

NISSAN GROUP
OF CHINA



2018

Sustainability Report of Nissan's Subsidiaries in China

About This Report

Period Covered

From January 1, 2017 to December 31, 2017. In order to improve data comparability, part of contents is beyond this period.

Organizational Scope

This Report covers Nissan (China) Investment Co., Ltd. (hereinafter referred to as "NCIC"), Nissan's wholly-owned subsidiary in China; Dongfeng Motor Co., Ltd. (hereinafter referred to as "DFL"), Nissan's joint venture in China, and Dongfeng Nissan Passenger Vehicle Company (hereinafter referred to as "DFN"), DFL's subsidiary in charge of the passenger vehicle business; Zhengzhou Nissan Automobile Co., Ltd. (hereinafter referred to as "ZNA"), also a joint venture of Nissan; and Dongfeng Infiniti Motor Co., Ltd. (hereinafter referred to as "DFI"), a wholly-owned subsidiary of DFL. In this Report, "Nissan's subsidiaries in China" refer to the companies above in general, and "Nissan" refers to Nissan Motor Corporation.

Reporting Cycle

As an annual report, this Report is the first sustainability report released by Nissan Motor Corporation in China. Prior to this Report, Nissan has ever released four corporate social responsibility (CSR) reports in China.

Reference Standards

This Report is prepared based on the following standards: Global Sustainability Standard Board (GSSB) *GRI Sustainability Reporting Guidelines (GRI Standards)*, China Association of Enterprises with Foreign Investment *Guidelines on Corporate Social Responsibility Reporting for Enterprises with Foreign Investment in China (CEFI-CSR1.0)*, UN *Global Compact Ten Principles*, International Organization for Standardization (ISO) *ISO 26000: Guidance on Social Responsibility*, and China National Standard *GB/T 36001-2015 Guidance on Social Responsibility Reporting* as well as other domestic and international standards.

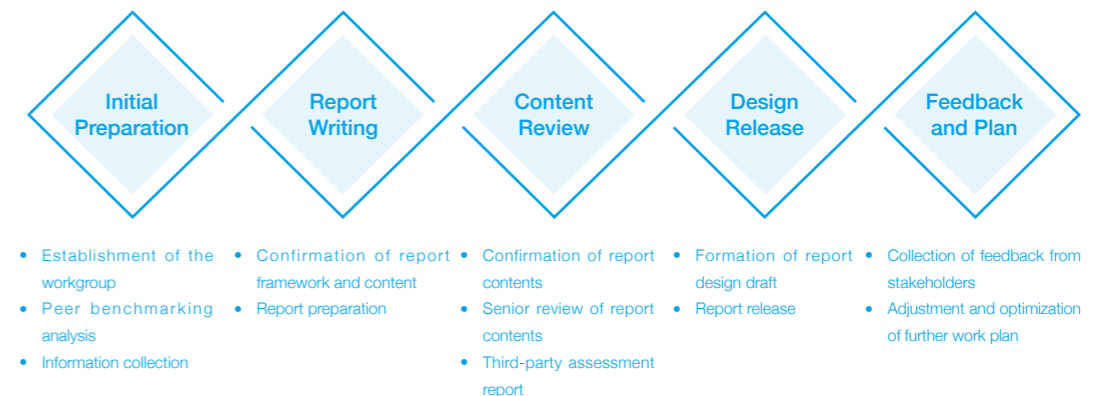
Data Specification

All the data used in this Report is sourced from official documents and statistical reports of Nissan's subsidiaries in China. Data quoted herein is the final statistical data. In the event that the financial data herein is inconsistent with that of any annual financial report, the latter shall prevail. All the amounts in this Report are denominated in RMB (yuan) unless specified otherwise.

Reliability Assurance

Nissan's subsidiaries in China ensure that the materials disclosed in this Report are authentic and reliable and that no false record, major omission or misleading statement is contained herein.

Report Preparation Process



Availability

This Report is available for download on the official website of NCIC.

Website: <https://www.nissan.com.cn/csr/china/china/psd.php>

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Message from the Executive

Enriching People's Lives and Creating a Beautiful World

Dear stakeholders,

With rapid development of China's automotive industry since reform and opening up 40 years ago, China has become one of the world's largest and most dynamic automotive markets. It's really a great honor for Nissan to have the opportunity to participate in the development process of China's automotive industry and make its own contribution. Here, I would like to extend our great appreciation to all stakeholders for their continuous support for Nissan.

Nissan has a time-honored relationship with China. In 1973, Nissan stepped in Chinese market with the introduction of the first Nissan Cedric. In October 1978, Deng Xiaoping, then Vice Premier of the State Council, visited Nissan's plants and proposed the cooperation between Japanese industry and China. Since then, Nissan has sped up its development in Chinese market and taken the prosperous road of development in the 1990s. In 2017, Nissan recorded the sales of over 1.5 million vehicles in China with the export value of auto parts continuously ranked top among China's vehicle exporters, thus making its contribution for China to become an automotive powerhouse.

Over the past years, Nissan has been always keeping performing corporate social responsibility, supporting and promoting sustainable development of both China's automotive industry and society. Nissan's subsidiaries in China not only value the contribution to China's economic growth, but also based on its vision of "Enriching People's Lives", conduct multilateral cooperation by means of its own advantages and take active actions in terms of traffic safety, environmental protection and community development, thereby realizing high-quality sustainable growth in the region.

Traffic safety is an important part of public safety, and also a social issue that automakers must be faced with. Nissan's subsidiaries in China actively carry through Nissan's social responsibility idea of "Zero Fatality", and provide safety assurance to both drivers and passengers by promoting various safety technologies including "Nissan Intelligent Mobility". In the meantime, Nissan will gradually introduce technologies relating to autonomous driving, and finally achieve the goal of "Zero Fatality"; by carrying out a series of traffic safety advocacy and exchange research activities, Nissan also hopes to make its contribution to a safer transportation society with concerted efforts of all walks of life.

A good environment is an essential condition for the sustainable development of human. In order to minimize environmental impact, Nissan's subsidiaries in China have formulated strict environmental protection goals in product research & development, purchasing, manufacturing, logistics, sales, use and recycle to reduce the emission of carbon and hazardous gases, preserve water resources, and save resources, thereby facilitating environmental protection activities together with stakeholders.

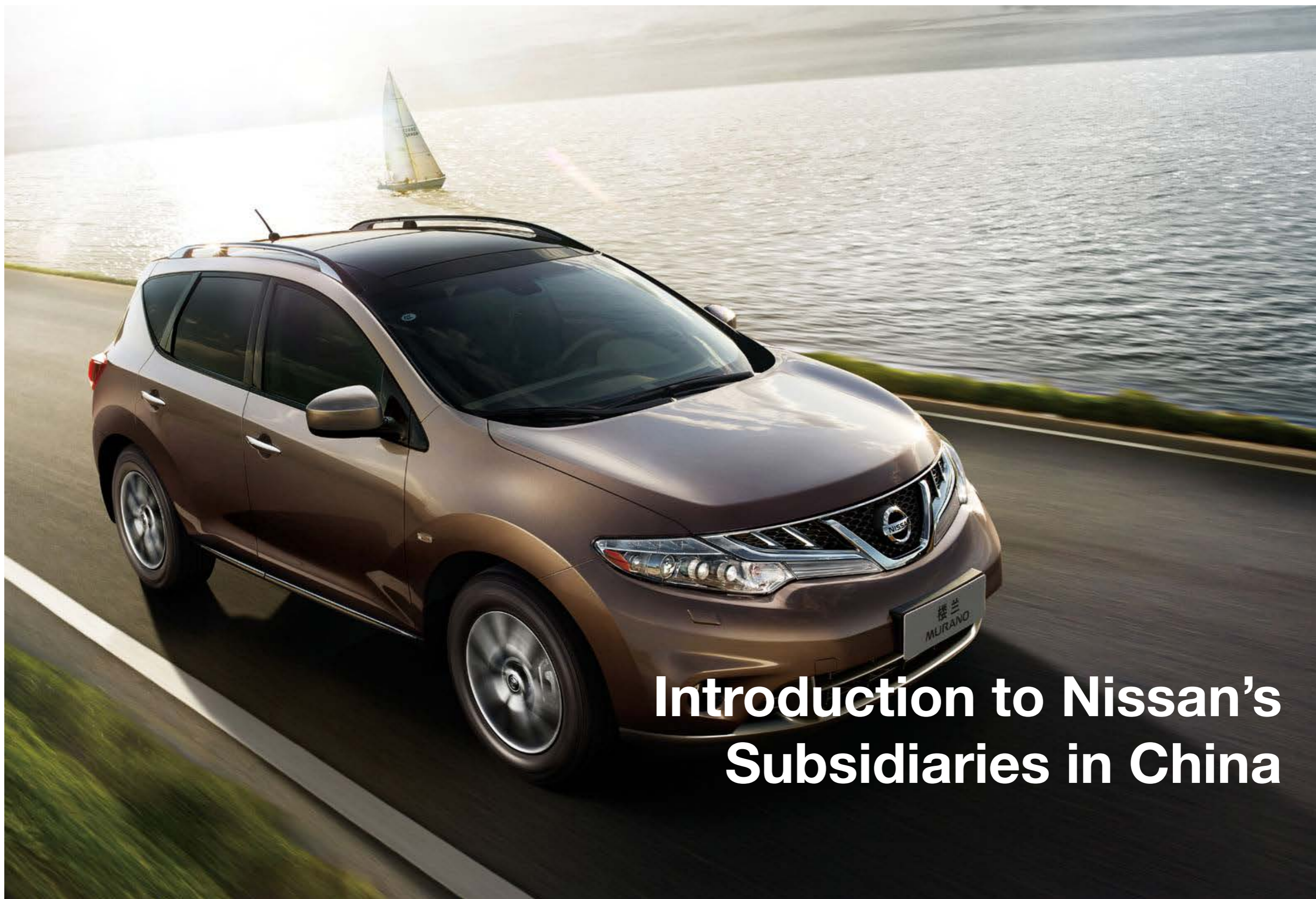
Talent is a core element for high-quality sustainable development. Nissan's subsidiaries in China not only care about employees' growth and development, but also offer support to employees of suppliers and dealers to help them improve their capability of sustainable development and build a value chain for sharing responsibility, experience and achievements. In the meantime, Nissan's subsidiaries in China concentrate on fostering future talents for automotive industry, and carry out colorful activities for students from primary schools to colleges, thus allowing students to understand the charm of automotive culture and automotive industry.

For a long period, Nissan has been taking the contribution to sustainable development of Chinese society as its own mission and giving back to the society actively while achieving continuous growth. In the key year for the transformation and upgrade of China's automotive industry, a huge revolution with technology as its core is taking place. In the future, we will always work with a lot of partners, and embrace sustainability challenges that China will be encountered with in the new era, thus making contribution to the transformation of China from big automotive country to automotive powerhouse. We also hope to strengthen exchange with stakeholders and share Nissan's experience in sustainable development with automotive industry and other industries, thereby adding motive to the society and sustainable development of Chinese automotive industry and society.



Takashi Nishibayashi
President of Nissan (China)
Investment Co., Ltd.

西林隆



Introduction to Nissan's Subsidiaries in China

General Information

Corporate Vision

Nissan: Enriching People's Lives

Corporate Mission

Nissan provides unique and innovative automotive products and services that deliver superior measurable values to all stakeholders in alliance with Renault.

Overview of Nissan

Founded in Yokohama, Kanagawa, Japan in 1933, Nissan Motor Corporation is the second largest automaker in Japan. With altogether 247,500 employees worldwide, Nissan now has automobile manufacturing bases in 20 countries and regions (including Japan) and provides products and services in more than 160 countries and regions around the world. Its business includes manufacturing and sales of vehicle products and marine equipment and relevant services.

Nissan's development in China started in 1973. Over more than 40 years, Nissan has paid great attention to Chinese market and made remarkable achievements in China, including establishment of Nissan (China) Investment Co., Ltd., its wholly-owned subsidiary, and co-founding of Dongfeng Motor Co., Ltd. (hereinafter referred to as "DFL") with Dongfeng Motor Corporation. As subsidiaries of DFN, Dongfeng Nissan Passenger Vehicle Company and Zhengzhou Nissan Automobile Co., Ltd. work together to support Nissan's production and sales, shaping and enriching the entire product line covering passenger vehicles, SUV, MPV, high-performance sports car and commercial vehicle. In 2014, Dongfeng Motor Co., Ltd. established its wholly-owned subsidiary—Dongfeng Infiniti Motor Co., Ltd. (hereinafter referred to as "DFI") in order to enable Infiniti vehicles to deliver quality products and services to Chinese consumers on a more sustainable basis. In 2018, "Nissan Sustainability 2022", a multilayered comprehensive sustainability plan involving environment, society and corporate governance mechanism with a view to reducing the impact of the company on the environment, strengthening diversity and inclusiveness of the enterprise, and consequently making more contribution to the development of the enterprise.

NCIC

Founded in February 2004 and with 293 employees by the end of 2017, NCIC is a wholly-owned subsidiary of Nissan in China and manages Nissan's assets in China together with the headquarters of Nissan Motor Corporation. NCIC is mainly responsible for Nissan's public relations, brand management, intellectual property rights and other affairs in China; meanwhile, it plays a significant role in Nissan's global operations as well as in purchase and export of competitive auto parts made in China.

DFL

DFL is China's first automotive joint venture that owns full series of passenger vehicle and light commercial vehicle products. With seven major business divisions including Dongfeng Nissan Passenger Vehicle Company (hereinafter referred to as "DFL"), Dongfeng Infiniti Motor Co., Ltd. (hereinafter referred to as "DFI") and Zhengzhou Nissan Automobile Co., Ltd. (hereinafter referred to as "ZNA"), DFL is also the only full-series cooperation program of Nissan outside Japan.

DFN

DFN is the joint venture that enjoys the fastest growth in domestic automotive sector and has more than 17,000 employees by the end of 2017. DFN now shaped a strategic blueprint in which four major bases, i.e. Guangzhou, Xiangyang, Zhengzhou and Dalian, stretch from the north to the south and have their respective focuses. It has a couple of popular models including Murano, Maxima, Teana, Bluebird, X-Trail, Qashqai and Sylphy and imported models including high-end MPV New Quest, high-performance sports car 370Z and versatile super sports car GT-R, etc.

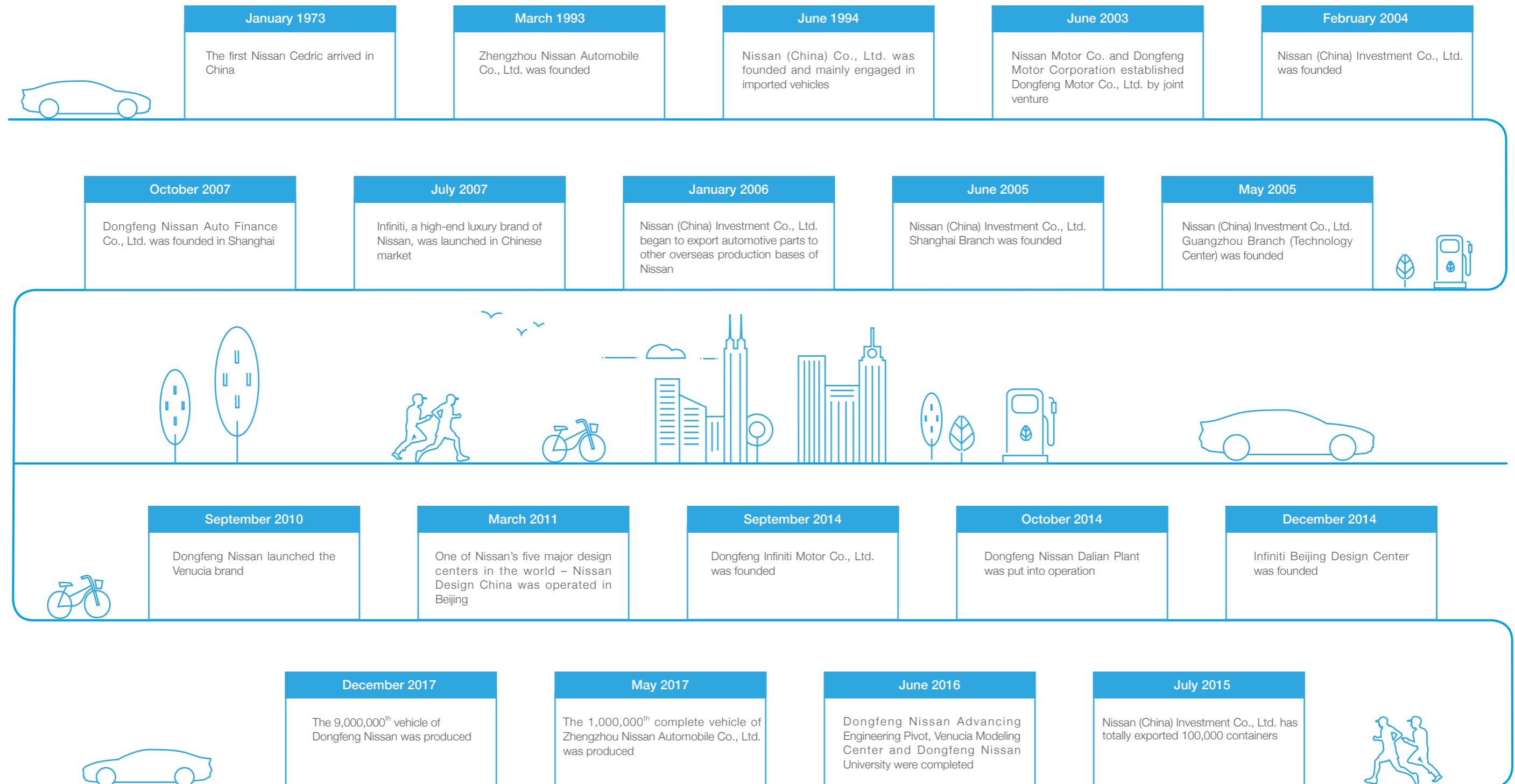
ZNA

Founded in 1993 and with more than 4,000 employees by the end of 2017, ZNA has a value chain covering the whole business process, from research & development (R&D) through supply chain management and production to marketing service. ZNA is positioned as main development base of Dongfeng and Nissan-branded light commercial vehicle (LCV) and has long been committed to specialization of LCV and upgrade of market segments.

