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Sustainability at Nissan

Sustainability strategy

Sustainability at Nissan

To fulfill its corporate purpose of "Driving innovation to enrich people's lives," Nissan provides unique and innovative automotive products and services that deliver superior value to all stakeholders.

As it evolves as a company through its full range of global activities, Nissan seeks to create economic value and contribute to the resolution of issues facing society as a leading global automaker.

Nissan aims to become a truly sustainable company that plays a vital role for its customers, shareholders, employees, as well as for communities, and all other stakeholders. It is committed to achieving a cleaner, safer and more inclusive world.

Analyzing societal issues and assessing materiality

Nissan formulates sustainability strategies and promotes activities that account for stakeholder interests and the latest trends, such as technological innovation. When formulating these strategies, we identified key material issues that we should address on a company-wide level based on an analysis of risks and opportunities.

We considered both corporate activities and sustainability from the perspective of the impact of society and the environment on Nissan (financial impact), which is of great interest to investors as well as the new perspective of how Nissan impacts - and benefits - society and the environment, and in doing so demonstrate the value that Nissan creates as well as its priorities.

By communicating its approach in greater detail to stakeholders, Nissan hopes to expand opportunities for collaboration in various ways and further strengthen its relationships of trust in the automotive sector as well as further afield in a bid to take its initiatives to the next level.

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Materiality assessment process

Step 1: Clarifying societal and environmental issues

We assess global agendas by regularly analyzing market-trends, identifying expectations from society through dialogue with stakeholders that include investors, and studying the United Nations Climate Change Conference of Parties (COP), Sustainable Development Goals (SDGs), and risk reports published by the World Economic Forum(WEF).

Step 2: Assessing material issues facing Nissan and the automobile sector as a whole

We assess Nissan's material issues by analyzing risks and opportunities from a global perspective. This perspective incorporates both efforts to achieve the Nissan Ambition 2030 long-term vision and the role of the automobile sector.

Step 3: Prioritizing materiality

We organize priorities based on risks and opportunities into a matrix to identify the value Nissan creates and determine how to enhance initiatives going forward. Experts then conduct a review and provide feedback.

Step 4: Reaching consensus among management and the Board of Directors

We report our materiality assessment — including background information and the reasons for our selections — to executives and the Board of Directors to reach a consensus.

Nissan materiality matrix

Having assessed 21 material issues, the items at the top of the vertical axis indicate Nissan's greatest value and impact on society and the environment, while those in the right-hand column on the horizontal axis indicate the greatest impact on Nissan from society and the environment. Nissan has determined the 12 most important items.

Nissan will incorporate each identified into business activities to expand opportunities for collaboration and help promote robust efforts that embody our corporate purpose.



Impact on Nissan from society and the environment

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Materiality description and its importance

