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CSR Dialogue

CSR Dialogue

Charting a Sustainable Future Course

The concept of corporate social responsibility has gained growing attention in the face of various issues arising in the global environment and society. Nissan is working hard to maintain a balance between its corporate goals and the needs of society. In 2007 the company first published its CSR scorecard, the tool it uses to identify its goals in key CSR areas and to gauge its progress toward them. Especially important among these are quality, safety and the environment, areas that are at the foundation of the manufacture of automobiles. Below Nissan Chief Operating Officer Toshiyuki Shiga talks with CSR specialist Peter D. Pedersen about the ways Nissan is facing environmental and social challenges as it creates the kind of value only it can.



Toshiyuki Shiga (Right)
Chief Operating Officer
Nissan Motor Co., Ltd.

Peter D. Pedersen (Left)
Chief Executive Officer
E-Square Inc.

Sharing Nissan's CSR Scorecard

Peter D. Pedersen: We're beginning to see some common definitions take shape for corporate social responsibility all around the world. The most common concepts define CSR as an approach to corporate management that "aligns the vectors of corporate strategy and societal demands," "provides value to all stakeholders in a balanced manner" or "strikes a balance between short-term and long-term considerations." How is Nissan reflecting these sorts of CSR perspectives in its day-to-day operations?

Toshiyuki Shiga: On the one hand we have our plans as a profitable business responsible to our shareholders, and on the other are the demands that society has of corporations, which must be grasped accurately. We believe it's important to take a balanced approach at all times, fulfilling both our corporate strategy and the needs of society.

Nissan views CSR as the means to identify and respond to all the opportunities and risks the company faces. Our cross-functional CSR Steering Committee is at the center of our efforts to use the PDCA cycle—planning, doing, checking and acting as we reflect external feedback in our decisions. In this cycle, we first carry out internal debate on various issues in society from the



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perspective of their alignment with the vector of our corporate development. Next, our relevant divisions address the issues that require our attention. We then communicate our progress on those issues outside the company. With input from rating agencies and other parties, we can check whether what we do is in line with society's vector. As the final stage in the cycle, we take this external feedback and work it into our operations.

Since 2007 we've been publishing part of our CSR scorecard, which describes our targets in different CSR areas and our progress toward meeting them, on our website. In doing this our aim is to keep the vectors of our activities and society's demands closely synchronized.

Pedersen: At the same time, you've also got to please shareholders, who want your focus on the bottom line.

Shiga: We're a corporation, so we do have to keep producing short-term results as well. Nissan defines midterm management goals for itself as a way to contribute to the development of society, and within the broader direction of those plans we work to achieve healthy progress over the shorter term. I don't believe shareholders would be truly satisfied with a company whose developmental vector was not in line with society's demands, no matter how profitable it was over the short term. Recently we've seen a real increase in the number of Nissan shareholders who appreciate the focus we place on the environment and safety in our technological development. I see this as a sign that more people nowadays are knowledgeable about the need for sustainability, both for corporations and for society.

Growing Together with Stakeholders

Pedersen: For Nissan, it's impossible to build a business around sustainability if it isn't selling its vehicles to consumers. To maximize the value your company provides to them in this way, what sort of measures are you taking with respect to your employees, suppliers and dealerships, your other stakeholders whose activities connect them to customers?

Shiga: Our suppliers and dealers—and of course our employees too—are in partnerships with us. For instance, Nissan employees create different kinds of value and contribute to the company as they tackle their jobs, at the same time enjoying personal growth as a result. Our suppliers, meanwhile, work hard with us as we both hone our technologies, quality and cost competitiveness. Our dealers are our main points of contact with the customers, and they work to create customer value through the high-quality services they offer.

All of these partners work together with us, and we all help each other to increase value and achieve sustainable growth. I believe this approach to business is a vital one for Nissan.



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Pedersen: Looking back on the period of your midterm Nissan Value-Up business plan, what sort of results did you see?

Shiga: The last few years presented the automobile industry with a very tough business environment indeed, and Nissan faced a number of challenges. We've focused on ways to achieve positive outcomes together with our stakeholders even in these conditions, by adjusting our managerial consciousness, boosting our capacity at the workplace level and improving the skills of the people working on the front lines of vehicle sales. By bringing everyone together to face these issues, we've developed the strength we will need for future challenges.

Pedersen: One of the first things you have asked your suppliers to do is to cooperate by reducing costs. Let me ask a pointed question: If you now focus more on CSR issues, will they see this as simply another demand that will impact their business?

Shiga: I'm not so sure they'll see it that way. I believe that running a business with due consideration for society and the environment is something that leads naturally to cost reductions. At their core, all of these things boil down to carrying out business activities in an optimum way. When we select suppliers to work with us as partners, we evaluate them from a number of angles—cost and quality, to be sure, but things like the social stance of a company are also among the conditions we set.

Our procurement is taking place on an increasingly global scale, and we're seeing a stronger need for supply chain management that takes social and environmental concerns into account. This is what has led Nissan to create its process for CSR management encompassing our suppliers as well. In January 2008 we put this process into action.

At the Root of Auto Manufacturing

Pedersen: Nissan defines nine key areas of focus for its CSR approach. Among these areas, I feel that quality, environment and safety come under particularly close scrutiny where automobile manufacturers are concerned. Over the past year, what has Nissan done to tackle issues in these three areas?

Shiga: All three of these areas are fundamental to the manufacture of cars. In the area of safety, Nissan has set itself the ambitious goal of reducing the number of fatalities and serious injuries involving Nissan vehicles to half of the 1995 figures by 2015. Our development of various advanced technologies is well underway, and we have brought many of these to market in our products. In fiscal 2007 we released our first models including the Around View Monitor and Lane Departure Prevention systems.