DFI

DFI was officially founded in 2014 and has more than 200 employees by the end of 2017. It is an independent, wholly-owned subsidiary of Dongfeng Motor Co., Ltd. In accordance with the principle of "One strategy, one brand, one team and one channel", DFI independently operates the Infiniti brand and further expands the selection of consumers for luxury automotive products, thus satisfying the market needs.

Development History of Nissan in China



Nissan's Economic Contribution to China

In 2017, more than

1.5 million vehicles sold in China

More than

70,000 jobs created in China

Since the reform and opening up 40 years ago, China has seen rapid development of its automotive industry due to continuous and rapid economic growth, and Nissan has also seen increasingly expanding business in China. Nissan's subsidiaries in China have actively adapted to the changes in China's economic situation, positively sought technological revolution, and delivered products and services beyond customers' expectation, thereby continuously contributing to economic and social development of China. In 2017, Nissan sold 5.77 million vehicles, including more than 1.5 million vehicles in China, accounting for one quarter of Nissan's global sales. In addition, Nissan has created more than 70,000 jobs in China, thus practicing its mission of business expansion in China and long-standing commitment to China.

Since entry to Chinese market, Nissan's subsidiaries in China have been pursuing steady operation and sustainable profit growth, and committed to common growth along with harmonious and happy China. While driving local economic development and developing diversified products and services, Nissan's subsidiaries in China also assist Chinese government and related departments in formulating

related automotive standards, and are devoted to public benefit activities to facilitate the development of automotive industry and social advancement in China.

DFN recorded the sales of 1.12 million vehicles in 2017, the third consecutive year for exceeding the sales of one million since it did so in 2015 with new sales records created on the yearly basis. DFN not only drives local industrial development and makes positive contribution to local employment and taxation, but also facilitates transformation upgrade and sustainable development of the industry. Its Huadu plant has achieved comprehensive coordination development of automotive industry supply chain that integrates R&D, complete vehicle manufacturing, parts production, automotive trade and talent development for automotive college.

Through continuously strengthened technological renovation, technological innovation and exploration in segments, ZNA has been ranking Top 3 in domestic pickup market for many years and has gradually become the leader in the sector, thus playing a significant role in driving rapid economic development in central plains region.





Climate, environment and sustainable clean energy are issues of common concern in the world and are placed in the core of each main challenge and opportunity. They not only provide complex and variable background for social development, but also bring extensive opportunities for the enterprise.

Based on sustainable development background and challenge in China, Nissan's subsidiaries in China actively respond to the strategy of "Green Development" and "Ecological Civilization", participate in climate actions extensively, speed up global transformation toward economic and applicable clean energy, explore sustainable cities and community building, and lead responsible consumption and production; Nissan's subsidiaries in China also promote the balance between green ecology and economic development and beautiful life together with stakeholders such as industry chain partners, consumers and community, thus safeguarding the green home.

Environment Safeguarding the Green Home

Environmental Responsibility

As a global automaker, Nissan's subsidiaries in China uphold the environmental protection idea of "a Symbiosis of People, Vehicles and Nature" and take active measures to respond to environmental challenges. They are committed to realizing green production in the entire industry chain, reducing environmental impact of the entire process including R&D, purchasing, manufacturing, logistics, sales and service, and carrying out environmental protection and public benefit activities together with partners of the value chain so as to popularize the idea of green development.

Green Planning

Nissan's subsidiaries in China fully facilitate sustainable environmental management and inject the green idea into the development and planning of the enterprise. By adopting the attitude of a "Sincere ecological innovator", they make efforts to reduce environmental impact and resource consumption during the enterprise activities of Nissan in the entire lifecycle to the extent that allows the earth to absorb naturally.

Environmental Management

Nissan establishes and continuously improves global environmental management system to better implement and carry through environmental philosophy. Global Environmental Management Committee reports to the Board of Directors and carries out environmental management overall planning and decision-making; it has Global Environmental Planning Department, responsible for the implementation of specific environment affairs.

China Environmental Management Committee, founded in 2013, is devoted to managing and facilitating the implementation of environmental management and the realization of environmental goals of Nissan's subsidiaries in China, and consequently promoting continuous improvement of green development of Nissan's subsidiaries in China.

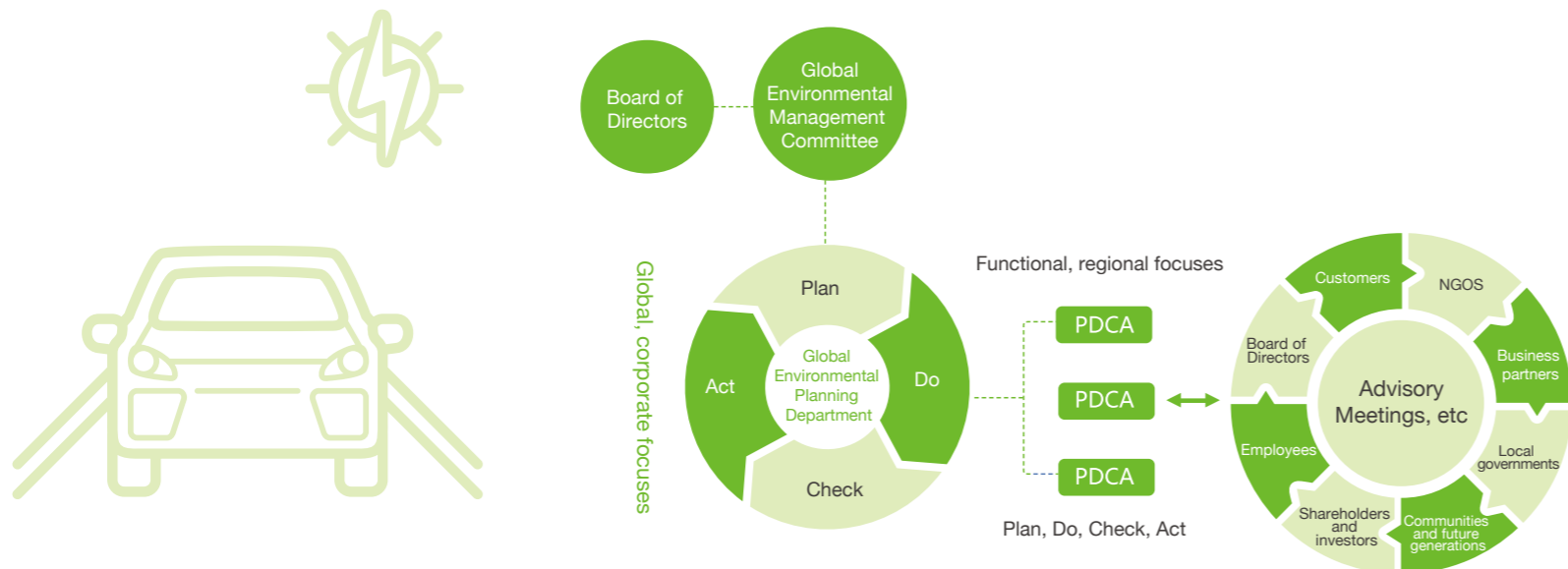
Nissan Green Program

Nissan's subsidiaries in China comply with the management of China Environment Board, and make ceaseless efforts in realizing the 2050 long-term environment action program "Nissan Green Program". By continuously promoting "Nissan Green Program" on the yearly basis, they will carry through the environment ideas with respect to enterprise development strategy, product R&D, management and operation, thus improving environmental management and green development of Nissan's subsidiaries in China.

Upon the launch of "Nissan Sustainability 2022" in 2017, Nissan not only continued to facilitate Nissan environmental action program "Nissan Green Program", but also focus on such issues as climate change, resource dependence, air quality and water resource shortage to promote the realization of "Zero Emission".

Key Area	2022 Core Goals	Specific Measures
CO ₂ Emission	CO ₂ emission of new models to be reduced by 40% compared with that in FY 2000	Improve electrification: Introduce V2X (Vehicle-to-Everything) system worldwide to improve energy management
	CO ₂ emission from production and other enterprise activities to be reduced by 30% compared with that in FY 2005	Facilitate Nissan Energy Saving Collaboration (NESCO)
Use of Renewable Resource	Utilization of new raw materials to be reduced by 70%	Promote the circular economy mode of regeneration and recycling of lithium ion battery
Volatile Organic Compounds (VOC)	Generation of VOCs to be reduced	Reduce VOCs generated in vehicle production
Use of Water Resource	Unit water consumption used in global production to be reduced by 21% compared with FY 2010	Reduce consumption and strengthen water recycling

Environmental Management Organization





Green R&D

Ideas about product R&D and design may directly affect the material utilization and energy consumption in the entire product cycle and even the environment. Nissan's subsidiaries in China have always been following the concept of "Zero Emission" in the early stage of R&D. They concentrate on green design and R&D of the products, combine product performance with the needs for energy saving and environmental protection closely through technological innovation and application of energy saving technology, thus minimizing negative effect of the products on the environmental impact of the products.

Nissan's subsidiaries in China are always committed to delivering high-performance and high-efficiency vehicles to both the market and consumers, and concentrate on improving the system and performance of fuel powered vehicle. DFI develops VC-Turbo variable compression ratio (VCR) engine in which core VCR technology allows for conversion based on actual power needs in every rotation interval so as to consider both performance and fuel economy. In the meantime, it is possible to reduce fuel consumption and emission through a series of supporting technologies such as improving fuel injection system, incorporating variable displacement oil pump, and using multi-path water cooling control valve, while guaranteeing the power and high performance of the engine.



Deepening Partnership and Promoting EV Development

In order to better serve China, the world's largest pure EV market, Renault-Nissan Alliance and Dongfeng Motor Corporation concluded strategic cooperation in August 2017 by co-founding eGT New Energy Automotive Co., Ltd. In view of the trends of light weight, electrification, intelligence, networking and sharing in China's market, Nissan, through innovative business modes together with Renault and Dongfeng, will give full play to the potential of Renault-Nissan Alliance as the leader of EV area and the resource advantages of Dongfeng and integrate core competitiveness of three parties in the field of new energy EV for the purpose of developing EV products that better satisfy China's market trend and consumers' expectation. In deepening and strengthening three-party strategic cooperation, Renault-Nissan Alliance will take the responsibility of being the global EV leader to make greater contribution to the development of new energy vehicle and environmental improvement in China.



Nissan's subsidiaries in China continue to explore better design and more efficient technological solution in new energy area, to improve the power and convenience of electric vehicle (EV), while facilitating the promotion and application of new energy EV to drive zero emission. Nissan's new and efficient engine power transmission system e-POWER may allow the vehicle to be driven by the motor fully with wheels directly powered by the motor. In order to ensure continuous and efficient operation of the battery, e-POWER is also equipped with small-scale fuel engine to charge high-power battery without need for external charging.

Green Purchasing

Nissan's subsidiaries in China adhere to the concept of green environmental protection, conduct stringent environmental assessment and evaluation of suppliers by establishing a green purchasing system, and conduct strict tracking and monitoring of raw materials as procured to effectively manage hazardous substances and utilize recyclable materials from the beginning, thus minimizing negative environmental impact.



Facilitating the "Green + Ecology" Strategy from the Beginning of Purchasing

ZNA facilitated the sustainable purchasing program, and imposed environmental requirements on supplier selection and raw material purchasing to build a long-term mechanism for green production. In 2017, according to the *Standard Requirements for Prohibited Substances on Automobiles*, ZNA signed the *Commitment not to Using Prohibited and Limited Substances* with 318 suppliers; and the *Environment and Safety Agreement* with suppliers of hazardous chemicals to control the purchasing of raw materials strictly and conduct environmental management from the beginning. In the meantime, ZNA imposed requirements for environmental management and environmental performance of each supplier, and included 21 suppliers of dedicated parts for new energy vehicles in the system for management. It also offered training regarding China Automotive Material Data System (CAMDS) to them according to *Measures for the Management of Limited Hazardous Substances and Recyclable Utilization on Automotive Products*, and facilitated the monitoring of poisonous and hazardous substances gradually, thereby realizing the goals of environmental management and promoting green development jointly.

Green Manufacturing

In actively responding to China's "Green manufacturing" strategy, Nissan's subsidiaries in China consider environmental impacts and resource benefit, and speed up the deepening development of intelligent manufacturing. In addition, they also develop and adopt solutions with less material and energy consumption, less waste, lower noise and less environmental pollution, and reduce environmental load during product manufacturing, thus achieving win-win of environmental benefit and economic benefit.

Plants of DFN in four places reduced wastewater emission reduction by about

2 million tons per year

Reduced Chemical Oxygen Demand (COD) emission by about

60,000 tons

ZNA Zhongmu Plant annually saved water by

32,273 tons

Energy Saving and Consumption Reduction

Since 2009, DFN has been carrying out environmental chain activities such as zero wastewater discharge, CO₂ emission reduction, solid waste reduction and VOC reduction, thus building a new smart green plant. As for green management, DFN realizes incineration treatment of general solid waste to turn them into raw materials of cement and allow for re-utilization; it also conducts NESCO energy saving diagnosis and achieves CO₂ emission reduction of more than 100,000 tons. Through continuous implementation of green planning projects, DFN Huadu Production Base has established the world's largest garage distributed photovoltaic power generation project which has installed capacity of 30MW, power generation of 250 million kWh, CO₂ emission reduction of 20,000 tons and annual income of RMB 16.3 million, thus improving both environmental benefit and economic benefit. In September 2017, DFN was awarded "Green Plant Pilot Unit" by the Ministry of Industry and Information Technology.

ZNA laid 10MW photovoltaic facility on the parking lot of commercial vehicle, and realized partial grid connection and operation in late 2017. It was expected to reduce CO₂ emission by 5,257 tons every year.

Waste Gas Emission

DFN installed mobile gas collecting skirt and cartridge dust removing system in the welding workshop to collect and centrally treat waste gas which would be discharged within the workshop until it satisfied the discharge standard. By doing so, DFN may optimize the quality of internal working environment, effectively reduce the discharge of pollutants such as waste gas, and realize green pollution. ZNA introduced the treatment device for coating drying and painting waste gas and organic waste gas and optimized the work flow, thus reducing the generation of organic waste gas from the beginning.

Wastewater Treatment

Nissan's subsidiaries in China actively took measures to reduce water resource consumption and pollution, carried out wastewater operation, and reclaimed water recycling. Once treated in wastewater treatment station, wastewater containing oil and sludge and cleaning waste liquid might be recycled for plant irrigation and workshop toilet to reduce the pollution of water body and lowering production and operation cost.

Waste Management

ZNA has a comprehensive solid waste recycling station as a stacking site for general solid waste and hazardous waste, where metal scrap, waste packing material, hazardous waste (paint slag, phosphate slag, waste organic solvent, sludge and waste paint barrel, etc) and domestic rubbish could be sorted out, recycled and treated, thereby minimizing negative effect of waste on the environment.