Materiality	Description	Nissan initiatives	Е	S	G
Governance, regulation and compliance	Guided by corporate purpose, values and business code of conduct, we will operate with the highest level of business integrity through effective governance based on the transparent framework, comply with respective laws and regulations, and ensure we act consistently with respect and integrity towards people and society.	✓ Corporate governance (P122) ✓ Compliance (P134)			~
Inclusive mobility solutions	By providing advanced new mobility technologies and services (e.g., autonomous driving) to more people, we wish to realize an inclusive society where everyone has access to safe and reliable mobility.	✓ Traffic safety (P075)		~	
Human rights	Foster an organization where every employee shows utmost respect to individual dignity and human rights. Nissan commits to act in accordance with internal ethical standards set by the United Nations Guiding Principles on Business and Human Rights.	✓ Human rights (<u>P068</u>)		~	
Vehicle electrification	By steadily increasing electrified line-up, offering advanced vehicle and battery technologies and supporting EV eco-system, we are accelerating our efforts toward carbon neutrality.	✓ Climate-change product initiatives (P026)	~		
Renewable energy	Through partnerships with various sectors and collaboration with governments and communities, we will promote the use of renewable and alternative energy sources to reduce CO ₂ emissions. With 4R* including Vehicle-to-everything (V2X), we continue to empower societies with safe energy management solutions. *4R: Battery reuse, refabricate, resell, recycle	ng ✓ Climate change (<u>P023</u>)			
Vehicle safety	Through advanced driver assistance technologies accessible to more customers, we wish to realize zero fatality by eliminating the number of deaths in traffic accidents involving Nissan vehicles.	✓ Traffic safety (<u>P075</u>)		~	
Cleaner emissions	With the goal of "atmosphere-level clean emissions," we will ensure cleaner exhaust emissions (e.g. NOx, PM, etc.) from our products and facilities.	✓ Air quality (<u>P046</u>)	~		
Privacy and data security	Committed to safeguarding data protection and privacy rights, protecting stakeholder personal data through appropriate security measures, and will be responsible for secure handling of data in consideration of new technologies and security risks.	✓ Risk management (P132)			~
Community development	Contribute to the development of communities and empower societies through disaster management support and humanitarian aid and social transformation initiatives like Blue Switch.	 ✓ Climate change initiatives for partnerships with society (P033) ✓ Community engagement (P117) 	~	~	
Product quality	Provide reliable, comfortable, and user-friendly mobility by improving the design and product quality including chemical substance management and in-cabin air.	✓ Air quality (<u>P046</u>) ✓ Product safety and quality (<u>P091</u>)	~	~	
Supply chain management	Aim to conduct our business activities based on our supplier CSR guidelines in an ethical, socially and environmentally responsible manner at each stage of the supply chain.	 ✓ Strengthening our business foundations to address environmental issues working with suppliers (P064) ✓ Supply chain management (P097) 		~	
Sustainable resource management	Avoid resource price fluctuations and procurement risk, reduce dependence on resources by establishing a vehicle manufacturing system that enables effective and sustainable use of material resources by circular economy such as repair/reuse/rebuild/recycle.	✓ Resource dependency (<u>P048</u>)	~		

E: environmental S: social G: governance

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Sustainability strategy: Nissan Sustainability 2022

In 2018, we formulated a sustainability strategy called Nissan Sustainability 2022 (NS2022). In addition to formulating a longterm sustainability vision considering risks and opportunities in our business as well as societal expectations, in NS2022 we identified key initiatives and their targets toward 2022 in each aspect of ESG (environmental, social and governance). Regarding the environment, Nissan has set a new goal for achieving carbon neutrality across the entire life cycle of its products by 2050. As part of this effort, by the early 2030s every all-new Nissan vehicle offering in key markets will be electrified. In reforming our industrial structure to help combat climate change, we will embrace "just transition" and aim to realize a "society in which no one is left behind."

