

December 2, 2019

Speech: CEO Makoto Uchida

Good afternoon, everyone. Thank you very much for joining us today. I am Makoto Uchida, chief executive officer of Nissan as of yesterday.

To begin, please allow me to express our sincere regret for any concerns caused by the events of the past year. I cannot overstate how seriously we are taking this situation.

When I joined Nissan in 2003, the company was marking its 70th Anniversary. I had been in the world of work for about ten years. For me, Nissan was a great company. We were a key contributor to Japan's economy, and I felt that our dynamic, global business expansion—enabled by the Alliance with Renault—made us a new kind of Japanese company.

We enjoyed the well-known strengths that came from being a Japanese organization, as well as the global value of the Alliance, and I saw huge potential for further development. I was attracted to Nissan for these reasons.

My first assignment at Nissan was in the Renault-Nissan Purchasing Organization. My experience encapsulated all of the positives I mentioned a moment ago. I was also highly impressed by the capability of Nissan's people, the ease with which they embraced diversity, and their strength to believe in and pursue big goals.

From the early 2000s, Nissan grew steadily. The Alliance was a big contributor to this: together, we were purchasing parts and materials, using common platforms, powertrains, and parts, and sharing human resources. These are just some examples of the many areas in which we made breakthroughs.

However, the recent issues around final inspections in Japan and executive misconduct revealed serious operational management issues and weak corporate governance. This didn't just damage our reputation; by trying to hit over-ambitious goals, we caused a rapid decline in our performance.

So, how did we end up with all these issues, despite all the growth and development we had achieved?

In my view, Nissan has always pursued technological excellence and has embraced diverse opinions without sticking too much to a specific set of values. We have created numerous breakthrough products and technologies that were ahead of the curve. Similarly, we achieved management breakthroughs with the Alliance structure in order to compete globally; we overcame our financial difficulties in the 90's, and put the organization back on the path to growth. I find it hard to believe that all of the underlying

management or business principles were misguided.

However, I do believe that corporate culture issues arose within our operations. The biggest issue, I believe, was that a culture developed in which people had no choice but to promise that they would deliver the unachievable during the goal-setting process. This led employees to avoid taking initiative, working together, or solving issues. To hit over-ambitious growth objectives, people tended to pursue short-term gains. This affected investments in new technologies and products, and in the facilities and people that are essential for our future success. In the sales area, one example is the use of excessive incentives to spur short-term growth that ultimately undermined our brand power and profitability.

Under the new organization, COO Ashwani Gupta, Vice-COO Jun Seki, and I will be working closely with the broader top management team to run the businesses effectively.

There are three words that guide me: “respect,” “transparency,” and “trust.” I have often been reminded of the importance of these words while working with Renault colleagues and business partners in purchasing, and when I more recently led our Chinese joint venture.

I trust my team. I will empower our people to build a “one team” spirit that enables executives and employees alike to take ownership of the direction in which the company is heading, and ensure operations that are transparent for all.

I intend to build a corporate culture where we listen to customers, dealers, suppliers, and a wide range of stakeholders in and outside the organization—a culture where different opinions are welcomed. To instill this culture throughout the company, we have rethought the Nissan Way, which guides our approach to work. I will take the lead in making sure that the entire organization embraces these changes.

As I mentioned earlier, I believe in the strengths and capabilities of Nissan’s people. There is no doubt that we need to take a global approach to our business and adapt to the societal changes that CASE—connected, autonomous, electric and shared—technologies will bring. At the same time, we should carefully examine where we are today, and think about how much we can stretch to determine the right approach and set the right goals. We have got to set objectives that are challenging but achievable and understandable.

So far, I have given an overview of the changes the company needs to make. At the same time, we have to address the immediate challenges of regaining trust and restoring the company’s performance.

Over the last year, the preceding top management team built a foundation to re-establish confidence and improve performance. One of my tasks is to further develop that foundation.

In June, Nissan transitioned to a three-statutory-committee format, with audit, nomination and compensation committees. As always, management will continue to be responsible for business operations, while we request that the board closely supervises and monitors for healthy execution of the business. As CEO, it is my intention to respect this operating principle as I steer the company.

We are working on a business transformation based on three pillars: rebuilding the strength of our U.S. operations, improving efficiencies of operations and investments, and fostering steady growth through new products, new technologies, and Nissan Intelligent Mobility. As we said at our first-half earnings, we are making progress with our initiatives in the U.S. and in improving the efficiencies of our operations and investments.

Some people have seen this plan as simply about efficiencies and restructuring, but actually the most important pillar of the business transformation is growth through new products, new technologies, and Nissan Intelligent Mobility. It is, in fact, a blueprint for our future. It is about being better organized as we develop new models and continue delivering attractive products that customers can buy at the right time and at the right price.

We are putting a “customer-first” mindset at the heart of everything we do, which is as it should be. The importance of this mindset remains unchanged.

And to strengthen our readiness for future changes in the business, we have started work on a new planning formula. I will be directly leading this initiative.

The Alliance is essential to our performance recovery and to our steadfast growth in the future. For twenty years, the Alliance partners have been working together on an equal footing, respecting each other, and promoting closer collaboration to seek mutual benefit—all based on a win-win spirit. Nissan has enjoyed growth over the years thanks to the Alliance. Based on the same principles, I intend to continue our Alliance efforts while maintaining Nissan’s independence.

Behind me, you see a Fairlady 240Z. This car was a breakthrough in the sports car segment at the time. 50 years later, with the Ariya Concept, Nissan is proposing another breakthrough in the form of a new kind of car—of future mobility that goes beyond existing categories such as EV or SUV.

To continuously propose new value for customers, we challenge ourselves and make breakthroughs. For this, Nissan is blessed with a solid foundation built by so many who have come before us. This foundation includes our strong *monozukuri* DNA and the Alliance, which helps us compete globally. Nissan will keep building on these assets, anticipating changes in the business environment, and taking on challenges.

I want to make Nissan a company that provides value to customers that they can only get from us because we are ahead of the curve. I want to make Nissan a company that sets the trend for the future of mobility, and never stops trying to make that future a reality. I want our employees to feel proud that they work for Nissan. If we can do this, we will regain the trust of our customers. In short, my mission is to bring together the capabilities of Nissan people to create a strong driving force for the company.

I hope you will continue to follow and support us as we continue on this journey.