Case ZNA VOC Emission Reduction

In order to reduce the generation of volatile organic compounds (VOC) and protect the health of employees and consumers, ZNA actively carried out technological upgrade and built a new coating workshop. In the new workshop, waterborne coating was used to replace oily coating so that waterborne system modification might reduce VOC emission generated in the coating process significantly. In the meantime, regenerative thermal oxidizer (RTO) used in the new workshop might oxidize VOC generated in the coating process into CO₂ and water, thus effectively reducing air pollution and improving the safety and environmental protection of the production process and the green nature of the product.



"The old coating workshop built in 1980s cannot satisfy the production capacity and environmental protection needs of automotive products in the new era. However, ZNA's new coating workshop is built to enhance the safety and environmental protection of the production process and significantly strengthen the capability of Nissan to perform environmental responsibility and employee responsibility."

-- Wang Chaofeng, employee of ZNA Coating Workshop



By the end of 2017, totally

306 dealer shops

have passed the certification of Green Shop

Estimated power saving per year

72.5 kWh

Equivalent to 89 tons of standard coal

CO₂ emission reduction of

381 tons

Green Logistic and Service

Nissan's subsidiaries in China are committed to promoting low carbon of logistic transportation, low weight of product package and green marketing service. They used scientific logistic technology planning to facilitate the optimization of all steps including transportation, warehousing, loading/unloading and handling so as to reduce environmental impact of logistic step and make full use of logistic resources; they drive intelligent development of after-sales service and take such service measures as appointment via WeChat, online offer and electronic system reception to reduce paper use and carbon footprint during after-sales service, thus facilitating energy saving and emission reduction.



Case

DFN "Green Shop" Certification

In order to better promote its concept of green and environmental protection during sales and service, DFN implements "Green Shop" certification throughout China. According to the certification, all shops were required to, in addition to ISO 14001 Environmental Management System certification, satisfy the requirements of *Guide Handbook of Dongfeng Nissan Green Shop* and qualify for "Check by dedicated staff". Besides, all shops needed to sign the *Commitment on Construction of Dongfeng Nissan Green Shop*.



Case

ZNA Renovates Logistic Equipment of New General Assembly Workshop

In order to reduce negative environmental impact of logistics, ZNA improved the operating environment of new general assembly workshop and the foundation of logistic equipment, modified existing fuel towing vehicle, and purchased 57 new electric towing vehicles, which meant that material towing and transportation vehicle are electric vehicle, thus greatly reducing tailgas emission and realizing the purification of logistic environment. In the meantime, ZNA also modified air compressor, electrophoresis circular pump and humidifying pump for coating air conditioner.

Conveying Environmental Protection Concept

In practicing green development, Nissan pays more attention to the fostering of environmental protection awareness and the conveying of environmental protection concept. It actively explores the development trend of new energy vehicle, carries out green office, and organizes and participates in public benefit activities regarding environmental protection. Moreover, it conveys the green low carbon travel style, work style and lifestyle to employees, consumers and industry chain partners, thereby protecting the earth environment.



Case

Helps Improve Environmental Protection Awareness of the Public

DFN accurately understood the characteristics of information communication in the mobile internet era and conveyed the idea of environmental protection and energy saving to the society through the window of DFN's official WeChat account. In the section of "Mobile News Agency" of official account, DFN mobilized the involvement of all employees to inspire their enthusiasm for environmental protection; and released electronic brochure regarding energy saving to raise environmental protection awareness and skills of general public.

10,283 persons totally

participated in the environmental protection quiz in 2017

10,000+ persons

read electronic brochure regarding energy saving via mobile phone



Carrying Out Energy Saving Activities and Practicing Green Office

ZNA actively advocated green office and called on employees to save electricity and water to reduce waste. In continuing to promote call conference and video conference, ZNA renovated the office area and installed independent control switch for every LED lamp in the office area to change the previous situation where there were only 6 master switches on the entire floor of office building, thus saving power consumption through separate control. Employees also put forward their ideas, including establishing a waste paper recycling area to sort out waste paper. In such case, paper could be used double-sided to reduce the production of office waste, thereby making positive contribution to environmental protection through minor action.

"ZNA has taken a lot of similar measures for environmental protection. We hope that more employees of Nissan can do every trivial thing to facilitate the course of environmental protection of Nissan."

-- He Huiqi, employee of Logistic Technology Section, QCD/SCM Department, ZNA



Listening to voice of stakeholders

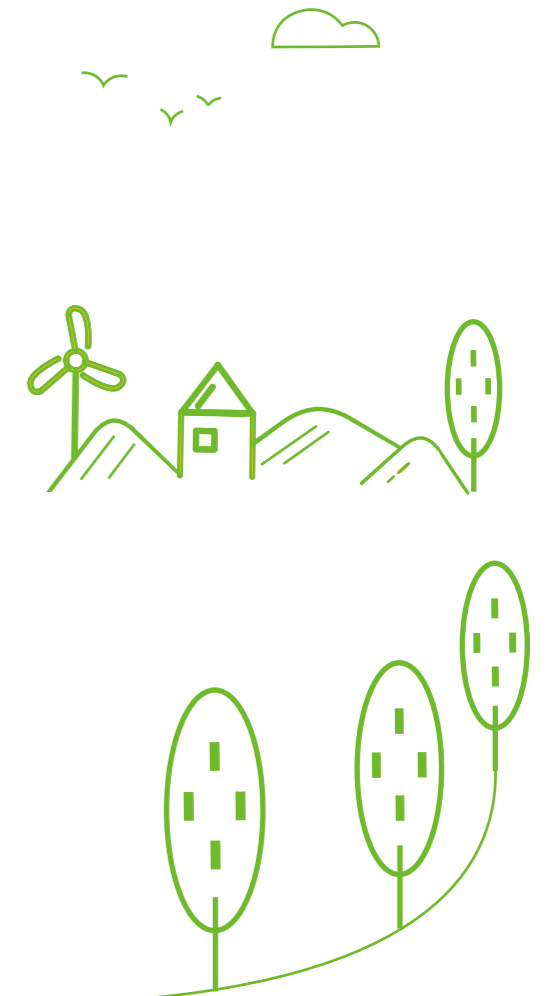


Green Development Begins with One Step

We lead enterprise building with green concept, make scientific planning and design, create a green ecological plant, incorporate the green development idea into the building of plant area and the entire process of R&D and production of new energy vehicle. In addition, we gradually realize intensive land use, harmless raw material, clean production, waste recycling and low-carbon energy through implementation of such projects as green planning, innovation in product process and waste recycling. This is not only the process that Nissan explores the road of circular economy, but also the one that green development idea impresses us. The environmental protection idea of "Harmonious co-existence of people, vehicle and nature" is really rooted in our mind and allows us to pursue a sustainable future.



-- Ma Wei, Engineering Technology Section, Manufacturing Technology Department, ZNA





As one of the most critical industries in the world, automotive industry plays an important role in driving economic development, promoting employment, speeding up industrial structure optimization and upgrade, helping achieve social harmony and progress, and is a strong power for shaping a sustainable future.

Safety and quality is always the responsibility and undertaking of Nissan and also the foundation for Nissan to contribute to sustainable development. Nissan's subsidiaries in China continue to improve the safety performance and quality of the products and are committed to speeding up the realizing of safe automotive society. In the meantime, Nissan's subsidiaries in China regard their employees as the cornerstone of sustainable development of the enterprise, protect employees' rights in an all-round manner and help them achieve better development. They also give play to their advantageous resources, keep carrying out public benefit activities, create general value, and help people realize a beautiful life.

Society Sharing a Beautiful Life

Safety Responsibility

Automotive enterprises take natural responsibility for traffic safety. Always taking safety as the foundation of its business development, Nissan innovates automotive safety technology by upholding the principle of "People Oriented" from the early period of vehicle design. Nissan also actively carries out safety education initiative activities to communicate traffic safety concept, promotes the exchange with the society regarding traffic safety, and facilitates harmonious development of people, vehicles and the society.



Safety Concept

Upholding the core safety concept of "the vehicle that helps protect people", Nissan is committed to provide customers with safer automotive products. "Nissan Sustainability 2022" intends to realize its vision of "zero casualty" through improvement safety performance of vehicles.

With the vision of "Enriching People's Lives" as its top goal, DFN built "Safe Car" culture, i.e. "Manufacturing safe cars, cultivating people with safety awareness, and bringing happiness to work, life and growth". In fulfilling the "1000-1=0" safety value, DFN established its safety vision, safety mission and safety goal, and created a safety culture system with safety being placed at the top priority.



Safety Technology: Manufacturing Safer Cars

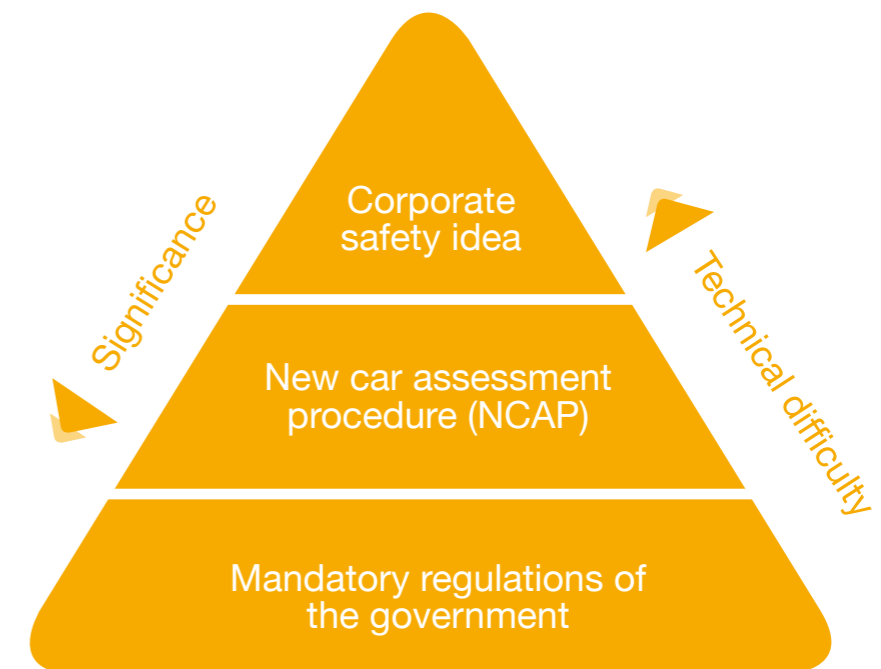
Combination of active and passive safety technologies has become a new trend for the development of automotive safety technology. By upgrading active safety technology and active-passive safety technology system, Nissan provides customers with safer automotive products. As for active safety, Nissan is actively expanding and upgrading its active safety technology, and trying to expand ProPILOT to a larger product range. In the meantime, through continuously updating such components as sensors, high-definition camera and high-speed processors, Nissan seeks to better sense complex road conditions in China and more accurately identify pedestrian and objects, thus achieving better safety protection and realizing an automotive society of "Zero Fatality".

Based on existing safety technologies and starting with "avoiding contact danger", Nissan divides the process of a crash accident into six phases, from "risk has not yet appeared" to "post-crash", and takes appropriate technical measures to address potential risks of each phase, with a view to preventing them from evolving more dangerous conditions and protecting the safety of car body and people.

Phase of Risk	Shield Protection System	Function
Risk has not yet appeared	<ul style="list-style-type: none"> Distance Control Assist System Navigation-enabled Intelligent Cruise Control with full-speed range following capability Adaptive Front-lighting System Around View Monitor (AVM) Intelligent Driver Alertness (IDA) Moving Object Detection (MOD) ProPILOT 	Helps the driver to maintain comfortable driving
Risk has appeared	<ul style="list-style-type: none"> Predictive Forward Collision Warning Intelligent Lane Intervention (LI) Lane Departure Warning (LDW) Blind Spot Warning (BSW) Blind Spot Intervention Cross Traffic Alert (CTA) 	Helps the driver recover from dangerous conditions to safe driving
Crash may occur	<ul style="list-style-type: none"> Brake Assist Anti-lock Braking System (ABS) Vehicle Dynamic Control (VDC) Forward Emergency Braking (IEB) Emergency Assist for Pedal Misapplication (EAPM) 	
Crash is unavoidable	<ul style="list-style-type: none"> Intelligent Emergency Braking Front Pre-crash Seatbelts 	
Crash	<ul style="list-style-type: none"> Zone Body construction SRS Curtain Airbag System Pop-up Engine Hood for Pedestrian Protection 	Helps minimize injuries when a collision is unavoidable
Post-crash	<ul style="list-style-type: none"> Automated Airbag-linked Hazard Lamps 	

ZNA "Pyramid" Model for the Development of Safety Technology

Guided by Nissan's safety concept, ZNA kept trying to launch the products that met higher standards and built the "pyramid" model for the development of safety technology relying upon Nissan's safe development strategy and advanced R&D technology. Based on the model, ZNA put forward two safety development technology routes, i.e. importance of mandatory and influential regulations as the difference and implementation difficulty of technology as the goal, to better facilitate the upgrade of safety technology of automotive products.



In addition, ZNA built "V"-shaped development system for vehicle collision safety performance based on advanced computer aided engineering (CAE) technology, and introduced such system in all steps including setting and decomposition of safety goals, performance verification of parts, system integration and safety goal verification of complete vehicle, thus offering powerful intelligence support for building 100% safe vehicle.

Safe Driving Individual Traffic Safety Promotion

Nissan's subsidiaries in China have carried out a series of safety promotion activities according to their own advantages. By doing so, they try to spread traffic safety knowledge to general public, communicate traffic safety concept, and promote a civilized and modest traffic environment.

DFN's "Intelligent Mobility Experience Camp"

Since 2005, NCIC and DFN launched the "Nissan Safety Driving Training Camp" project with a view to improving consumers' traffic safety awareness and popularizing the usage of safety device. By the end of 2017, "Nissan Safety Driving Training Camp" tour has reached more than 6.22 million persons throughout China.

In 2017, by adapting to the industrial intelligentization trend, DFN concentrated on building China's first "Intelligent Mobility Experience Camp" with the largest scale and the widest coverage that integrates innovation platform, 4S shop platform, auto show and tour exhibition. The Camp combined innovative technological achievements and leading caring service of DFN and provided an all-brand interactive experience platform to all consumers, consumers may understand more intuitively how to use the safety technology "Nissan Intelligent Mobility" correctly.



Safe Society Creating a Traffic Safety Atmosphere

Nissan actively gave play to its motive and influence, and in combination with multiple forces including government and industrial partners, pushed forward the building and development of traffic safety forum, and promoted in-depth discussion of traffic safety topics in the society, thus contributing to the building of a safer and more beautiful automobile society.



Nissan Supports the China Road Safety Forum

In August 2017, NCIC supported the success of the "11th China Road Safety Forum", and it was also the 11th consecutive year that NCIC had supported the forum. With the theme of "Wide perspective of traffic safety, new fusion of people, vehicle and society", NCIC depicted the new technology-first blueprint of China's harmonious road safety in collaboration with multiple parties. Besides, NCIC also conducted in-depth discussion with governmental departments, experts and representatives from automakers with respect to innovative planning of traffic safety concept in all steps of the road safety system, including "People, vehicle, road and management" with a view to collaborating with the entire society and embracing future new challenges of road traffic safety.



Listening to Voice of Stakeholders



“Customers' Safety is What We Value”

We always take the personal safety of our customers as our greatest responsibility. Relying upon the safety development concept and technological support of Nissan, we pay attention to every detail in process of vehicle development, with a view to keeping spontaneous research & development and upgrade of safety technology. In the meanwhile, we also constantly apply our mature technologies such as AEB and ZONEBODY structure to the models subject to mass production, including Navara and Terra, thereby making efforts to provide customers with safer products and making our contribution to the building of a safer traffic society.

----Lv Xuhui, Research & Development Resources Division,
Fundamental Development Department,
Zhengzhou Nissan Technology Center

Quality Responsibility

By assuming the quality responsibility, Nissan is committed to providing customers the best products and services. Nissan's subsidiaries in China strictly follow the global unified quality strategy, establish stringent product quality management and complete recall mechanism, thereby keeping improving customer service system and customer satisfaction.

Nissan's Quality Pursuit

Nissan upholds the goal of building high quality, environment-friendly and high-performance products and establishes the quality assurance system that covers the entire value chain. It carefully listens to customers' comments, and uses the "Plan, Do, Check and Act" (PDCA) cycle to make improvements with respect to all steps, including planning, design, R&D, manufacturing, assignment, sales and after-sales service, thus delivering high-quality products and services that meet and exceed customer expectation.

Product Quality Management

Nissan's subsidiaries in China conducts strict management and control over every step of automotive products including R&D, design, production and manufacturing according to its global unified quality standard to keep optimizing its quality management system and actively improve market quality and guarantee product quality.

Product Quality Management System

Nissan's subsidiaries in China stick to strict quality control in every section of the entire value chain, and keep developing measures to improve product quality and ensure that they can provide products with reliable quality to customers.