		Nissan's activities	Sustainal	bility vision	Main goals / approaches for 2022		
<u></u>	Clim	nate change	Achieve carbon neutrality by 2050 across the life cycle of its products by the early 2030s all new vehicles offering in major markets will be electrified		Reducing products and manufacturing CO ₂ emissions • Product CO ₂ emissions reduction: 40% reduction of CO ₂ emissions from new cars (vs. FY2000, Japan, U.S., Europe, China) • Overall reduction of CO ₂ emissions from corporate activities: 30% reduction of CO ₂ emissions per vehicle sold (vs. FY2005; global)		
Environmental	Res	ource dependency	Zero new material resource use Using materials that do not rely o the materials used in each vehicle	n newly mined resources for 70% of e in 2050	Minimizing usage of new resources, with the efforts of waste to landfill reduction and waste reduction, etc. - More than 30% (in weight) of a new vehicle to be non-new material resources		
Envir	Air c	quality	Zero impact		Improving exhaust emissions from products and manufacturing. Cabin air quality improvement: Promote research on technical solutions Reduce VOC from manufacturing: Promote reduction of VOC per paint area (vs. FY2010)		
	Water scarecity		Zero stress		· Reducing water withdrawal from manufacturing : 21% reduction of water withdrawal per global production (vs. FY2010)		
		Traffic safety	Reduce the number of fatalities inv zero	volving Nissan vehicles to virtually	Promote safety technologies evolution and adoption		
		Diversity, equity and inclusion (DEI)	Achieve sustainable development by creating innovation through building an inclusive organization where individual employees with diverse backgrounds in terms of race, nationality, gender, religion, disability, age, place of origin, gender identity and sexual orientation can demonstrate their potential to the fullest		For female manager ratio, in principle, we will target to get closer to the same level of female ratio in management as indirect employees. (Japan)		
	र्घ	Quality	Product quality	Strive for top-level quality from the	customer's perspective		
	į	Quality	Sales and service quality	Achieve top-level quality in all focus	markets and maintain top-level quality for sales and service over the longer term		
Social	Respect for human rights	Supply chain	Aim to establish a sustainable supply chain with due regard to the environment and human rights		t-Nissan CSR Guidelines for Suppliers onmental footprint through environmental data survey and collaboration with supplier		
	Respect fo	Employees	Learning and development	Nurture an ability to cope with a range of potential future developments	Create a continuous learning culture at Nissan by: Launching an integrated development framework Optimizing leadership development programs Providing digital solutions to realize "anytime, anywhere learning" utilizing effective digital solutions		
			Occupational health and safety	Realization of a bright and vibrant workplace free from disasters and illnesses	Occupational accident frequency rate to be continuously maintained below previous year's results. Aim to eliminate fatal accidents Promote health management and aim to remain a company where each and every employee can work with enthusiasm		
		Community engagement	Realize a cleaner, safer and more inc	clusive society	All regions are executing philanthropy programs for strategic areas, such as zero emissions, zero fatalities and zero inequalities		
	Corp	porate governance	We address improvement of corpora	te governance as one of its most prioritize	zed managerial tasks		
Governance	Com	npliance	A fully functioning framework for the and for compliance at Nissan global	he prevention of conduct violations ally	Enhance monitoring of each compliance risk area, and establish framework to oversee progress of each monitoring activity Enhance the third-party compliance system to ensure the entire Nissan business process is compliant		
Gov	Risk	r management	Achieve benchmark levels for main information security, prevention of limitation and maintenance of trans	information leaks, damage	Achieve benchmark levels for maintenance and enhancement of information security in each area, including new environments and areas		

Environmental: We steadily executed our medium-term environmental action plan, the Nissan Green Program 2022 (NGP2022) and achieved our objectives in key areas with the exception of some activities impacted by COVID-19 and lower production volumes owing to semiconductor shortages.

Social: We carried out key social initiatives listed in NS2022, implemented the human rights due diligence process for employees and accelerated our human rights activities in the supply chain.

Governance: We have conducted business activities with impartiality, fairness and transparency by building a new governance system, establishing various internal policies and strengthening rules to strictly comply with law and regulations.

Although NS2022 ended in fiscal 2022, Nissan recognizes the need to accelerate and further evolve its sustainability activities. To that end, we are now developing the next sustainability strategy with an eye on fiscal 2030 to realize our long-term vision, Nissan Ambition 2030.

Please refer to each chapter for more details about our fiscal 2022 results.

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Sustainable finance

The Nissan Sustainable Finance Framework will enable Nissan to raise funds needed to further enhance its sustainability efforts. Nissan has obtained a second party opinion from Sustainalytics, an independent organization, stating that Nissan's framework is in alignment with the Green Bond Principle 2021, Social Bond Principle 2021, Sustainability Bond Guideline 2021, Green Loan Principle 2021 and Social Loan Principle 2021.

Funds raised through the framework will be used for a wide range of initiatives, including the development and production of electrified vehicles, and batteries. The scope will also include technology development and infrastructure development for the creation of EV ecosystems and smart cities, and the development of safer and more sustainable mobility.