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With respect to quality, we've defined a quality management policy that aims to increase customer trust in our products and satisfaction with our services. In July 2007 we began full-scale work at our Field Quality Center, our base of operations for quality improvement.

With respect to the environment, in December 2006 we announced the Nissan Green Program 2010. Our midterm environmental action plan, NGP2010 is based on the Third Assessment Report of the Intergovernmental Panel on Climate Change, released in 2001. At the end of 2007 the IPCC released its Fourth Assessment Report, which made it clearer that on a global scale, humankind needs to recognize the potential threat of climate change, as well as to come up with measures to address this challenge. Nissan is doing its part by moving swiftly to tackle issues requiring prompt attention and setting especially stringent targets in specific areas.

In the area of addressing carbon dioxide emissions in particular, we're focusing our energies on introducing clean diesel vehicles in the European and Japanese markets and on promoting broader adoption of electricity-powered cars like electric and fuel-cell vehicles. I hope to see all the sections of our company come together in a collective effort that lets us make progress on our main areas of focus in NGP2010, which include emissions reduction and resource recycling.

A Sincere and Innovative Approach to the Environment

Pedersen: Let's go into more detail on the environment. When Nissan announced NGP2010 it described its vision of being a "sincere eco-innovator." What are Nissan's positions that underpin this vision? How do you evaluate the progress you've made so far?

Shiga: People tend to view hybrid vehicles as the very definition of environment-friendly vehicle technology. At Nissan, however, we go beyond a single technology. Our goal is to provide environmental technology and products that allow us to achieve the "four rights"—meeting the needs of our customers and society by providing the right technology, to the right market, at the right time, at the right value. Our new Note, announced in January 2008, was designed from the ground up to improve fuel economy in the sort of driving conditions that our customers actually experience. Through this real-world focus we seek to be *sincere*, and by bringing Nissan's top engineering prowess to all the parts of the vehicle, making it more eco-friendly than it used to be, we stress our role as an *innovator* in auto production.

I believe that Nissan has gained great confidence over the last year. Our approach to environmental issues has gained us high praise from rating agencies and government authorities. We've been included for the first time in the Climate Disclosure Leadership Index, an honor that goes to leading companies in the area of communicating their strategies on climate change. In 2007 our Carwings driver support system, which offers eco-driving advice to users, won the Ministry of Land, Infrastructure, Transport and Tourism Prize in the 2007 Eco-Products Awards and the Agency for Natural Resources and Energy Director-General's award in the



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Energy Conservation Grand Prizes. The specialists who pay close attention to what corporations are doing in these fields are recognizing Nissan's sincerity.

Society's opinions change quickly, though, and how people feel today about environmental issues is quite different from what it once was. We've got to maintain a constant sense of urgency and stay committed to our actions in this area.

Pedersen: I'm very interested in the story Nissan hopes to tell with its environmental products from here on out. Are there any new developments you can share?

Shiga: As I noted, we believe it's essential to build our business on the three fundamental platforms of the environment, safety and quality. We have to take this approach to offer customers the excitement that only cars can provide. We aren't making simple tools for getting from one point to another. We intend to continue giving our customers the attractiveness and added value they demand in their vehicles at the same time that we make those vehicles with more consideration of the environment. What's important is to bring to market the kind of environmental technologies that meet all our customers' needs and to provide high-quality services that match their diverse lifestyles.

Communicating the Future of Nissan

Pedersen: As part of Nissan's CSR activities, particularly on the environment, it's important for the company to deliver clear messages to society and its customers, constantly communicating its values to them. Some people feel that Nissan hasn't been delivering its messages as energetically as it should.

Shiga: At our Environmental Advisory Meeting, where we invite external experts to discuss environmental issues with us, we've received much advice on the importance of strengthening our communication stance. Nissan is making considerable progress in its creation of vehicles with cleaner exhaust and its recycling efforts, but I must admit we haven't communicated these achievements to society very well. We need to have some sort of key theme in our activities—a flagship technology, for instance, that people will immediately associate with Nissan when they hear it mentioned. Right now we're taking the various resources within the company and assigning them to work on specific themes. In this way we're laying the groundwork for our launch of original technologies and services ahead of our competitors.

Nissan GT 2012, our new midterm business plan announced in May 2008, features several elements that will form the core of the environmental platform for our operations. It's important for us to tackle all the individual areas of focus as a sincere eco-innovator, of course, but we'll also need to take it a step further, not just meeting society's needs but actively taking a role in leading society to where it needs to be.



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Pedersen: Tell us more about some of the key points in Nissan GT 2012.

Shiga: We believe that through our previous two midterm business plans, Nissan 180 and Nissan Value-Up, we successfully laid the groundwork for our future growth. Nissan GT 2012 is a five-year plan built around the twin themes of growth and trust. Building on a base of healthy earnings for the company, we aim to take a longer-term perspective as we pursue growth for ourselves and development for society as a whole. While we seek long-term growth, we hope to further strengthen relationships of trust with all our stakeholders.

Pedersen: The plan also involves some bold commitments on the environment, doesn't it?

Shiga: Yes, we made three corporate commitments in Nissan GT 2012. One of these is zero-emission vehicle leadership. We will introduce an all-electric vehicle in the U.S. and Japanese markets in fiscal 2010 and mass-market these vehicles globally in fiscal 2012. We have to strike a balance between our business expansion in global markets and our preservation of the global environment. We believe that the most important thing we can do as an automaker is to mass-market zero-emission cars at affordable prices. Together with our Alliance partner Renault, we've set the target of being the leader in this field.

Pedersen: In becoming a leader, you can deliver a strong message indeed to society. I look forward to seeing Nissan move ahead with activities that live up to the ambition of this goal.



Peter D. Pedersen

Chief Executive Officer
E-Square Inc.

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.