DFN

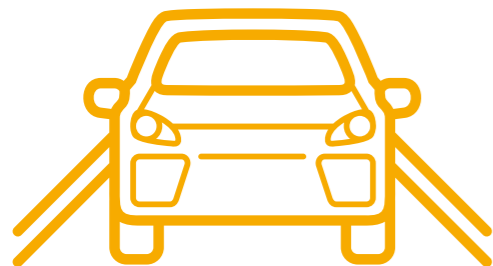
By sticking to the operation concept of "quality superior to scale", DFN has established a quality management system that covers the entire value chain including purchasing of parts and components, development of new car model, manufacturing and market to keep improving the quality of every section. In 2017, DFN continued to implement the interim quality business plan that covers improvements in such aspects as vision, goals, foundation, pillar, quality and strategy -"123456" Program with a view to connecting people with people, organizations with organizations, achieving the optimal state of reasonable labor division and mutual assistance and collaboration. Therefore, DFN really shaped the link of full value chain quality system and every department and strengthen the quality awareness of all employees. In 2017, DFN defect rate of 3-months-in-service from delivery of vehicles to customers was generally trending downward, while customers' satisfaction as surveyed was on the rise.

ZNA

By upholding the "Customer-centered" idea, ZNA actively carries out the publicity and implementation of product quality management for all employees, promotes the operation mission of "Quality First", and incorporates strict quality control in all steps including product development, design, purchasing, production, manufacturing and after-sales service. In the meantime, ZNA also exerts efforts to improve supplier quality management, listen to customer's reasonable suggestions, and continues to improve product quality.

DFI

Through quick response quality control (QRQC) everyday, DFI organizes related departments including plant, quality, R&D and logistic to conduct establishment confirmation, with respect to newly launched products, and shares and promotes information regarding improvement of previous products with a view to achieving timely establishment and improvement. For products involving many factors and complex root causes, DFI may carry out in-depth investigation through monthly meeting to speed up related analysis and improvement measures and ensure that vehicles as delivered are in stable quality state. In 2017, DFI continued to optimize quality management and achieved the quality management goal.



DFN Huadu Plant had ranked

No.1

among all complete vehicle plants in the Renault-Nissan Alliance Global Plant Competitiveness Ranking for several years

The engine plant has ranked

No.1

among all power plants for 4 consecutive years

Market Quality Guarantee

Nissan's subsidiaries in China adhere to global unified market and improvement measures, and continuously strengthen timely exchange with sales companies and customers. They also establish a good customer compliant response and handling system, according to which they may investigate causes for issues together with such departments as R&D, production and manufacturing and quickly develop countermeasures to support guaranteeing customers' word-of-mouth. Besides, they establish the recall system based on customers' safety to form a complete market quality support and improvement system.

DFN

By strictly complying with national quality standards, DFN establish a complete market quality improvement system and a professional technical team, through quality information collection via all channels, and communicate customers' feedback to the quality department in the form of technical report to quickly analyze rejection issues and identify defect products. For products involving safety and quality risks, DFN may submit the recall plan to State Administration for Market Regulation according to the requirements of *Regulation for the Administration of Recall of Defective Auto Products*, and eliminated potential safety risks through repairing and replacing any vehicle as recalled for free. In the meantime, DFN publishes recall information in a timely and quick manner on the official website, and clarifies the information inquiry path to ensure that consumers may inquire recall details via the dealer shop, official website or customer service center, thus increasing the recall implementation rate.

ZNA

ZNA actively initiated vehicle recall for those involving potential risks and increased the recall efficiency by informing users of criticality through dealers' call invitation, text message and email, issuing the recall subsidy, offering field maintenance service and giving rewards to dealers conducting the recall properly, thereby improving market quality and customer satisfaction. In 2017, ZNA initiated 4 vehicle recalls totally, involving 158,000 vehicles.

DFI

By strictly following national related quality regulations, DFI gives the highest priority to customers' vehicle safety and sets up a dedicated recall department which actively carries out related recall activities according to global unified measures and develops a series of documents to strengthen recall management. Based on this, in order to increase the feedback efficiency of dealers for the market and products, DFI Quality Department, together with IT Department, carries out the development of related content modules including sales, accessories, service (E3S) and system quality, thus strengthening backend handling function and improving market quality.

Improving Customer Service Quality

Nissan's subsidiaries in China constantly update customer service concept and improve business process, thereby satisfying customers' expectation with first-class service quality.

Customer Service Concept and System

DFN

By upholding the concept of "Satisfying Every Customer", DFN tries to be the best in every detail with the core being satisfying customers' needs and the goal being customer satisfaction. DFN always cares about customers' experience, serves customers wholeheartedly and solves their problems sincerely. In order to enhance the service brand "Warmhearted" and reshape the implications of "Five Assurances" service concept, DFN actively promotes the application of mobile internet technology, develops service products and parts that match market price, and continuously carries out customer service quality improvement activities with a view to offer "Five-star Enjoyment" to every DFN car owner.

ZNA

In order to improve customer service quality and coordinate the building of sales system, ZNA perfected the four-tier fully-covered customer relationship system including headquarters customer relationship management center, regional liaison executive, dealers' customer relationship team and secondary network key customer maintenance staff. In the meantime, ZNA implemented classified management of dealers according to sales scale, developed customer relationship system standard for dealers, and satisfied essential needs for customer relationship management with respect to organizational structure, full-time and part-time staff arrangement and core job implementation, thereby laying a solid foundation for sales and after-sales service of the company.

DFI

DFI always upholds the service concept of "Customer First". In order to more quickly respond to customers' needs, handle customer complaint and strengthen customer communication, DFI restructured the process fully with respect to complaint management business, and re-defined the execution standards and assessment requirements with a view to establishing an agile and efficient customer complaint management mechanism, realizing effective coordination between related departments and dealers, improving feedback efficiency and achieving quick response and control over serious events.



Improving Customer Satisfaction

Over

3,600 persons

participated in DFN special trainings in 2017

Covering three key positions including General Manager, Service Director and Service Advisor of each dealer shop with pass rate of the training up to

93%

Customer satisfaction of up to

96.83

Service complaint rate of

0.082%

DFN

In order to provide customers with customized service, DFN developed digital and intelligent dynamic customer relationship management platform, and offered support to enable customers to receive personalized car using information that met their needs and accurate service activities, thus improving customer experience. While improving customer service professionalism with advanced technology, DFN established Customer Satisfaction Index Improving Affairs Bureau, with which it improved the service of nearly 100 shops, optimized after-sales satisfaction management system, and improved after-sales service quality through special training.

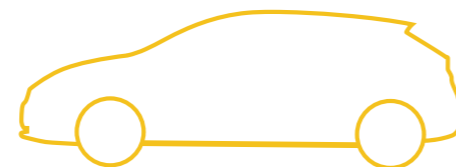


The 12th After-sales Service Skills Competition

In 2017, DFN held the 12th After-sales Service Skills Competition, which had ever included service director, quality service director and team match for the first time. Through innovative match form, customer engagement and communication form, the Competition not only raised the participation initiative of employees, but also improved after-sales service. Consisting of four stages, i.e. open audition, community selection, leg competition and final competition, the Competition attracted over 7,000 participants totally.

DFI

In 2017, DFI carried out customer survey at irregular intervals via such channels as official WeChat account, service account, official website, car owner club App and local owner club WeChat group to offer more communication platforms for customers, thereby collecting feedback regarding products, services and activities from customers and improving customer engagement and satisfaction.



ZNA

ZNA optimized and improved the customer complaint management mechanism, and established a good customer complaint response and handling system to respond to customers' needs in a timely and quick manner and enable customers to feel considerate after-sales service. In addition, by implementing 5PDS operation management system, the Customer Center established a standard operation management system with strategic planning, service content, service flow, service data, service platform and service performance satisfaction being the core, thereby effectively improving customer satisfaction.

In 2017, ZNA overfulfilled the established goal with

92.5%

of customer complaint closed within five days (January 2017-November 2017)



High-quality Customer Service Activities

DFN "Gan Xin Road" Activity

DFN carried out "Gan Xin Road" customer caring activity during Spring Festival and National Day Holiday every year. It offered such services as free testing at expressway entrance and general troubleshooting to car owners, ensured that car owners traveled safely during the holidays. In 2017, DFN carried out 62 "Gan Xin Road" activities totally in Beijing, Hangzhou, Guangzhou and Zhengzhou, provided services for 14,835 car owners.



ZNA "Spring Festival Car Service Month" Activity

Over more than 10 years, ZNA has ever been offering the seasonal car servicing activity. In April 2017, ZNA started its "Spring Car Service Month" activity, in which ZNA offered free inspection of air conditioning system, tire, engine oil and wiper to customers and also held preferential activities for accessory maintenance and servicing, resulting in excellent word-of-mouth among customers.

DFI Car Owner Experience Event

Since 2017, DFI has realized the second delivery through car owner classroom with a view to allowing car owners to understand techniques about car use and maintenance, brand culture and product characteristics, and establishing a customer experience platform for improving customer satisfaction through colorful car use life and different theme activities.



Listening to Voice of Stakeholders



Cordial Service, Endless

How to manage car use of customers, improve service experience truly and enable customers to show more trust and reliance for the shops is the direction we are always heading for in terms of after-sales service management and also the original intention for we decide to implement the "Customer Service Manager System". By turning the original follow-up reminding department into "Customer Relationship Management Department" in the shop and setting up dedicated customer service teams for the entire customer service flow consisting of purchase, delivery and insurance, warranty and replacement, we realize the thorough tracking of car use process of the customer. Though customers' needs are changing, we will definitely win customers' satisfaction and trust as long as we stick to our original intention of "customer comes first" and try our best to do so.



-- Luo Zhinian, Service Manager of Marketing Center, DFN East China Region 1

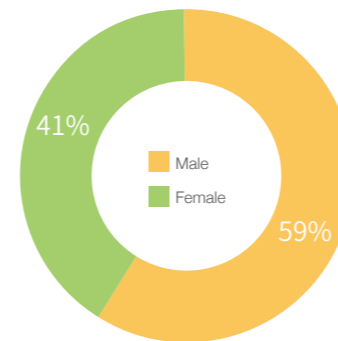
Employees' Responsibility

Employees are the motive source for Nissan's subsidiaries in China to realize sustainable development. Nissan's subsidiaries in China care about benefit support and career development of employees as well as their mental and physical health and living balance. Nissan's subsidiaries in China are committed to creating a working environment that enables all employees to give full play to their best capability and providing a platform for employees to pursue their dreams and realize their own value.

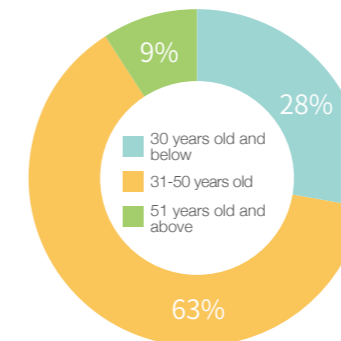


Respect and Support

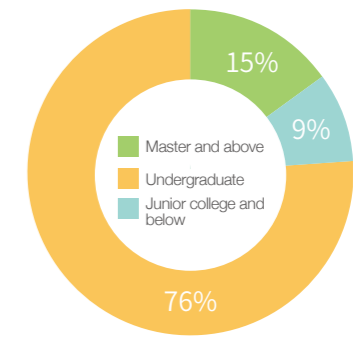
Nissan's subsidiaries in China not only comply with and maintain Nissan global code of conduct and all regulations, but also respect employees' value, comply with labor system and safeguard employees' lawful rights, and provide competitive remuneration and welfare to employees, thus achieving win-win for both the enterprises and employees.



Composition of NCIC employees by sex



Composition of NCIC employees by age



Composition of NCIC employees by academic qualification

Human Resources Development Concept

NCIC follows the development concept of "Building up our power for challenge", and values employees' development by fully improving job competitiveness of each employee through training, thus providing employees with a great career development space. Sticking to the principle of "People comes first", NCIC promotes the communication and exchange with employees, and carries out employee caring activities, thereby improving their sense of ownership and identity for the enterprise.

Guided by the dual strategy of human resources "Driven by efficiency & happiness, improve human resource effectiveness", DFN is committed to building an organization with "High efficiency" and "Happiness". In addition, it keeps improving organizational efficiency and staff efficiency, and pursues physical and spiritual sublimation of employees, enabling employees to find development space and living joyfulness, realize talent value added and create business value.

With such keywords as "Growth & promotion, fairness, labor environment, communication, and secure employment", ZNA not only provides employees with a safe, respectful and harmonious working environment, but also offers diverse communication channels and systematic training. It cares about employees' balance between work and life, stimulates their enthusiasm for work, thus allowing every employee to gain growth during their work and life.

DFI adopts the human resources concept of "Supporting win-win development of the company and employees based on value contributors", and develops Employee Development Policy to provide employees with optimal career development planning and all-round training support. In the meantime, DFI also provides employees with a platform for them to express themselves freely, promote the communication between employees and senior management, and care about employees' mental health, thereby realizing harmonious win-win of individual growth and enterprise development.

Equal Employment

Nissan's subsidiaries in China strictly comply with Employment Contract Law and related laws and regulations, safeguard employees' lawful rights, sign employment contract with employees according to laws, respect employees' diversified development, offer equal employment and appoint employees based on their capability, and never discriminate any employee because of his/her race, skin, religion, sex, nationality, marital status, disability, sex orientation or sex identity, etc. Besides, they stand firmly against child labour and forced labor. In 2017, NCIC signed the employment contract with all employees and made contribution to social insurance for all employees.



In 2017, NCIC staff took paid leaves of

22.29 days per person

Remuneration and Welfare

NCIC balances its own characteristics and employees' different needs. It not only continuously perfects and optimizes performance evaluation and newcomer management system, and provides employees with competitive remuneration, but also offer a variety of benefits including flexible work system, paid annual leave, paid sick leave, travel allowance, internal allowance for car purchase and long-term service reward.

DFN establishes the competence-based and performance-oriented remuneration system of the company that sets the goal of realizing the mission of "Creating the value and seeking the welfare altogether". It considers both job value and business characteristics. In 2017, DFN issued allowance to 300 employees with excellent performance at key positions; gave reward for new car project to 500 business backbone employees participating in the R&D and pilot production of new car project; and gave marketing awards to 200 frontline supervisors, executives and special talent for marketing. In the meantime, driven by happiness, DFN concentrated on work-life balance of employees and developed the employee benefit plan blueprint for next three years. Moreover, DFN also put forward the benefit concept of "Reassured work and happy life", and clarified two development directions, i.e. improving all-round living support for employees and creating a strong caring organizational atmosphere.

ZNA enables all employees to share the development achievements of the enterprise and gain common growth together with the enterprise through differentiated salary review, issue of quarterly prize, performance-oriented sales assessment and assessment scheme of business department.

DFI continues to perfect the remuneration strategy and provides employees with competitive remuneration and benefits. In 2017, DFI established and implemented the annual performance assessment system that linked performance bonus and performance of the company, the department and individuals so as to ensure internal fairness. In the beginning of every year, based on key performance of the company and the department, every employee and his/her supervisors may develop annual key performance and action plan for himself/herself.

Communication and Engagement

Nissan's subsidiaries in China establish diverse communication channels to listen to employees' feedback, strengthen the cohesion and sense of ownership of employees and their team, encourage them to conduct autonomous innovation, and participate in the development of the enterprise.

NCIC

NCIC creates a fair, friendly, harmonious and open working environment and promotes democratic management, democratic engagement and democratic supervision mechanism through employees' congress. In the meantime, NCIC collects feedback from all areas of the company through such channels as trade union, employees' suggestion box, diverse compliant reporting channels, thank you card mechanism, employees' satisfaction and engagement survey.