Nissan, under its corporate purpose, "driving innovation to enrich people's lives", is positioning sustainability at the core of its business. Aiming to grow as a company through global business activities and by contributing to solving various issues facing society, Nissan will continue to strive to provide value to stakeholders and support the development of a sustainable society. *1 *2

Nissan signs 200 billion yen green loan for zero emission mobility investments

In November 2022, Nissan signed a syndicated green loan agreement, the first funds raised since launching the Sustainable Finance Framework. *3 The loan, with a contract amount of 200 billion yen and a contract period of five and seven years, will be utilized to support its clean mobility and related projects to progress its long-term electrification and carbon neutrality ambitions. Loan proceeds will fund eligible green projects defined in the framework, such as R&D, investments and expenditures for the design, development, and manufacturing of zero-emission vehicles and components for electric vehicles or other future carbon neutral initiatives, accelerating electrification programs.

Nissan issues a total of 200 billion yen in sustainability bonds to fund green and sustainability projects

In January and February 2023, Nissan issued a total of 200 billion yen in sustainability bonds and completed the fundraising.*4

The bonds constitute a second round of fundraising based on the Sustainable Finance Framework, with the issuance comprising "SAKURA" bonds for retail investors and wholesale bonds for institutional investors.

The funds will be invested in eligible green and sustainability projects defined in the framework. This covers key areas including the design, development, and manufacturing of electric vehicle and autonomous driving, among others.

^{*1} Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework: https://www.nissan-global.com/JP/IR/STOCK/SUSTAINABLE_FINANCE/ASSETS/PDF/Nissan-and-Nissan-Sales-Finance-affiliates-Sustainable-Finance-Framework_en.pdf

^{*2} Second-Party Opinion: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nissan-and-nissan-sales-finance-affiliates-sustainable-finance-framework-second-party-opinion-(2022).pdf?sfvrsn=85d89253

^{*3} Click her for more information. https://global.nissannews.com/en/releases/release-48b4dcee3ca553fae7e18a40fe024c80-221130-01-e

^{*4} Click her for more information. https://global.nissannews.com/en/releases/release-852a2a2cb9af6879ff7b8333991e25d8-230120-02-e

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Internal efforts to promote sustainability

Companywide management of specific activities under Nissan's sustainability strategy, from setting goals to monitoring progress, is the responsibility of the Global Sustainability Steering Committee chaired by the company's chief sustainability officer. The committee meets biannually and includes management representatives from functions for each of the ESG areas. Each function is responsible for advancing its own activities and progress is reported to the committee. Nissan implements the PDCA cycle in pursuit of improved sustainability performance. As in past years, three committee meetings were held in fiscal 2022.

Discussions at the Committee are reported and proposed to the Executive Committee, Nissan's highest decision-making body. The contents are then reported to the board of directors.

Nissan's sustainability decision-making process



Executives' roles on sustainability and its performance assessment

Since fiscal 2021, the company added new performance indicators for sustainability, carbon neutrality and human rights in performance-based cash incentives that form a part of the long-term incentive program. Based on our corporate purpose of "Driving innovation to enrich people's lives," Nissan will enhance long-term corporate value and social value, and become a sustainable corporation.

These items are particularly important in terms of business strategy and are also drawing the attention of stakeholders as sustainability challenges the company is tackling to improve its mid- to long-term corporate value and social value. *1 *2

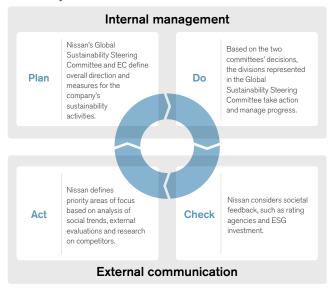
- · Environment: external evaluation on carbon neutrality
- · Social: external evaluation on respect for human rights (Reflect 10% of performance indicators for the performance-based incentive compensation program.)

Managing the advancement of sustainability

PDCA cycle to promote sustainability

At Nissan, sustainability activities are promoted through the plan-do-check-act (PDCA) cycle. After the Global Sustainability Steering Committee and Executive Committee (EC) decide the overall direction on sustainability initiatives, progress on activities is managed, societal views are incorporated into corporate activities and external trends are analyzed.

