

**NISSAN GROUP
OF CHINA**



2017

**SOCIAL RESPONSIBILITY REPORT
OF NISSAN'S SUBSIDIARIES IN CHINA**

About This Report

Period Covered

From January 1 to December 31, 2016. 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 fourth corporate social responsibility (CSR) report released by Nissan Motor Corporation in China.

Data Specification

All the data used in this Report is sourced from official documents and statistical reports of Nissan's subsidiaries in China, and the 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 prevails. All the amounts in this Report are denominated in RMB (yuan) unless specified otherwise.

Reference Standards

This Report is prepared based on the GRI G4 Sustainability Reporting Guidelines and by referring to Chinese standards and international standards.

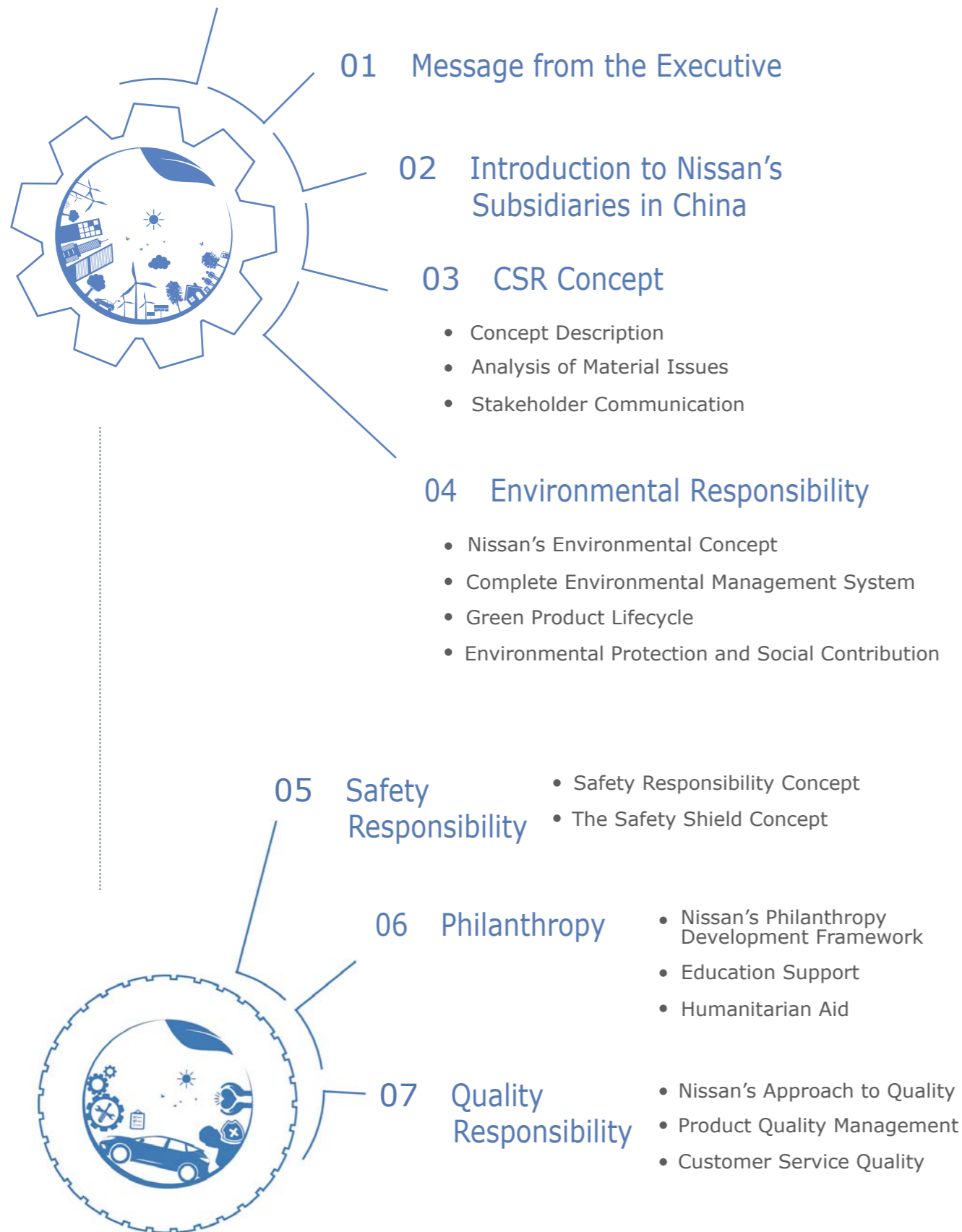
Reliability Assurance

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.