DFN

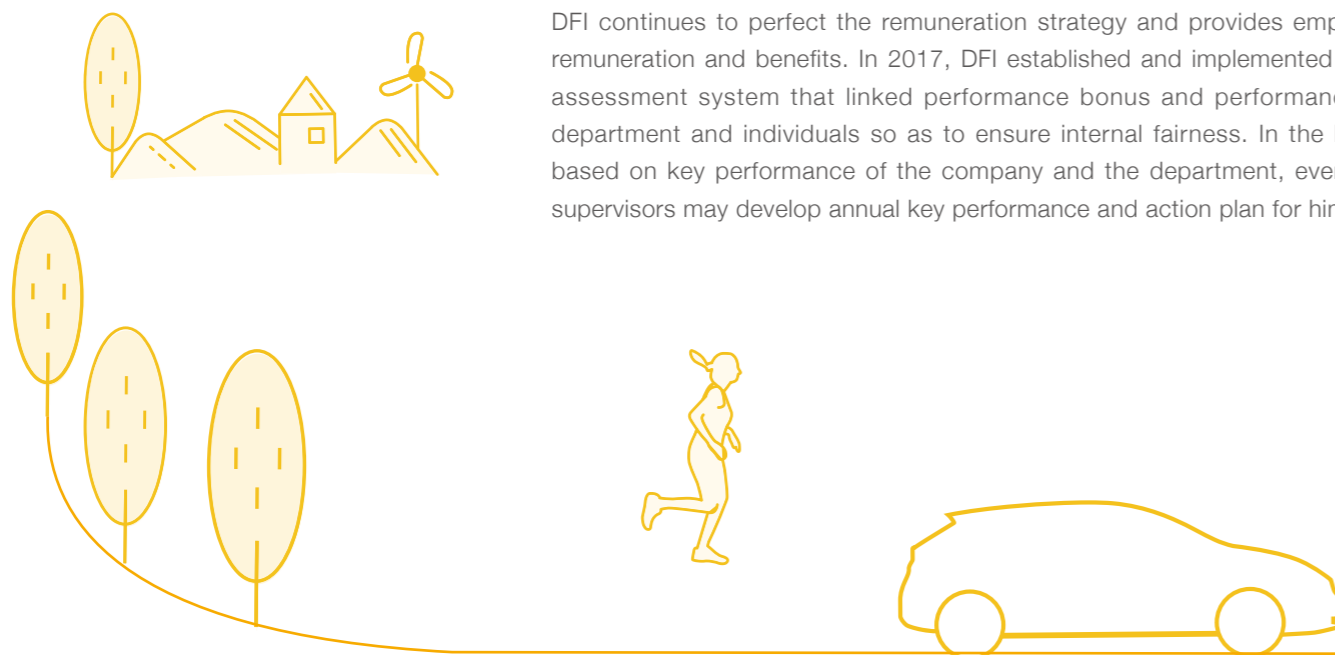
DFN establishes the employee service center which provides employees with one-stop business service, including 4 major categories such as welfare, household registration, administration and logistics, and totally 81 items, with a view to strengthening employee communication, serving employees in an all-round manner, and understanding real needs and appeals of employees. In July 2017, the online employee service center was launched where employees might complete various affairs, such as online certification, car purchase, receiving and examination and approval directly online, serving 158 persons on average on the daily basis.

ZNA

ZNA strengthens the communication with employees and increase mutual trust with employees through such methods as employees' congress, grassroots survey, customer satisfaction interview and employees' forum.

DFI

In addition to the communication channel of employees' congress, DFI also innovatively launched staircase video sharing, which used the lively and flexible form to allow employees to understand company news and employees' activities in the fragmented time, thereby improving communication efficiency of employees.



Health and Safety

Nissan's subsidiaries in China are committed to creating a safe working environment for all employees, keeping improving the occupational health and safety management system, reducing and eliminating potential safety risks in the working environment through such measures as standardized safety production specification, safety assessment system, safety training and safety publicity activity.

NCIC

Since NCIC is committed to creating a healthy working environment for employees, it not only provides employees with a good working environment by establishing the emergency management mechanism, and offering fire drill and safety training to allow them to feel healthy and pleased while working, but also helps them improve work performance and living quality through such methods as employee physical examination, health lecture and WeChat official account of Alliance college. In 2017, 100% of NCIC employees received physical examination and health records.



DFN

DFN continues to carry out EHS safety production work and improves the safety production awareness of employees through safety training, safety inspection and fire drill. In 2017, DFN promoted the improvement of job with occupational hazardous positions improvement and human-machine engineering through occupation health, high temperature subsidy, safety production and labor protection surveillance. By doing so, it achieves reduced positions with excessive occupational hazard factors, improved occupational health records of employees and pre-job, on-job and post-job coverage of occupational health examination. In 2017, no accident involving serious injury and death occurred in DFN.



In 2017, DFN staff received up to 14 hours of safety training per person with training duration more than

250,743 hours

Accomplished 76 safety checks, 5 annual fire drills, and identified and eliminated

12,218

potential safety risks

Invested in the treatment and improvement of 21 occupational hazards

20.02 million yuan

Coverage of occupational physical examination

100%

DFN cares about physical and mental health of all employees. Following effective and in-depth implementation on the yearly basis, "EAP Happy Mind Program" has kept mental health of employees. In 2017, all employees received pressure diagnosis test and gave feedback with respect to pressure emotion issues as identified and appropriate reasons, thus offering a new perspective for operation strategy decision-making; professional psychological consulting experts were also invited to interview all dismissed employees via phone for the purpose of understanding reasons for dismiss, thereby offering specific and effective solutions for corporate management and effectively reducing employee attrition.



ZNA

ZNA carries through environmental/occupational health and safety goals and responsibilities for all employees at different levels by sticking to the main clue of environment/safety management system and the principle of "People first, safety first, and healthy development". ZNA guarantees occupational health and safety of employees through such measures as on-job occupational health monitoring for employees and completion of information card for occupational disease hazard in workplace and detection of hazardous sources including dust. ZNA organizes the fire emergency drill to improve the company's capability of response configuration, teamwork and emergency evacuation in case of any emergency, thus laying a good foundation for safety production work.



In 2017, ZNA achieved a qualified rate of dust test at

81.3%

Qualified rate of toxicant test was

98.7%

Qualified rate of other occupational hazard factors (such as elevated temperature and radiation, etc.) factor was

100%

Incidence of occupational disease was

0

Growth and Development

Nissan's subsidiaries in China attach great emphasis on the development of employees' capability in China establish diverse career development platforms to offer abundant training resources, strengthen talent team building and provide employees with opportunities for individual development and self-realization.

Career Development Path

In combination with job requirements and employees' capability, NCIC offers career planning training to employees at different levels, and assists them in developing clear short-term, mid-term and long-term career development planning. In the meantime, through such projects as overseas refreshment and cross-company job rotation in China, NCIC also encourages employees to try different positions, give them international perspective, help them discover their own potential, and enrich their occupational experience.

DFN carries out employee career coaching projects with a view to taking a series of talent fostering measures, including dual-tutor system of growth tutor and job tutor, coaching on the interpretation of individual/team characteristics, job competence assessment and growth exchange forum. Besides, DFN also based on stage-based characteristics of employees' career development, helps employees develop self-awareness and self-improvement and realize rapid growth. In addition to attention to employees' career development, DFN classifies the level of internal tutors according to professional maturity and coaching skills and establishes a mature three-level career coach system within the enterprise.

DFI provides employees with two channels, i.e. annual routine promotion/ promotion through competing for new/vacant positions as well as specific career planning and coaching: develop individual competence development plan for all employees; employees at the level of director and above will be included in the talent management plan of Renault-Nissan Alliance; based on identification of key talent and key position, DFI also implements the career development program and key position succession plan for certain groups.

Diverse Training System

NCIC actively offers diverse, multilayered and multiple-form training plans and modes, promotes the popularization and improvement of online learning platform, and makes full use of internal and external training forces to provide employees with flexible learning schemes, help them improve communication skill and management and inspire their creativity.



In 2017, NCIC employees conducted spontaneous learning for

7,250 hours

Average training duration was

25 hours per person per year

Coverage of compulsory training reached

100%

Coverage of elective training reached

88%

In 2017, DFN offered

8,166 training projects

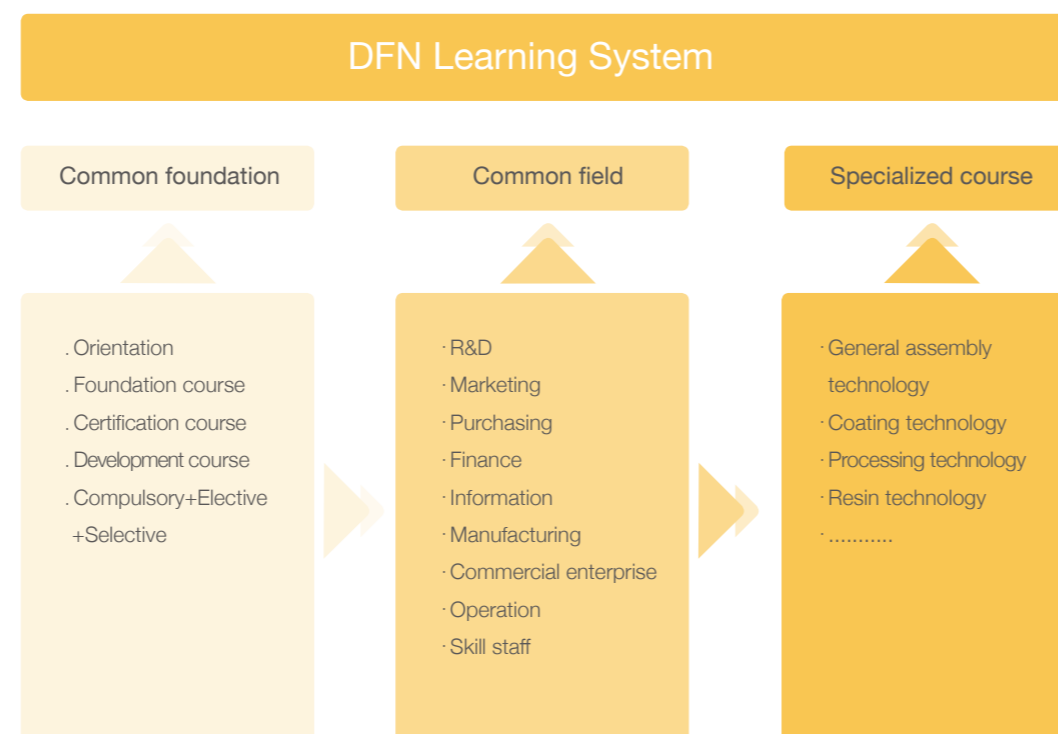
Covering

237,866 persons

With training investment of

7.47 million yuan

By advocating the idea of “Work is learning and the enterprise is the university”, DFN builds the enterprise into the university to offer comprehensive talent education, personality education and humanities education, allowing employees to learn while working. DFN’s training course system includes three levels, i.e. common foundation, common field and specialized department. In addition, DFN also establishes the humanities fostering system relying upon happy night college which makes use of internal and external resources to offer the “Seven-color rainbow” course system. In adapting to the era trend of “Internet+ training”, DFN does its best to build DFN Network College to establish a knowledge management platform, including 4 major spontaneous development systems and official WeChat account.



Dongfeng Nissan University— Learning ignites passion

By upholding the idea of “Learning for practice”, DFN established Dongfeng Nissan University in 2016 and was committed to building it into a “Cradle for innovative automobile talent” and creating a learning community and ecosystem. Dongfeng Nissan University offers a lot of courses, general workplace skills, specialized frontier courses, offline psychological and humanities course, or abundant online e-learning and micro courses, which satisfy learning needs of employees. By August 2017, the University offers 6,916 hours of courses, develops 50 certification courses and trains more than 42,194 persons. In the meantime, Dongfeng Nissan University has trained more than 900 trainers through its trainer development program. In 2017, Dongfeng Nissan University held a series of learning month activities, such as Teachers’ Day Party, Special class trainer “All the way north” training camp and general course trainer tea reception, to disseminate excellent experience and culture.





ZNA upgrades the mode and contents of employees' training and improves the competence of internal trainers of the company through master competition of internal trainer competition. At the first master competition for internal trainer competition in 2017, all participants not only demonstrated their experience and course design attainment of internal trainers, but also improved participants' involvement and strengthened their understanding of course knowledge through cases, videos, illustrations, teaching tools and various interactive activities. At the competition, Top 10 internal trainers and 19 high-potential courses were selected.

With "Four-hawk program", DFI offers internal and external training courses for groups at different levels such as director, senior manager, manager, frontline manager and high-potential manager, and fosters backbone employees that meet the competence requirements of the company; by establishing internal training team, DFI provides employees with new competence development directions and builds feature courses to strengthen knowledge dissemination. As for training form and training mode, DFI also keeps innovating: for leadership courses and some general courses, key employees designated by the department for participation in the training replacing previous open registration; offers online English training and conducts tracking and feedback of the learning process, such as regularly sending the ranking of learning hours and reporting learning progress.

In 2017, DFI made a total investment of

850,000 yuan in training

Per capita average investment in the training

3,541 yuan

Offered training for employee for

4,946 hours

Offered training for management staff for

19 hours per person



INFINITI Engineering Academy -- Helps discover excellent interns

DFI attaches great emphasis on the discovery and development of diverse talents. Since 2014, INFINITI Engineering Academy has been holding a global intern recruitment activity with a view to recruiting the most excellent engineers throughout the world, and through internship experience in both automotive and racing areas, provide them with opportunities of practice in UK and a platform for self-improvement to inspire their professional potential and foster outstanding talent for automobile sector. In 2017, INFINITI Engineering Academy attracted 12,000 persons from 41 countries totally for sign-up. The champion may have access to the most cutting-edge automotive engineering technology, work with global excellent engineers through INFINITI Engineering Academy, and start his/her career regarding automobile and racing.





Care and Protection

Nissan's subsidiaries in China carry out various employee care activities to promote the work-life balance among employees, and care for female employees and those who have difficulties, thereby improving their sense of ownership and identity.

Work-Life Balance

NCIC carries out various routine activities and art and culture activities, such as family day and weekend travel to inspire employees' vigorousness and encourage them to enjoy life and perceive the warmth while working.

DFN establishes the happy night college to provide employees with a good spare learning environment and enables them to enhance their understanding of happiness through attending the night college. In the meantime, DFN also carries out employee recreation activities for special positions such as team outreach and resident recreation.



Care about Special Employees

DFN offers various benefits to female employees for the purpose of creating a more equal workplace environment and strengthening the cohesion and competitiveness of the enterprise. Dream Girl Competition and Automobile Creative Competition for Female Employees are held to fully demonstrate personal charm and specialized competence of female employees; by donating books to Reading Corner for Female Employees and offering training sessions regarding bakery, yoga and flower arrangement, DFN enriches the life and horizon of female employees; through series activities such as building Compassion Mama Home and Flowers from Leaders on Women's Day, DFN tries to offer all-round, multi-stage individualized services.



DFN Automobile Creative Competition for Female Employees

In 2017, DFN held the first Automobile Creative Competition for Female Employees and gathered a lot of popular automobile creative proposals for female employees, thus offering more creative for the development of automobiles suitable for female consumers. In the meantime, DFN established an innovation platform for female employees to improve innovation awareness, mobilize and stimulate the passion of female employees for innovation, create an innovation atmosphere, and share innovation achievements. The event included questionnaire regarding purchase intent of female consumers, sharing salon, call for creative and appraisal. Following half a year, 118 pieces of creative were collected totally with 10 pieces included in the final release. Amongst others, "Seatbelt for pregnant women", "Infrared detection of baby in car" and "Headrest adapting to ponytail" were adopted by DFL Technology Center and included in the R&D program.

118 pieces of

creative ideas collected at DFN Automotive Creative Competition for Female Employees

3 pieces of

creative ideas were adopted and included in the R&D program

Through a series of activities including employees' skill training, condolence to employees who have difficulties on festivals, assistance to employees with serious diseases, support to children of employees of early retirement, ZNA solves difficulties for employees, provides a platform to demonstrate their skills, and give them strong sense of ownership and sense of honor. Relying upon compassion assistance fund for employees, ZNA has aided and helped 255 employees and their families with compassion fund paid of RMB 1,070,066.

DFI tries its best to care about special employees including female employees and employees who have difficulties. For female employees, DFI strictly implements related regulations and provides such benefits as vacation, holiday subsidy and maternity subsidy. For employees who have difficulties, DFI communicates with insurance companies at the level of the company and offer the greatest support with respect to the aid fund project while organizing the donation among employees and dealers to help them get through the difficulty.



Listening to Voice of Stakeholders



Sharing Weal and Woe and Living Like a Family

Through colorful family day activities, NCIC enables everyone to get immersed in these activities and invites their families to get close to Nissan and understand Nissan, thus strengthening their sense of ownership and the identity of their families. At some moment during the family day event, I understand what my job can bring to my family, i.e. sense of safety and happiness. In the big family of Nissan, it is possible to guide us to consider what corporate social responsibility is, what the mission of the enterprise is and what we work for. I think I've got the key at the moment.