PDCA cycle



^{*1} Please refer to the 2022 Securities Report (P067) for details of the performance indicators for the performance-based incentive compensation program. https://www.nissan-global.com/EN/IR/LIBRARY/FR/2022/ASSETS/PDF/fr2022.pdf#page=69

^{*2} Click here for more information on the Compensation Committee. >>> P127

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Participation in the United Nations Global Compact

Nissan supports a number of international guidelines and agreements, respecting international policies and standards as it conducts its business.

Since January 2004, Nissan has participated in the UN Global Compact, a corporate responsibility initiative built around 10 universal principles regarding human rights, labor, the environment, and anti-corruption.

Nissan's sustainability management aims to enhance the full range of the company's activities based on these 10 principles. *1

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Stakeholder engagement

Dialogue with stakeholders

Nissan defines stakeholders as those individuals and organizations that influence or are influenced by the company's business. The company aims to align its corporate activities with societal needs. Nissan gathers and integrates stakeholder feedback into its operations to build trustworthy relationships.

The company provides various opportunities for dialogue with stakeholders and seeks to identify opportunities and risks in their early stages. These interactions take place at its global headquarters and other facilities in Japan and globally. Nissan established this structure to ensure feedback reaches the company.

Nissan's stakeholders and engagement opportunities



^{*1} Click here for more information on the UN Global Compact. https://unglobalcompact.org/

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Stakeholders	Stakeholder engagement	Stakeholder interests, main topics	Major initiatives for 2022
Customers	Customer service interaction, contact through dealers, websites, showrooms, events, customer surveys, media (TV, magazines, social media, etc.), owners meetings, vehicle maintenance, mailing service	Product and service qualityCustomer support	Customer call center response (receives about 200,000 calls in Japan)Quick VOC Quick VOC (P096) Calls for participation in Earth Hour 2022 via SNS
Employees	Direct contact (including whistleblowing system), intranet, internal events, interviews, surveys	 Company performance and issues Workplace diversity Workplace environment Career, training 	Presidential address Management Information Exchanges (MIEs) by EC members and senior managers Sustainability seminar DEI Fireside Chat (P085)(P110) Dialogues through competency appraisal, performance appraisal "Your Voice," a suggestion box to collect employees' matters of interests (P110) Global employee survey (P108)
Suppliers and dealers	Suppliers conferences, dealer conventions, business meetings, direct contact, briefings, events, corporate guidelines, websites	Fair trade Nissan's sustainability policies, medium-term business plan, and purchasing policies	Supplier environmental activity briefing sessions (Japan) Production information meetings (monthly) Suppliers' meetings Purchasing policy briefing sessions NISSAN Global supplier awards (P100) Nissan Green Shop (Japan)(P064)
Shareholders and investors	Direct contact with IR team, shareholders meetings, financial results briefings, IR events, IR meetings, websites, mailing service	Strategies, performance, and sustainability initiatives to enhance corporate value	Shareholder and investor engagement (P013) Sustainability seminar Technology seminar Business strategy briefing Kei EV briefing
Roundtable discussion among outside directors Governments, industrial associations, business partners, and international organizations	Direct contact, joint research studies, initiatives with industry organizations, roundtables, opinion-exchanges and other events	Legal compliance Cooperation with demonstration experiments and other public measures Promote joint program	Electrify Japan: Blue Switch Program activities: (P117) Contribution to community development in Fukushima Hamadori utilizing mobility services and energy management Established a NISSAN e-share mobi station that uses renewable energy generated by solar carports at the Hokkaido Hiyama Promotion Bureau. *2 Traffic Safety Future Creation Lab (P078) Participate in UNDP business and human rights project (P073)
NGOs and NPOs	Direct contact, management of philanthropic programs, donations, disaster relief activities, events, assistance via foundations	Cooperation and support for the resolution of societal issues	Participation as a support member in seven NPOs / NGOs to exchange informations Smile Support Fund (support for seven groups)
Local communities and future generations	Direct contact with business facilities, local events, plant visits, philanthropic activities, conferences, traffic safety awareness campaigns, assistance via foundations, educational programs, websites	 Local community contributions Corporate philosophy Nissan's sustainability initiatives 	Omoiyari Light Promotion activities (urging drivers to turn on headlights) (P077) Conducting of on-site lessons at schools by employees Awarding of the Rikajo (science education grant) development prize (The Nissan Global Foundation)