Availability

This Report is available for download on the official website of NCIC.
Website: <http://www.nissan.com.cn/csr/china/china/psd.php>

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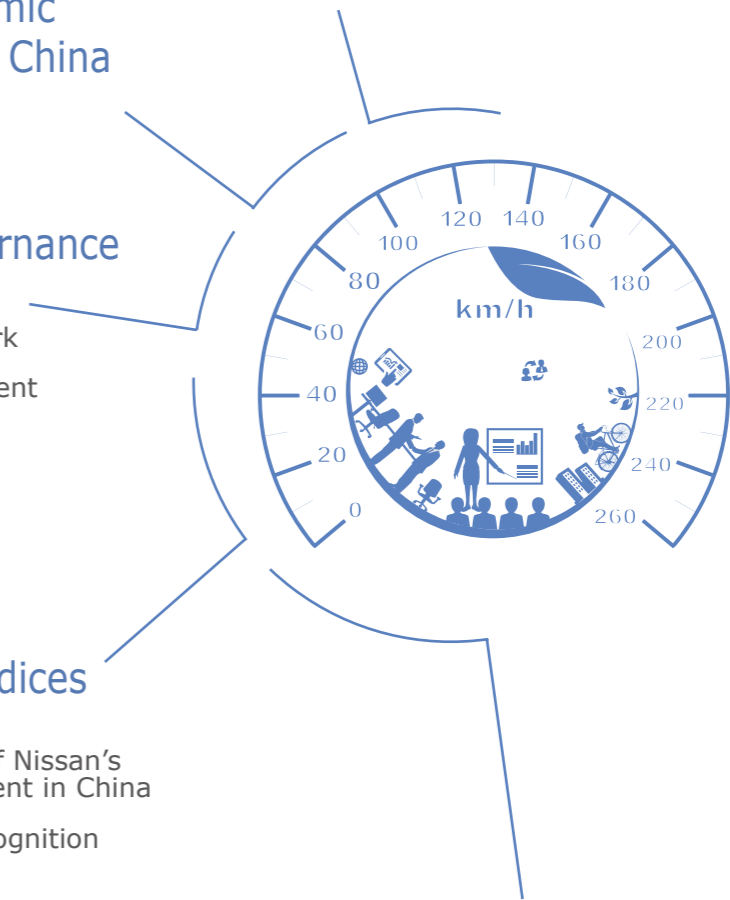
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Message from the Executive



Nissan leads the way toward a new era of sustainable mobility and aims to be one of the most sustainable companies in the world by working on innovation and acting with integrity.

China has become the largest and most intensely competitive automotive market in the world, and the flourishing Chinese market provides a valuable development opportunity for Nissan. Since 1973 when the first Nissan Cedric was introduced in China, Nissan has been developing rapidly in the country. Working together with Chinese partners, Nissan successively founded ZNA, DFM, DFN and DFI, all of which are joint ventures. With two brands, Nissan and Infiniti, at present, the company provides Chinese consumers with superior automotive products and related services. In 2016, Nissan's sales in China, including imported cars, passenger vehicles and light commercial vehicles, surpassed 1.3 million vehicles, and its export value of auto parts ranked first among those of Chinese vehicle exporters. Thus, Nissan has become a mainstream brand in China's automotive market.

With the corporate vision of Enriching People's Lives, Nissan actively uses its own technical advantages and works with various stakeholders to solve today's environmental and safety issues that are closely related to social sustainable development. In 2016, Nissan's subsidiaries in China continuously promoted their strategic blueprint in eight areas, i.e., environment, safety, philanthropy, quality, value chain, employees caring, sustainable economic contribution, and corporate governance & internal control. Rooted in China, they worked on local innovation and contributed significantly to the sustainable development of the society.

Nissan has always been committed to changing the way vehicles are powered, driven and integrated into the society. More importantly, we have made a further breakthrough in redefining the relation between people and vehicles. Based on three modules, i.e., Intelligent Driving, Intelligent Power and Intelligent Integration, Nissan Intelligent Mobility protects drivers and passengers with advanced technologies, such as the Nissan i-SAFETY intelligent anti-collision safety system, and gradually introduces Autonomous Drive technologies to achieve further progress towards Intelligent Driving's goal of "zero collision." Fully realizing the urgency and importance of energy saving, emission reduction and improvement of China's air quality, Nissan's subsidiaries in China have set up the Chinese Environmental Management Committee to establish strict environmental goals, minimize the emissions of carbon dioxide and other pollutants in such steps as product planning, design, manufacturing to sale and use, push PURE DRIVE into the 3.0 era in China and apply it to various electric vehicles and hybrid vehicles for the purpose of truly fulfilling Intelligent Power's mission of "zero emission." By using such virtual experience technologies as VR to bring immersive scene experience to consumers, Nissan Intelligent Mobility enables consumers to have an earlier and closer look at the future era of intelligent mobility in the "zero distance" interaction between people and vehicles and gain a full understanding of the safe, environment-friendly and wonderful automobile life brought by Nissan's intelligence concepts in future.