-- Liu Yang, employee of NCIC

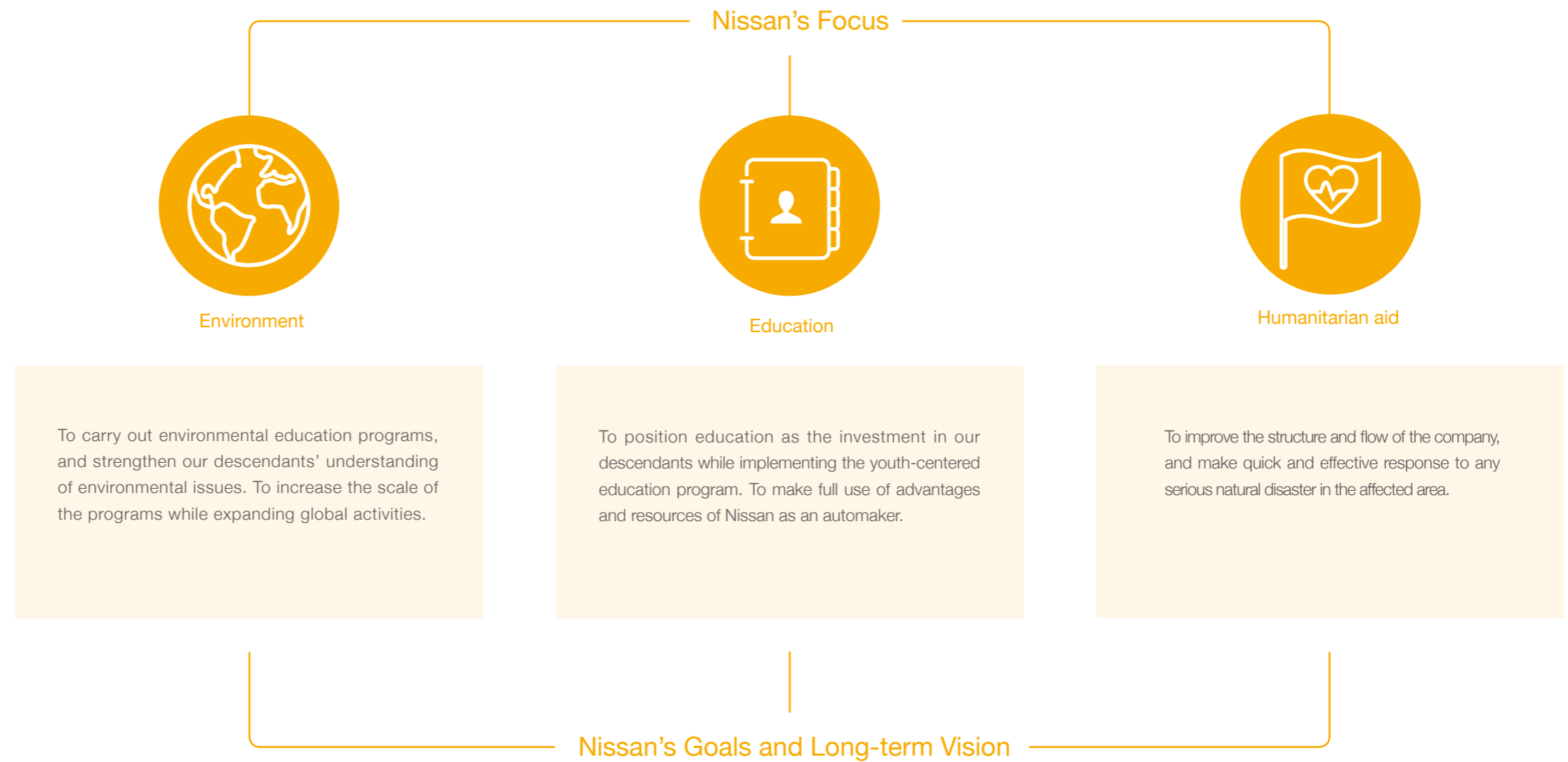
Philanthropy

In addition to provide innovative and exciting automobile products and excellent services to global customers, Nissan regards the positive role of corporate citizen as its significant responsibility and insists on giving full play to its own advantages to make greater contribution to the society. Through cooperation with different stakeholders including governmental departments, non-profit organizations and non-governmental organizations, Nissan offers humanitarian care and shares future development value with the society.



Public Benefit Concept

Nissan continues to explore social contribution activities based on the expertise, products and technological advantages of the enterprise, and develop the philanthropic development framework that focuses on environment, education and humanitarian aid. Guided by Nissan's global philanthropic concept and strategy, Nissan's subsidiaries in China will continue to pay attention to the next generation, support education and innovative development of youth and children; provide humanitarian aid based on equality, mutual assistance and friendship, and build a more beautiful future together.



Joining Hands with the Future

In combination with actual development of China's education, Nissan's subsidiaries in China promote the fostering of innovation capability of teenagers with specialized advantages, and supports the development of China's education, thus accumulating new power for sustainable development.

Nissan Dream Classroom

"Nissan Dream Classroom", as a public benefit education program that Nissan tries its best to build in China, is carried out by NCIC in collaboration with Chinese National Committee for UNESCO and Automotive Industry Committee of China Council for the Promotion of International Trade. Since its inception in 2013, "Nissan Dream Classroom" has made continuous innovation, through face-to-face education and internet education, Nissan's presence has been present in 170+ primary schools throughout China, covering tens of thousands of students.

NCIC

With continuous development of the project, NCIC actively expands the project areas to enrich the content and form of the project, as well as the project coverage. In 2017, "Nissan Dream Classroom" launched the special education course, and "Automotive Culture Classroom" course, and entered Gansu, Sichuan and Beijing Auto Museum, more and more children are benefited from the project.



"Nissan Dream Classroom" Launches Special Education Course

On September 19, 2017, NCIC offered the Nissan Dream Classroom Special Education course for the students in Beijing Dongcheng Special Education School, allow them to receive more abundant knowledge and equal education like their peers.



DFL

As an active response to "Nissan Dream Classroom" project, Dongfeng Motor offered related courses in Hubei, Guangzhou, Sichuan and Henan provinces, covering 17 primary schools, 11 4S shops, 1 international school and 1 special education school, benefiting more than 3,000 students.



DFN

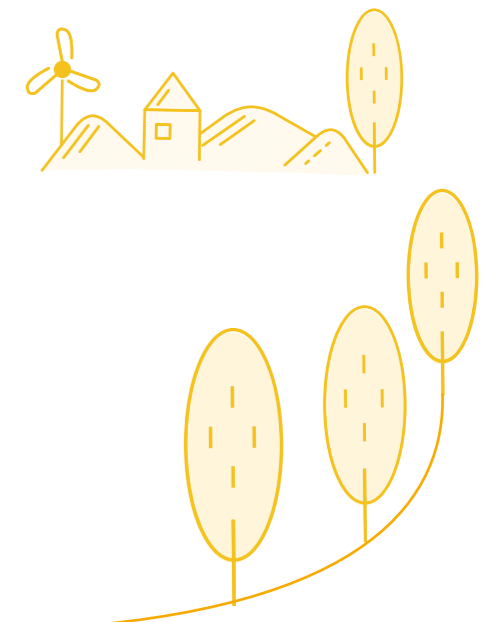
DFN held Nissan Dream Classroom in Guangzhou. It not only offered courses that allowed students to practice and think over, but also organized them to visit factory, so that they can understand automotive manufacturing process more closely and shape their interest in automobile.



"Nissan Dream Classroom" offers course in

170+

primary schools throughout China
Covering tens of thousands of students



By the end of 2017, DFN, together with car owners, dealers and employees, has offered "Sunny Care-Aiding Future Education" program in

15 provinces and **32** stations totally

including Heilongjiang, Hubei, Fujian, Tibet and Yunnan

With total investment of

40.1 million yuan

Benefiting

830,000+

teachers and students

DFN: Sunny Care•Aiding Future Education

DFN continuously explores scientific and innovative management of public benefit project and further conducts the public benefit activity "Sunny Care-Aiding Future Education" launched in 2008, and strengthens the cooperation in the area of public benefit. In 2017, relying upon 280 million users and omnimedia advantage platform, DFN started the "Intelligent Children Dream Program" and carried out education support activities in 8 countryside primary schools in Hubei, Xinjiang, Hunan, Guangxi, Guizhou, Hebei and Anhui, thus offering support and care to students. Meanwhile, DFN also actively built "Internet+Intelligentization+Public benefit" IP event, and facilitated CSR communication together with such stakeholders as internet users, car owners, dealers, media and employees.



ZNA: Hand-in-hand Project -- Happy Growth Program

Adhering to the public benefit concept of "Giving back to the society and helping others", ZNA is actively devoted to such public benefit areas as public benefit education, community building and anti-poverty, thus giving back to the society and general public. It also furthers the public benefit brand of "Hand-in-hand Project", and continuously carries out anti-poverty and education support activities, thus facilitating student education in poverty-stricken areas. Through brand operation and scientific management, the "Hand-in-hand Project" has expanded from Henan Province to the entire country. In 2017, ZNA "Hand-in-hand Project—Happy Growth Program" was held in 8 regions, including Suizhou and Shiyan, Hubei Province, Lincang and Xishuang Banna, Yunnan Province, Ganzhou, Jiangxi Province, and Yingyang, Fengdeng and Zhongmu, Henan Province, including 5 "China Pickup Villages", donating books, cultural and sports facilities and teaching equipment worth nearly RMB 600,000. The project benefited more than 3,000 students totally, showing its care about children in poverty-stricken areas with practice and support local education.





Humanitarian Aid

Nissan's subsidiaries in China actively participate in the disaster rescue and aid, post-disaster reconstruction and sanitation renovation for major natural disasters including earthquake, care for special needy population, and offer community support and assistance, thus conveying kindness and positive energy through action.



Offering Emergency Aid and Responding to Earthquake Together with the Affected Area

In magnitude-7.0 and magnitude-6.6 earthquakes stricken in Jiuzhaigou County, Sichuan Province and Jinghe County, Xinjiang Uygur Autonomous region on August 8, 2017 and August 9, 2017, respectively, DFN started 24-hour disaster response mechanism quickly, and contacted with dealers and car owners to start the special care activity for car owners, offering seven care services including free vehicle testing and green channel for maintenance and extended service. DFN also kept eyes on the updates of dealers, offered support quickly according to *Policy for Assistance and Support of Affected Dealer Shops* with respect to hardware and vehicle damages, and helped car owners and dealers recover normal production and life as soon as possible, thereby getting through the disaster along with them.

Listening to Voice of Stakeholders

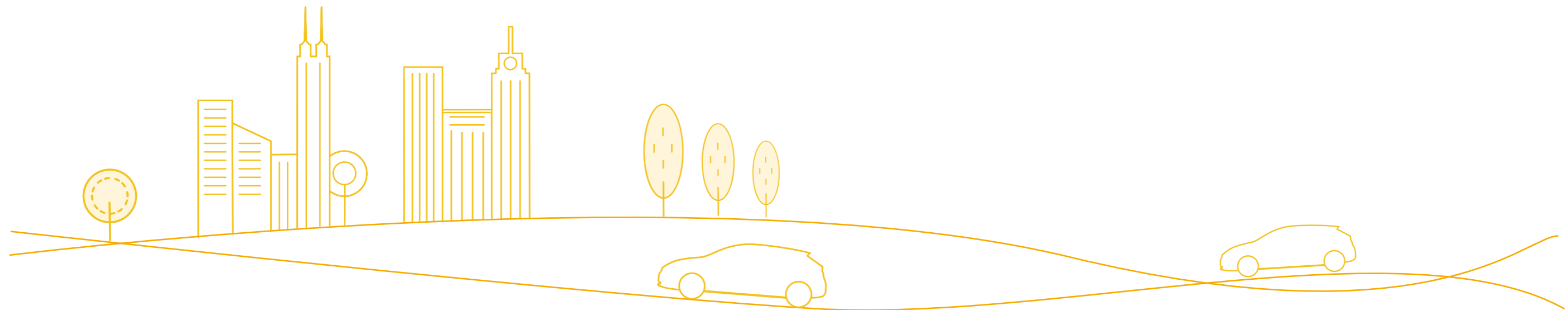


“
*Going Along with the Dream,
Co-building the Hope*”

As a participant of “Nissan Dream Classroom”, I came to Wuhan No.1 School for the Deafmutes with other volunteers from DFL and communicated with children receiving special education. Through exclusive course developed for disabled children, we enable the children to experience hands-on practice and feel the charm of cutting-edge automotive technology by teaching through lively activities. In my opinion, the implication of “Nissan Dream Classroom” does not lie in automobile itself. Instead, it is closely associated with such issues as energy and environmental protection, and the idea of “Making equal education and quality life available to more children and more people”. This is really the concept of “people first” and “sustainable development”. As a volunteer, I also co-build the dream and fly my hope along with children in “Nissan Dream Classroom”.

”

-- Fu Menglin , employee of DFL





In the context of globalization, great changes are taking place in operation foundation of automotive industry, corporate management mode and future development direction. To achieve long-term development, an enterprise must continuously improve its governance and sustainability management, impose strict ethical criteria and high transparency on itself, and maintain good cooperation with partners on the value chain.

As a leading automotive enterprise engaged in large-scale global operations, Nissan keeps improving its corporate governance, solidifies its sustainable operation foundation, and is committed to facilitating sustainability strategy globally. Nissan's subsidiaries in China are driving the sustainability plan in an orderly manner and listening to feedback from stakeholders. They also concentrate on the growth of partners on the value chain, and keep satisfying expectations of all stakeholders, thereby creating value together with stakeholders and building a sustainable future along with Chinese society.

Governance Creating Long-term Value

Corporate Governance

Nissan carries out global operation activities in the complete corporate governance system, keeps pursuing more scientific corporate governance, and tries to create value for all stakeholders. NCIC adheres to lawful, compliant and transparent operation, continues to improve corporate governance structure and management system, and strengthens risk management and information security management, thus laying a foundation for steady operation and sustainable development of the company.

Governance Structure

A complete governance structure offer support to operation decision-making and routine management of Nissan. The company has Board of Directors, Independent Auditor and Executive Committee, all of which operate within the scope specified by the laws and Articles of Association of the company. Through regulation by the Board of Directors, review of corporate governance structure by the statutory auditor and the system of executive officer, Nissan can carry out effective and flexible management, promotion and supervision over corporate governance and significant operation decision-making.

Guided by the corporate governance and internal control strategy of the headquarters, NCIC lists information security, risk management and compliance management as three key contents of legal compliant governance of the company as per operation management focus and business operation characteristics. NCIC establishes a three-level management structure "Management Committee—Information Security, Risk Management and Compliance Management Committees—Management Office" in which members of the management committee above vice president act as the responsible person of each committee, and promote and supervise the implementation of various activities of the company.



Compliance Management

In order to improve the compliance awareness of all employees within the company, Nissan establishes Global Compliance Committee as per Global Code of Conduct, and establishes regional compliance committees in each place where its business is operated, responsible for overall planning, deploying and promoting lawful operation activities of Nissan in the world. Meanwhile, Nissan also improves the transparency and regulation of corporate governance through continuously improved compliance management system.

NCIC builds and improves the compliance management system, and with unified guidance of Global Committee, establishes the Compliance Committee, consisting of senior management of such departments as legal affairs, human resources and finance, which is responsible for promoting Nissan's compliance affairs in China. Through meeting of the committee, NCIC systematically identifies possible operation risks in such areas as strategy, law, finance and compliance, and develops annual improvement plan and control measures to ensure that all improvement measures can be implemented and all management goals can be achieved and ensure that the company always carries out its activities fairly based on compliance with laws, regulations and social common sense. In addition, NCIC also conducts anti-corruption and anti-bribery trainings for employees, and strictly implements management measures including Employee Code of Conduct and Regulations of NCIC on the Reception and Gift in Business Activities, thereby promoting the development of compliance cause in a regulated and steady manner.

In 2017, NCIC offered

1 compliance training

with employee involvement of

100%



Protection of Intellectual Property Rights

NCIC values patent management, continuously strengthens intellectual property rights protection, establishes and improves the intellectual property rights management system, and enhances spontaneous innovation capability and core competitiveness of the company. ZNA promulgates Measures for the Administration of Patents with a view to regulating operation procedures and strengthening patent reward and incentive, especially invention patent reward mechanism, thus fully improving patent quality and stimulating the passion of technicians for innovation.

In 2017, ZNA had

116 patents accepted

including

12 invention patent accepted

135 Patents authorized

including **8** inventions

The number of authorized invention patents hit record high, thus effectively protecting innovation achievements

Information Security

NCIC strictly complies with information security policy, and establishes Information Security Management Committee consisting of senior management according to global security system and information security management regulations with a view to fully promoting the construction of information security of the company based on policy guidance and organizational support. NCIC's Information Security Management Committee holds the management meeting twice every year, and formulates and supervises the information security management work plan; Nissan's subsidiaries in China release their own information security policy according to global strategy and ensure the implementation of global security system and information security system.

