger Vehicle Company has upgraded its call-center system to allow for real-time tracking of complaints by type and time required to handle them. Efforts are underway to decrease the time needed to deal with complaints.