While focusing on compliant operation and quality assurance, we will also extend the technical advantages of our products to the entire value chain as well as to the social environment; closely work with all stakeholders; keep improving the quality of each of Nissan's products and services while achieving common development with all stakeholders, thereby creating a better world together.

Over more than 40 years, Nissan has been fully integrated into the Chinese market and achieved outstanding outcomes in the presence of various stakeholders. Still with a lot of sustainability work to do in future, Nissan's subsidiaries in China will continue their efforts, seize development opportunities in the "new normal" and work together with Chinese partners to make a breakthrough in technical localization and to pursue innovation in practice, with a view to creating the value and motive for the sustainable development of Chinese society.

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

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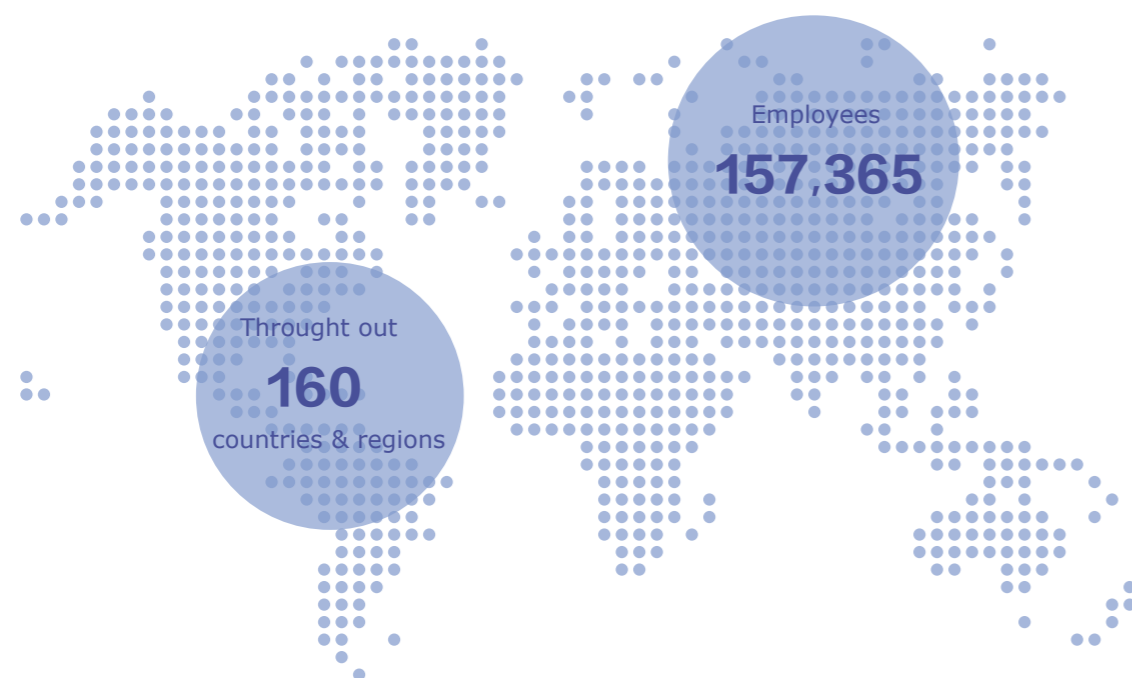
**Introduction to Nissan's
Subsidiaries in China**

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.



Nissan Motor Corporation was founded in Yokohama, Kanagawa, Japan in 1933. With altogether 157,365 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 made remarkable achievements in China with over 20,000 employees and an annual sales exceeding 1.3 million units. Related companies include Nissan (China) Investment Co., Ltd., its wholly-owned subsidiary, and co-founded Dongfeng Motor Co., Ltd. (hereinafter referred to as "DFL") with Dongfeng Motor Corporation. Dongfeng Nissan Passenger Vehicle Company (hereinafter referred to as "DFN ") and Zhengzhou Nissan Motor Company (hereinafter referred to as "ZNA "), as subsidiaries of DFL, are responsible for the production and sales of Nissan brand vehicles, covering passenger cars, SUV MVP, high-performance sports cars and commercial vehicles, providing customers with a wealth of options. In 2014, DFL set up wholly-owned subsidiary- Dongfeng Infiniti Motor Co., Ltd. (hereinafter referred to as "DFI"), enable Infiniti vehicles to deliver values to Chinese consumers on a more sustainable basis.

Nissan (China) Investment Co., Ltd. (hereinafter referred to as "NCIC"), found in February 2004 and with 289 employees, 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 purchasing and export of competitive auto parts made in China.

Dongfeng Motor Co., Ltd. (hereinafter referred to as "DFL") , founded in 2003, is the first joint venture auto company in China that owns a full range of passenger cars and light commercial vehicles. Its subsidiaries include Dongfeng Nissan Passenger Vehicle Company, Dongfeng Infiniti Motor Co., Ltd., Zhengzhou Nissan Motor Company etc., altogether seven divisions. It is the sole overseas project of Nissan that operates in a full range of cooperation .