NCIC carries out information security work based on the principle of "Putting prevention in the first place and combining prevention with control", and establishes a three-level report process to strictly regulate information management procedure; the committee is responsible for implementing the measures as improved through PDCA cycle to ensure that the annual information security action plan is achieved; NCIC also offers online information security training for all employees to spread information security news to them and improve their awareness about information security, and fully improve information security management with respect to various dimensions such as management process, work measures and personnel awareness.

Tertiary Report Process Established by NCIC



Sustainability Management

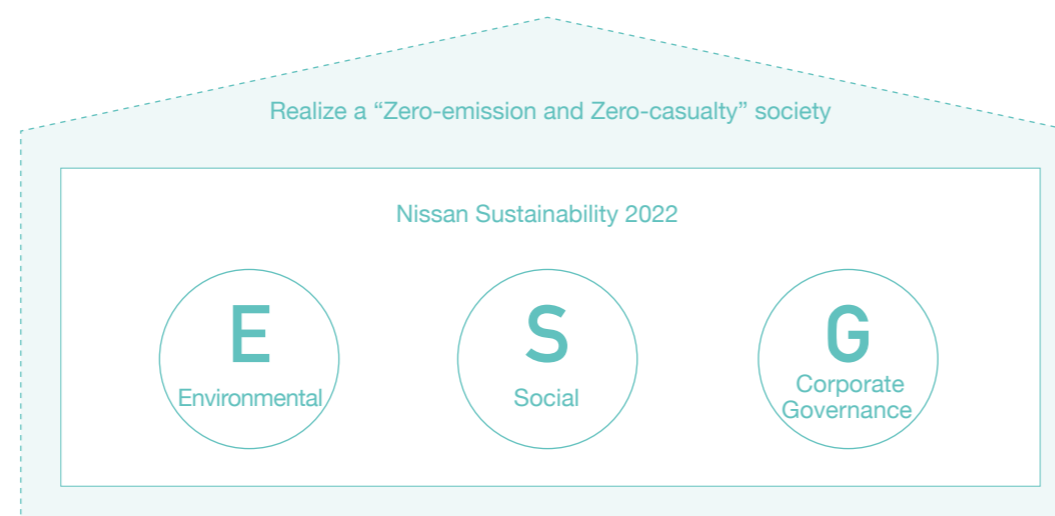
NCIC is committed to incorporating sustainable development into routine operation of the company, and building the social responsibility management mechanism which meets Nissan's requirements for development and can be combined with actual situation of China effectively, thereby realizing harmonious development of the enterprise together with the society and the environment. To this end, NCIC not only clearly defines its sustainability strategy and long-term goals, but also actively looks for solutions with respect to sustainability issue through its own advantages in products and services.

Sustainability Concept

With the corporate vision of "Enriching People's Lives", Nissan is committed to protecting this beautiful blue planet, offering premium value to all stakeholders, making positive contribution to the sustainable development of the society.

Corporate vision	Nissan: Enriching People's Lives
Corporate mission	Nissan provides unique and innovative automotive products and services that deliver superior measurable values to all stakeholders in alliance with Renault
CSR vision	To become one of industrially leading companies with sustainability

Nissan adopts the idea of continuous expansion and sustainable development. In 2018, Nissan released the comprehensive sustainability program involving multiple aspects including environment, society and corporate governance mechanism—Nissan Sustainability 2022. The program is developed surrounding environment, society and corporate governance, and strictly follows the criteria of investors in corporate regulation and value creation to promote Nissan's new mid-term business plan of achieving steady growth and lead the industrial technological revolution, thereby co-creating the beautiful future with harmonious existence of people, vehicle and nature.



Responsibility Governance

Nissan establishes a complete and efficient corporate social responsibility organizational structure. Executive Committee, the top decision-making body of Nissan, is responsible for setting goals and determining progress for 8 sustainable development strategies and conducting general management of CSR activities within the company. In FY2016, Nissan established Global Sustainability Steering Committee to further improve CSR management efficiency and achievements. Holding the meeting twice every year, the committee is responsible for discussing all possible challenges for sustainable development, and making reports and proposals to the executive committee as necessary.



Stakeholder Management

NCIC pays utmost attention to stakeholders and their rational appeals, continuously improves information disclosure mechanism, and expand communication coverage to ensure that stakeholders can obtain transparent and open information regarding enterprise operation. Through a couple of approaches including questionnaire, media platform, network area, CSR forum and survey, NCIC listens to and responds to all appeals of stakeholders, and conducts responsibility management and practice to form a close partnership with stakeholders and facilitate the solution of issues regarding sustainability.

Stakeholders	Governments and Regulators	Environment	Customers	Employees	Communities	Suppliers	Dealers
Material Issues	<ul style="list-style-type: none"> · Lawful operation · Tax compliance · Environmental friendliness · Job opportunities · Promotion of sound development of China's automotive industry 	<ul style="list-style-type: none"> · Energy resource management · Recycling · Wastewater and waste treatment · Environmental impact of products and services · Green logistics · Environmental protection public benefit activities · Environmental compensation mechanism 	<ul style="list-style-type: none"> · Product safety · Product quality · Product recall · Service support and complaint handling · Privacy protection 	<ul style="list-style-type: none"> · Harmonious working environment · Occupational health and safety · Employee communication · Employee training and development 	<ul style="list-style-type: none"> · Philanthropy and public benefit · Volunteer service · Safety and public benefit · Education of environmental protection 	<ul style="list-style-type: none"> · Compliant operation · Fairness and transparency of purchasing process · Supplier environmental assessment · Supplier assessment for impacts on society · Assessment of human rights · Business continuity plan 	<ul style="list-style-type: none"> · Compliant operation · Product and service quality · Dealer support
Main Performance of Nissan's Subsidiaries in China	<ul style="list-style-type: none"> · Economic contribution · Compliant operation · Information Security Management Committee · Environmental protection concept of "Harmonious coexistence among Human, Vehicle and Nature" · Nissan Green Plan · Traffic Safety Research 	<ul style="list-style-type: none"> · Establish an environmental management system · Green products lifecycle · Zero Emission · PURE DRIVE · Green production, storage and transportation management performance · Carry out environment training for suppliers · "Green Shop" certification · Development of <i>Nissan Green Purchasing Guidelines</i> · Sponsored the publication of <i>New Energy Vehicle Blue Paper</i> 	<ul style="list-style-type: none"> · "Triple-layered protection" safety strategy · NISSAN i-SAFETY · Intelligent active safety technology · Nissan Quality Plan · DFN 5-year Quality Plan · DFN's 5 care service ideas · ZNA's new customer service center · ZNA's customer service center adopting standardized management system · ZNA' Quality Investigation Group · DFN National Service Skills Competition · Intimate customer service activities 	<ul style="list-style-type: none"> · Protection of employees' rights and interests · Improved the salary and welfare system · Create a safe and healthy working environment · Establish diverse communication channels · ZNA Employee Forum · Career development channel and comprehensive training system · Dongfeng Nissan University · Care for employees who have difficulties 	<ul style="list-style-type: none"> · "Nissan Dream Classroom" · DFN "Sunny Care • Aid Future Education" public benefit and education support activity · ZNA "Hand-in-hand Project" · Earthquake rescue and relief humanitarian care · DFN "Nissan Intelligent Mobility Experience Camp" · Assis in holding "The 11th China Road Safety Forum" · Carry out employee volunteer activities 	<ul style="list-style-type: none"> · Formulation of the <i>"Renault-Nissan CSR Guidelines for Suppliers"</i> · DFN Supplier Theme Day · NCIC THaNKS activity · DFN suppliers ability synchronous evaluation system · ZNA supplier qualification assessment criteria · Provide improvement guidance and training for suppliers 	<ul style="list-style-type: none"> · Established the dealer management mechanism · Provide capacity enhancement training

*Note: THaNKS activity is a joint program for strengthening the trust and cooperation between Nissan and its suppliers.



Responsibility Communication

Nissan's subsidiaries in China attach importance to the exchange with a lot of stakeholders including government, industrial partners, suppliers and consumers, keep expanding communication channels, and deepen communication contents to strengthen stakeholders' understanding, trust and support of the enterprises with more transparent operation and open mind.

Release of CSR Report

Have released CSR report for 5 consecutive years to secure the report communication mechanism

Regular Information Disclosure

Released information regarding CSR of Nissan's subsidiaries in China via official website of the company, official WeChat account and "People, Vehicle and Life" magazine and hold stakeholder communication activities through auto shows

External Exchange Activities

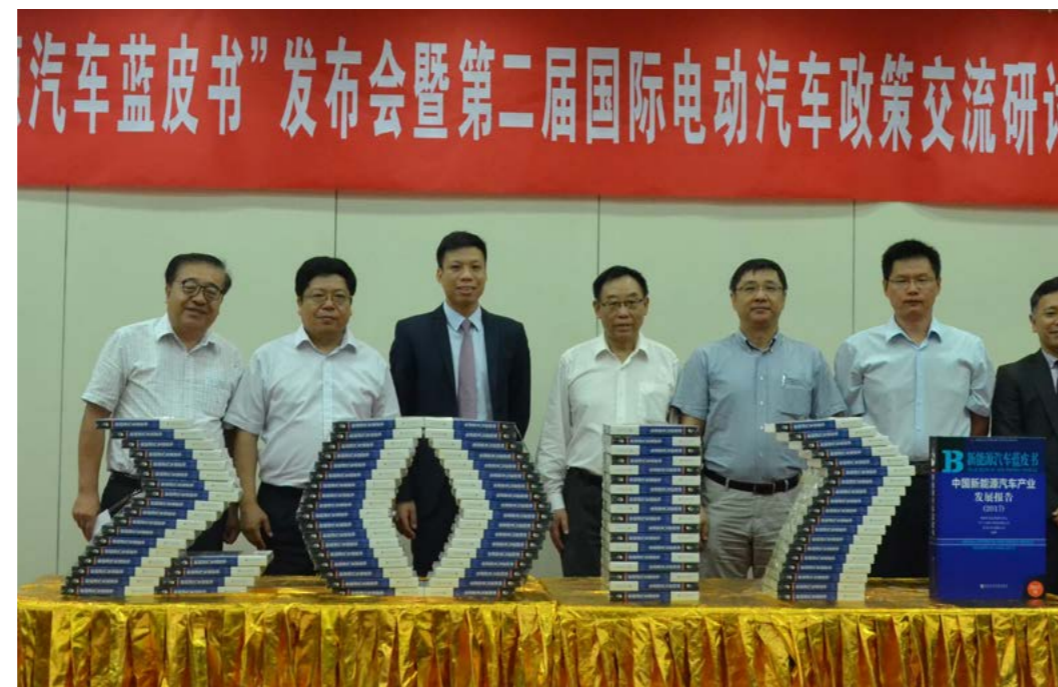
Actively organized and participated in international and domestic seminars and forums for manufacturing and automotive sectors to strengthen industrial exchange

Channels of Nissan's Subsidiaries in China to Communicate with Stakeholders



Energy Vehicle Blue Paper released to Guide Sustainable Consumption

As the leader of automotive industry in zero emission, Nissan is always in the frontier with respect to R&D and application of new energy vehicle. In 2017, NCIC prepared *New Energy Vehicle Blue Paper* together with China Automotive Technology and Research Center. The Blue Paper conducted the objective, specialized and authoritative research and analysis on new energy vehicle sector in China, and based on previous blue papers, added new contents and proposed new ideas, and recorded comprehensive development updates with more comprehensive and abundant contents. Nissan not only actively offers support with respect to strategic issues and solutions for sustainable development of China's automotive industry, but also showcases the development trend of new energy vehicle to the society and continuously leads sustainable consumption.



Participating in International Forum on Industrial Development and Sharing Experience Regarding Sustainable Development

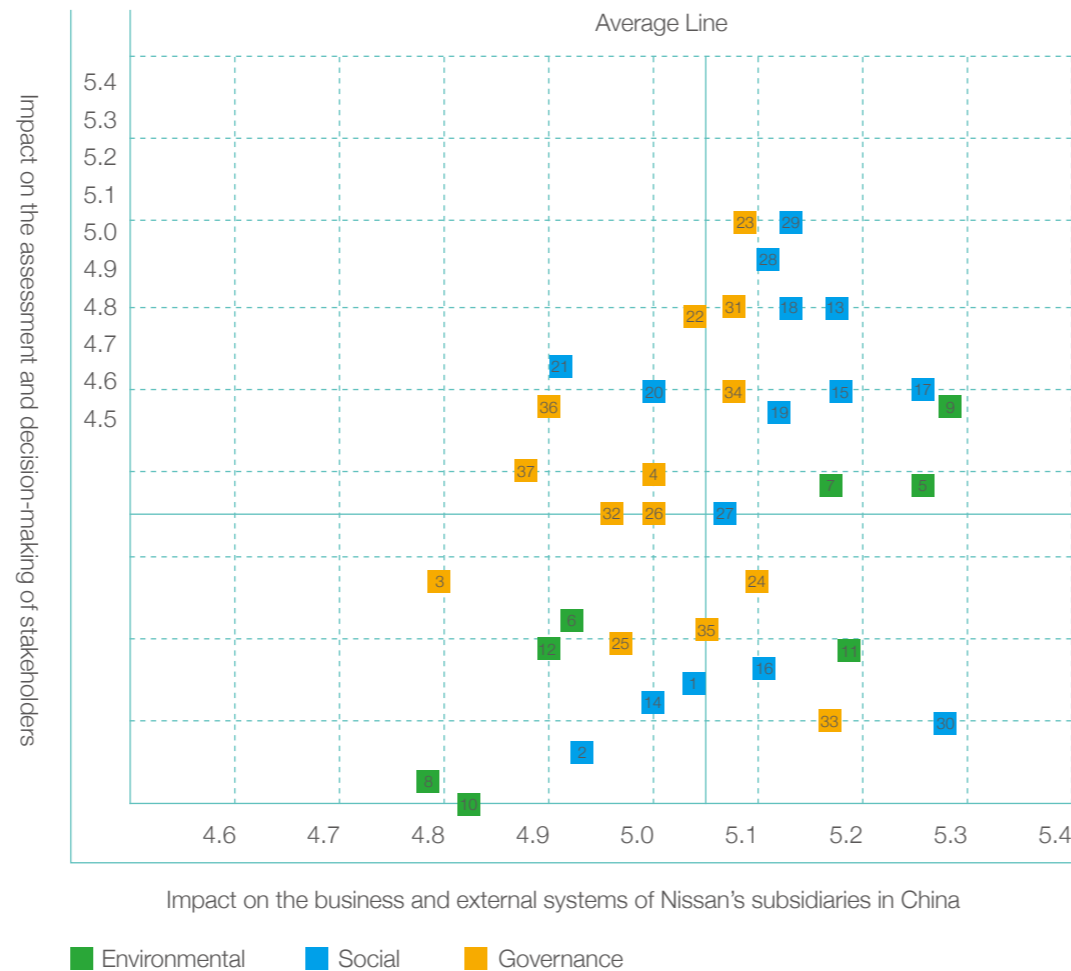
With promoting "Sustainable development of automotive industry" as its own mission, NCIC actively conducts industrial development and exchange activities. At the 13th International Forum on Chinese Automotive Industry Development held in November 2017, Mr. Takashi Nishibayashi, President of NCIC, delivered a keynote speech on "New Concepts and New Business Forms", shared Nissan's new concepts in promoting sustainable development of automotive industry and ceaseless efforts as made. In the context of transformation and upgrade of China's automotive industry and gradual maturity of policy and measures regarding new energy vehicle, Nissan released Nissan Intelligent Mobility and gradually developed towards the new business forms of electrification, intelligentization and interconnectivity, thus finding practical and feasible solutions for the industry development and practicing the corporate commitment regarding sustainable development of automotive society.



Identification of Material Issues

NCIC constantly optimizes the analysis on material issues regarding CSR. In combination with business characteristics, macroeconomic policy, CSR criteria, enterprise strategy and operation focus as well as results of questionnaire regarding material issues, NCIC identifies material issues that affect the company and stakeholders through identification, screening, assessment, verification and review, and sorts out the issues by importance and priority with respect to two dimensions, i.e. "effects on the assessment and decision-making of stakeholders" and "effects on company business and external system", thus forming a matrix of material issues. In 2017, NCIC collected 233 questionnaire of material issues regarding CSR, identified and verified 37 material issues regarding sustainability, thereby incorporating CSR into corporate management in a deeper manner.

