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At Nissan, what does “sustainability” mean to us?

This topical term has a broad significance for Nissan. First and foremost, sustainability means ensuring that all of our activities have a positive impact on all our stakeholders. This requires us to achieve a balance in everything we do—balance between short- and long-term concerns; between the needs of our customers and our company; between work and private life for our employees; between the environment and humanity’s need for mobility.

In other words, we ensure the sustainability of our business by actively contributing to the sustainable balance of individuals, societies and the natural environment.

In a business with some 200,000 employees and millions of products in use every day, finding and maintaining this sustainable balance is a continual and complex challenge. But one factor is absolutely essential: we need to recognize and understand the reality in every situation.

Negligence, injustice and inequity should stick out like weeds in a garden—so they can be pulled up by the roots before they impede healthy growth. And that is the purpose of this report.

This is not an exercise designed to project a halo over everything we do. It is the annual milestone in a process of transparent measurement that becomes more rigorous each year.

In this intensely competitive industry, survival depends on continually measuring and improving performance in all aspects of our business. So whether we are measuring the efficiency of our manufacturing or our sustainability, there is no room anywhere in our processes for fairy tales.

This year we add another level of rigor to the process behind this report. In our corporate social responsibility scorecard you will find a detailed and transparent measure of Nissan’s progress in nine key areas of CSR: Integrity, Economic Contribution, Brand, Quality, Environment, Employees, Safety, Value Chain and Philanthropy.

By making transparent Nissan’s status in all these areas we offer a factual basis for dialogue on sustainability with all our stakeholders—customers, shareholders, employees and society. Through such dialogue we can measure our performance versus stakeholder expectations and thereby learn how to improve.

Transparency is, in fact, the key to sustainability in all its aspects.

On the level of corporate governance, transparency ensures solid foundations. Investors—the company’s owners—should be able to see clearly that management is sustainably protecting and increasing the value of their assets.

The same transparency should extend through every aspect of the company’s operations. In fact, transparency is now essential far beyond Nissan’s own operations down into the supply chain. Today, we are expected to ensure that even the suppliers of our suppliers’ suppliers



Carlos Ghosn
 President and Chief Executive Officer
 Nissan Motor Co., Ltd.

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maintain the highest standards of corporate governance and ethical behavior. It is in response to these growing stakeholder expectations that the process behind this report becomes more sophisticated each year.

In terms of sustainability, though, what society expects most from an automaker today is clear. Around the world there is rising concern over the sustainability of our automotive culture.

At Nissan, we welcome this wholeheartedly because concern and consensus for action among billions of people around the world is the ultimate motive power of environmental progress.

Our global automotive culture is very democratic. No matter what country you live in, your choice in buying a new car amounts to a significant vote. And the votes add up quickly. Today, automakers feel and react to even the slightest change in consumer preferences.

Consumer demand drives us. But until recently environmental performance has been well down the list of factors behind consumers' actual demand. If from now on concern for the environment makes greenness the critical factor in buying a car, then progress will come very quickly.

At Nissan, a company built on technological innovation, we welcome the "greening" of consumer demand with enthusiasm. We much prefer to compete on innovation than so-called incentives.

If consumers keep up the pressure by consistently rewarding real environmental performance, they will ignite a race that engages all the effort, passion and massive resources that were devoted to the "space race" of the 1960s. And we are now ready for the race.

The key to sustainability is profit—because without profit you cannot fund the huge R&D effort required. Eight years ago, when Nissan's financial condition was perilous, we did not have that key. Now we do.

Since 1999, annual R&D expenditures have doubled to nearly ¥500 billion in fiscal 2007. We are also able to combine our R&D efforts with our Alliance partner, Renault.

Spending is only one measure, though. We have increased the efficiency of our R&D efforts significantly. And we have made CO₂ measurement and reduction required goals in all our operations.

With these resources now in place, in December 2006 we launched an ambitious plan—Nissan Green Program 2010—that aims to make Nissan one of the leaders in real environmental progress.

Our Green Program pursues all promising avenues of environmental progress because, at this point, no single technology offers a comprehensive near-term solution. More importantly, we believe it is not engineers who will decide which solution prevails. Just as consumers will drive progress forward, so their choices will steer it.

Already, we can see each continent moving in a different direction. Japanese are moving decisively to smaller cars. Brazilians enthusiastically embrace ethanol. Europeans prefer advanced diesels that offer tangible, affordable near-term progress. In the United States, hybrids have captured media attention and a growing market niche.

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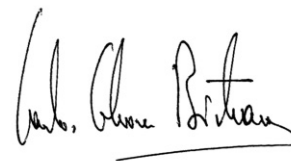
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Competition to develop next-generation technologies will bring dramatic change—but it is going to take time. So we should also focus on near-term opportunities. For example, we can make huge strides quickly by taking older vehicles off the road in developed markets, and by ensuring in emerging markets that new vehicles deliver high environmental performance. In both cases, the key is to ensure that green progress delivers affordable value.

Within Nissan, throughout our operations—as you can read in this report—we are discovering that sustainability makes good business sense: by doing more with the same or fewer resources we eliminate waste and create value. In this way, environmental progress will make a significant contribution to our long-term growth.

In the same spirit, we hope this Sustainability Report can serve as a measure of our progress and a basis for dialogue with our stakeholders—a dialogue from which we can learn new ways to become even more sustainable.

Creating sustainable value in every aspect of our business is the goal. We look forward to hearing from you how we can do better.



Carlos Ghosn
President and Chief Executive Officer
Nissan Motor Co., Ltd.