^{*1} Cumulative total from May 2018 to end of March 2021. Click here for more information on "Blue Switch". (Japanese only) https://www3.nissan.co.jp/first-contact-technology/blue-switch.html >>> P117
*2 Click here for more information. (Japanese only) https://global.nissannews.com/ja-JP/releases/release-3deacb6d976a71e480ed6674022754ea-230322-02-j

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Nissan's approach to shareholder and investor engagement

Nissan, including its chief financial officer, conducts constructive dialogues with shareholders and investors. To build trustworthy relationships, the company communicates its long-term vision, innovations applied to enhance competitiveness and the latest market trends on a timely basis. Questions and feedback from shareholders and investors are reported to executive management and reflected in the company's corporate decision making. To mitigate the risk of insider trading, the company refrains from communicating with investors during the period beginning on the quarter-end date and ending at the time of the earnings results announcement.

Communication with shareholders and investors

In addition to disclosing up-to-date information in a timely manner on our IR website, each year we hold events to present our business activities to investors and analysts, focusing on themes most relevant to them and making available our divisional and regional managers to provide the required information. The events held in fiscal 2022 are listed as follows.

Communication with shareholders and investors in FY2022

2022: Technology seminar (all-solid-state April

batteries, driving assistance technology)

July 2022: Kei EV briefing

(held jointly with Mitsubishi Motors)

September 2022: Sustainability seminar November 2022: Business strategy briefing

February 2023: Q&A session concerning the Alliance

March 2023: Technology seminar

(electrified powertrains)

The company will continue to disclose information to its stakeholders and investors to increase their understanding of Nissan.

Shareholders meeting

Through its general meeting of shareholders and other gatherings, the company aims to build trust with its shareholders and enhance their understanding of Nissan. The 123rd Ordinary General Meeting of Shareholders was held at Nissan Global Headquarters on June 28, 2022, and was attended by 254 shareholders. The meeting was also webcast live for shareholders. *1

External assessment

Nissan has been recognized by the CDP — a globally influential international environmental NPO — as an A List company in the Water Security category for the fourth consecutive year. This is the highest rating. We have also earned an A-rating from the CDP for our climate change action and we have been accredited with a leadershiplevel score in both the Water Security and Climate Change categories. We were selected as one of the world's most socially impactful brands in the Laureus Sport for Good Index for the second consecutive year. *2 *3





Nissan has been a constituent of the FTSE4Good Index Series and constituent of the FTSE Blossom Japan Index for eight consecutive years. Nissan has also continued to be a constituent of the FTSE Blossom Japan Sector Relative Index since its creation in 2021, *4 *5







FTSE Blossom Japan Index

Japan Sector Relative Index

^{*1} Click here for more IR information. https://www.nissan-global.com/EN/IR/

^{*2} Recognized as an A-List company in the CDP's Water Security category. https://global.nissannews.com/en/releases/release-7649279cca9d786cbd5af9067235920d-221216-01-e

^{*3} Selected for the second straight year in the Laureus Sport for Good Index. https://global.nissannews.com/en/releases/release-4d3e710cf4911c36108b0a44ef21b3f3-221107-01-e

 $^{^{*4} \}quad \text{Click here for more information on the FTSE4Good Index Series.} \quad \underline{\text{https://www.ftserussell.com/products/indices/ftse4good}}$

^{*5} Click her for more information on the FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index. https://www.ftserussell.com/products/indices/blossom-japan