Matrix Analysis



Material Issues

Environmental	Social	Governance
5 Resource energy management	1 Economic contribution	3 Social responsibility concept
6 Recycling	2 Localization development	4 Stakeholder engagement
7 Wastewater and waste treatment	13 Product safety	22 Business continuity plan
8 Biodiversity	14 Safety promotion	23 Dealer support
9 Environmental impact of products and services	15 Philanthropy	24 Supplier environmental assessment
10 Green logistics	16 Volunteer service	25 Supplier assessment for impacts on society
11 Environmental public benefit activities	17 Product quality	26 Fairness and transparency of purchasing process
12 Environmental compensation mechanism	18 Service support and complaint handling	31 Information disclosure
	19 Customer privacy protection	32 Anti-commercial-bribery
	20 Product recall	33 Corporate governance and risk management and control
	21 Assessment of human rights	34 Compliance
	27 Harmonious working environment	35 Anti-monopoly
	28 Occupational health and safety	36 Promotion of industry construction
	29 Employee training and development	37 Intellectual property protection
	30 Employee communication	

Value Chain Management

Nissan always hopes to achieve sustainability together with business partners on the basis of equality and mutual trust. Upholding this concept and extending CSR management to the upstream and downstream of the value chain, Nissan's subsidiaries in China pursue mutual assistance and coexistence with their suppliers and dealers through systematic management and professional support, and build a value chain of sharing responsibility, experience and achievements.

Supplier Management

In order to ensure sustainable development of global value chain, Nissan always perform its ethical, social and environmental responsibilities in conducting business in every section of the value chain. Nissan's subsidiaries in China keep deepening their cooperation with suppliers, and through supplier management and developing responsible purchasing criteria, strengthen social responsibility awareness of suppliers. In addition, they also convey advanced operation concepts through THaNKS activities, ASES evaluation centralized training, support and help suppliers make improvements and promote coordinated development of the value chain.

Supplier Management Methods

Nissan uses a common and transparent process and criteria worldwide when sourcing suppliers. Based on *Renault-Nissan CSR Guidelines for Suppliers* and *Nissan Guidance on Green Purchasing*, Nissan's subsidiaries in China further improve their respective supplier management system to adapt to their development strategy in China with the guidance of the values of trust, respect and transparency.

DFN

By establishing national automotive material recycling system (MARS) with suppliers through CAMDS, DFN requests suppliers to meet the requirements specified in national regulations regarding recycling rate of automotive materials and prohibited substances. Meanwhile, DFN also completes the environment and safety evaluation of suppliers through EHS survey scale. In 2017, 56% of suppliers passed the certification of third-party environmental management system.

ZNA

ZNA formulates and implements *Management Procedure for Related Parties and Sourcing Process* with a view to further enriching the environment/occupational safety management system of the company and effectively regulating and improving environment/occupational health and safety management conduct of related parties. Meanwhile, ZNA also establishes *Environment and Safety Survey Benchmark for Suppliers*, and conducts environmental protection monitoring over 392 suppliers. As a result, ZNA identifies 22 risk issues, and outputs 27 corrective measures together with suppliers, thus effectively avoiding supply chain risks and guaranteeing green ecology and economic circulation of the entire value chain of the company.

56%

of DFN's suppliers passed the certification of the third-party environmental management system in 2017

Renault-Nissan CSR Guidelines for Suppliers



Safety and quality



Human rights and labor



Environment



Compliance



Information disclosure

Nissan Guidelines on Green Purchasing

- Compliance with related regulations and Nissan's basic environmental principles
- Establishment of management system
- Management of chemical substances
- Activities to reduce environmental load
- Completion of surveys on CO₂ emission, water usage and other environmental factors

Supporting Supplier Improvement

Nissan's subsidiaries in China implement the supplier quality capacity improvement strategy on a continuous basis and provide suppliers with specific support and improvement actions through active communication with suppliers, thereby helping suppliers improve product quality, improve their management and guarantee stable product quality.

NCIC

NCIC provides suppliers with specific support and services, carries out close communication and exchange with suppliers. NCIC is committed to establishing a good, firm, reciprocal partnership with suppliers for creating the value together. In order to protect and improve their overall supply capability with respect to auto parts, NCIC has carried out a series of improvement activities, including THaNKS to help suppliers of auto parts improve product quality and lower the production costs, thus improving their overall competitiveness. In 2017, NCIC implemented 7 improvement activities totally.

By the end of 2017, NCIC has

443 suppliers

Including

55 Chinese local suppliers

ZNA

ZNA sticks to promote the improvement of supplier capability through improvement and assistance, and promotes mutual benefit and win-win through exchange and interaction. Through diverse improvement and assistance activities including TOP supplier management, V-FAST activities, ASES evaluation and Rank-up improvement, and centralized training, ZNA improves the overall capacity of each supplier.

In 2017, ZNA strengthened the interaction and exchange with suppliers through the carrier of THaNKS activity targeting all suppliers, thereby optimizing the process and steps, simplifying topic output form, and improving the activity efficiency; ZNA values topic discovery and improvement implementation to ensure the devotion of ZNA's human resources team while emphasizing active engagement and effective interaction of suppliers, and realizes overall improvement of suppliers and secondary suppliers with respect to quality, cost, delivery, R&D and management (QCDDM). During the period from 2015 to 2017, ZNA completed the THaNKS activity in 24 suppliers and successfully reduced the cost by 3.82% in 2017.



By the end of 2017, ZNA's A-level and B-level suppliers accounted for

92.7%

In 2015-2017, ZNA completed THaNKS activities in

24 suppliers

DFN

DFN continuously promotes the synchronous evaluation system for supplier capability, classifies suppliers with respect to 7 aspects, including design organization, basic design capability and experiment methods, and provides appropriate assistance guidance and measures to suppliers with certain potential to maximize suppliers' potential and fully improving their quality management and control capability. In 2017, DFN implemented the development capability evaluation for 477 suppliers, including A-level suppliers accounting for 87.6% of all suppliers, a year-on-year increase of 1.43%.



Dealer Management

Upholding the concept of mutual benefit and win-win, Nissan's subsidiaries in China responded to market challenges together with dealers, and realized common growth and sustainable development together with dealers through several measures such as helping dealers improve the management and operation mechanism and strategy, providing various tools and methods for enhanced network quality and offering specific practical training to sales advisors at different levels.

DFN

With the channel mode of ultralight weight shops, DFN satisfies the needs for small-scale market coverage and quick network enhancement. In 2017, 5 ultralight weight shops began business operation. Faced with such challenges as many new employees and narrow career development paths in shops, DFN re-cleaned up the course system for each position, and built the "Bronze medal--silver medal--gold medal" hierarchical certification system for each key position and frontline sales/service/technician. DFN carried out navigator program, "Hall of fame" program, and leadership program of famous universities to strengthen sense of honor of excellent staff and loyal staff of each shop.



Dealer Shop Capability Diagnosis and Improvement System to Strengthen Basic Supplier Management

On July 18, 2017, DFN launched its dealer shop capability diagnosis and improvement system. The system consists of such functional modules as management standard download, dealer shop self-diagnosis, diagnosis report inquiry, improvement suggestion base and excellent case library. The system may generate the diagnosis report automatically, conduct comprehensive and specific analysis on comprehensive capability of each shop, and offer solutions, improvement suggestions and appropriate excellent case guidance with respect to each management weakness. Manager of each dealer shop may view it, identify management weakness, and take appropriate measures to make self-improvement. The system would effectively reduce the time for on-site diagnosis and coaching of each dealer shop, thus allowing it to improve its management capability and increase sales, output and proceeds. Upon launch of the system, more than 600 dealer shops participated in and experienced Dongfeng Nissan Shop Competence Improvement System.

In 2017,

600+ shops

participated in and experienced Dongfeng Nissan Shop Competence Improvement System

ZNA

Upholding the corporate concept of "Trust, Accompanion and Achievement", ZNA built the marketing network with core competitiveness together with national dealers through mutual trust, cooperation and win-win. In 2017, ZNA offered direct training to all employees of dealers with respect to the launch of new model Navara, conducted primary and intermediate certification on sales advisors. Besides, ZNA also offered position certification training to managers of all dealers, and conducted support activities to potential dealers including sales increase and resident coaching, thus promoting the improvement of dealers' sales capability. Meanwhile, through risk alert management, ZNA identified dealers with risks in a timely manner and took remedy measures to ensure the overall stability of dealer network in 2017.



In 2017, DFI held

4 intensive trainings for main models

With

203

sales directors, internal trainers and sales advisors participating in the trainings

DFI held

29

trainings for improving sales competence

With

842

trainees participating in the trainings

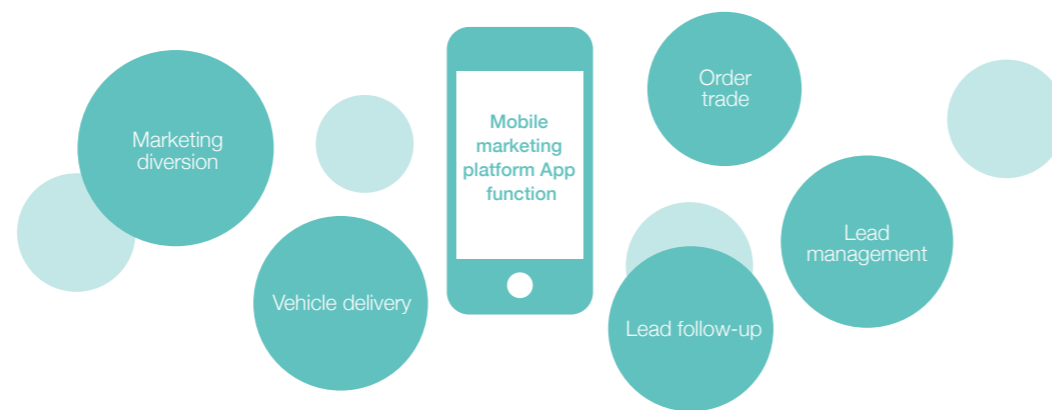
DFI

DFI focuses on the improvement of network quality and strengthens the profitability of each dealer through balance scorecard and dealer profitability management project. With the balance scorecard, as the first all-round dealer assessment system, dealers, the Group, DFI headquarters and regions may use the same management language, and offer analysis basis for promoting business improvement with the proportion of dealers with any risk dropping from 10% in 2016 to 5% in 2017. Meanwhile, DFI also conducts a series of training activities to improve dealers' sales capability.



Future Retail Helps Dealers Improve Operation Efficiency and Customer Satisfaction

In order to facilitate the growth of Infiniti brand popularity, sales and better satisfy customers' needs, DFI initiated the strategic project—Future Retail in 2017. The project includes development, promotion and application of two Apps that cover the entire customer lifecycle, i.e. mobile marketing platform and mobile insurance customer platform, establishment of new retail channels, cooperation with O2O platforms, and coverage of blank and potential markets with online methods. As the first mobile marketing platform App that integrates five core functions, including marketing diversion, vehicle delivery, order trade, lead follow-up, lead management, it simplifies the workflow of dealers and is highly thought of by dealers with its powerful functions and convenient operation mode.



Listening to Voice of Stakeholders



“ 10 Years' Cooperation and Moving Forward Side by Side

DFN adopts a just, fair and scientific QCDDS evaluation principle (i.e. objective comprehensive evaluation with respect to quality, cost, delivery, R&D and service) for suppliers' product quality and service. Firstly, quality is the life of an enterprise and every batch of product must

be inspected. Secondly, the product must have the greatest competitiveness during every product tender period. We have benefited a lot from years' cooperation with DFN and we have won the title of DFN's Excellent Supplier for eight times. During our cooperation, we have learned many advanced management concepts and applied such experience as lean production, delicacy management and field kanban management, thus improving production and operation efficiency of the company. As a result, we have become the first enterprise that has passed the informatization and industrialization integrated management system accreditation of Ministry of Industry and Information Technology in lubricant sector and the first one that has passed national site management rating and got four-star evaluation. In the future, we will continue to work with DFN and move forward to witness the glory in the next ten years.

-- Xu Baoquan, General Manager of Sinopec Lubricant Company Maoming Branch



Appendix

Outlook

Over the past year, Nissan's subsidiaries in China continued to uphold the beautiful vision of "Enriching People's Lives" and made effort in the following areas to fulfill its commitment to achieving long-term sustainable development in China with actual actions while contributing to China's economic prosperity:

Traffic safety: Upholding the principle of "people oriented", Nissan's subsidiaries in China made innovation in automotive safety technology and actively conduct safety education and promotion activities to communicate traffic safety concept and facilitate harmonious development of people, vehicle and society.

Environmental protection: Upholding the environmental protection concept of "harmonious co-existence of people, vehicle and nature", Nissan's subsidiaries in China actively responded to environmental challenges, built the full-lifecycle environmental management system and helped green development of automotive industry chain while reducing its impact on the environment.

Employee development: Nissan's subsidiaries in China created a more open working environment, provided spaces and resources more suitable for their development, respected their value and needs, and tried their best to offer assistance to employees, thus achieving common development together with employees.

Value chain management: Based on continuously improved supply chain management, Nissan's subsidiaries in China helped suppliers and dealers and other partners improve sustainability and build the value chain of shared responsibility, experience and achievements.

Community contribution: Nissan's subsidiaries in China were actively devoted to various social public benefit activities and invested in such areas as safety, environmental protection, education and humanities care, thus sharing future development value with the society.

Looking forward, Nissan's subsidiaries in China will actively cooperate with stakeholders to create a beautiful life and win the understanding and support from stakeholders with more influential fulfillment practice, thus realizing the corporate vision of "Enriching People's Lives".

Social Recognition

Award Winner	Name of Award	Issuing Authority
NCIC	Outstanding Contribution Award for Public Benefit Education	Central Committee of the Communist Youth League, k618.cn
	Annual Scientific and Technological Enlightenment CSR Award at the 2nd Boyuan Awards	Global Times
DFN	Annual Enterprise Award at the 12th People's CSR Awards	People.com.cn
	2017 China Outstanding Enterprise Award for Social Responsibility	News.cn
	Best CSR Practice Award	China Business Journal
	Excellent Practice Award	China Business News
	Annual Brand Public Benefit Award in 2017 1st China Automotive Public Benefit Ceremony	China Automotive News
	Award for the Brand with Greatest Social Responsibility, Best Service Quality Award	Top Auto
	2017 Annual CSR Contribution Award	Economic Observer
	Annual Customer Care Award at 2017 China Automotive CRM Awards	Auto Driving & Service, auto.qq.com
	Annual Award at 2016 Public Benefit Communication Awards	Nanfang Daily
ZNA	Annual Public Benefit Innovation Brand at the 5th Hubei Automotive Golden Wheel Awards	Hubei Daily
	Annual Brand Public Benefit Award at 2017 1st China Automotive Public Benefit Ceremony	China Automotive News
	Advanced Unit in CSR for the Year of 2016-2017	Dongfeng Motor Corporation
	Excellent CSR Practice Project for the Year of 2016-2017	Dongfeng Motor Corporation

Third-party Evaluation



2018 Sustainability Report of Nissan's Subsidiaries in China is the fifth report that Nissan has released in China. Compared with the previous report, this report completely records the way of sustainability of Nissan, a leading automotive enterprise in China's market, and offers us reading experience with more freshness.

This is a report that a leading auto brand systematically tells the influence and value of operation mode. By combining sustainable development management and enterprise operation mode, the report reflects the new idea of Nissan's subsidiaries in China in seeking maximization of comprehensive value of economic, environmental and social through innovative practice from three aspects including environment, society and governance. In the meantime, in realizing their own sustainable development, Nissan's subsidiaries in China have given full play to their own motive and influence, and actively contributed to industrial innovation and sustainable development. Amongst them, typical examples include promoting the development and use of electric vehicle technology and jointly preparing *New Energy Vehicle Blue Paper*.

This is a report that fully demonstrates the implementation of sustainability strategy. The report clarifies the relationship between sustainability strategy and practice, and attaches more emphasis on the analysis of China's local sustainability development background and the disclosure of management methods in terms of content. It also has better substantiality in respect of performance practice, and based on

extensive survey over stakeholders, identifies 37 material topics. In the report, key disclosure is made with respect to those topics on which stakeholders attach great emphasis. Moreover, the report also demonstrates the liability and commitment of Nissan's subsidiaries in China to the contribution to China's sustainable development with detailed digital performance.

This is a report that communicates with stakeholders through sufficient sincerity. In this report, I'm pleased to see something different from the previous reports—the chapter Main Part contains a section "Listening to the Voice of Stakeholders" in which six figures describe the CSR actions of Nissan's subsidiaries in China in six CSR areas, i.e. Environment, Safety, Quality, Employee, Philanthropy and Value Chain. By doing so, the report is not only getting closer to the readers, but also shows Nissan's commitment to seeking the understanding, identity and support of stakeholders because of the true storytelling of participants.

The development of social responsibility is always never fading. I also hope that Nissan can hold its original aspiration for contributing to the transformation and upgrade of China's automotive industry and inject new motive to the sustainable development of the industry and China's social progress with more influential actions.

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Yu Zhihong,
President/Editor-in-Chief,
China WTO Tribune

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