Dongfeng Nissan Passenger Vehicle Company (hereinafter referred to as "DFN"), founded in June 2003 and now has about 17,860 employees, is the fastest growing joint venture company in the automotive industry of China as of now. At present, it has built a strategic blueprint in which the four major bases, i.e., Huadu, Xiangyang, Zhengzhou and Dalian, stretch from the north to the south and have their respective focuses. DFN also produces and sells 19 models of cars that are prestigious in China, including "Teana," "X-Trail," and "Sylphy." ,and is an important part of Nissan Motor Corporation in China.

Zhengzhou Nissan was founded in March 1993 and now has 3,938 employees. ZNA has long been committed to specialization of LCVs and upgrade of market segments. It produces and sells pickup "NAVARA", CDV model NV200, which are famous in domestic market. ZNA is responsible for development of Nissan brand light commercial vehicle products and related services in China.

Dongfeng Infiniti Motor Co., Ltd. (hereinafter referred to as "DFI") was officially founded in September 2014. It is an independent, wholly-owned subsidiary of Dongfeng Motor Co., Ltd., which is a joint venture based on a share ratio of 50:50 between Dongfeng Motor Corporation and Nissan Motor Corporation. In accordance with the principle of "One Strategy, One Brand, One Team, One Channel," DFI independently operates the Infiniti brand and works on corporate development, providing customer with a rich choice of mainstream luxury models.



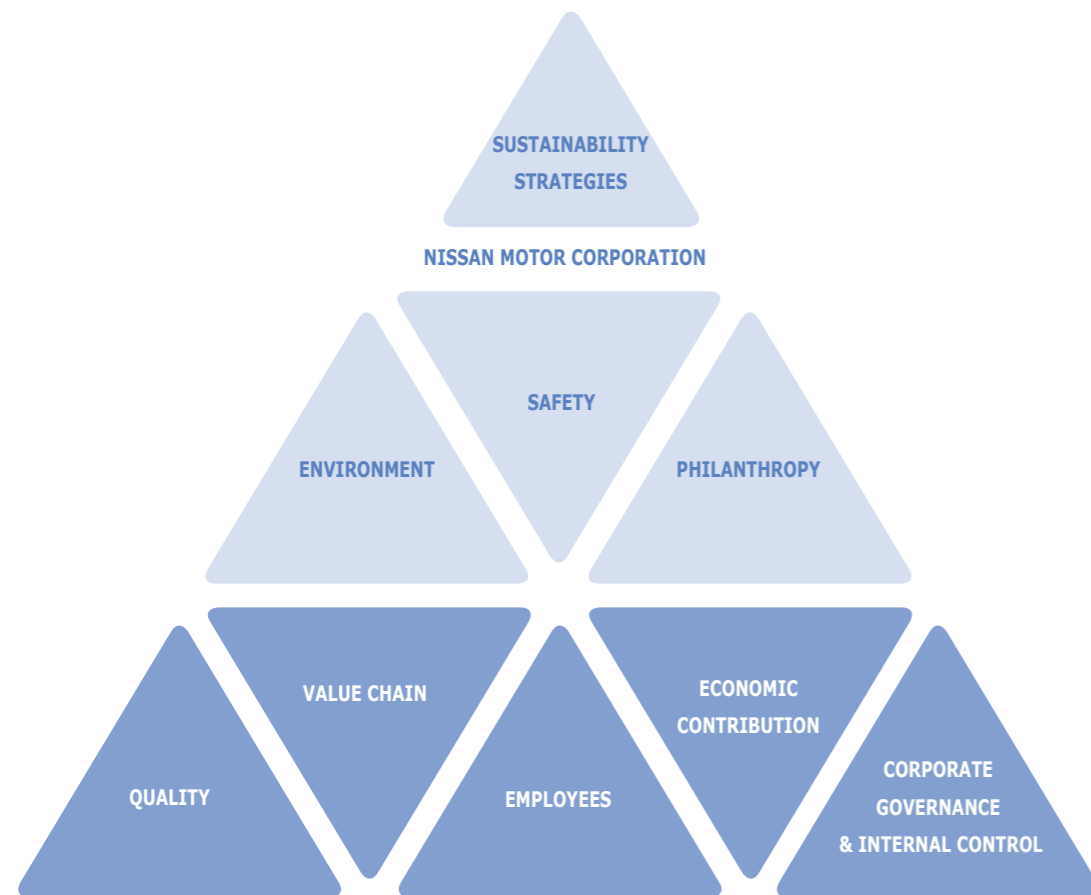
3 / **CSR Concept**

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1 Concept Description

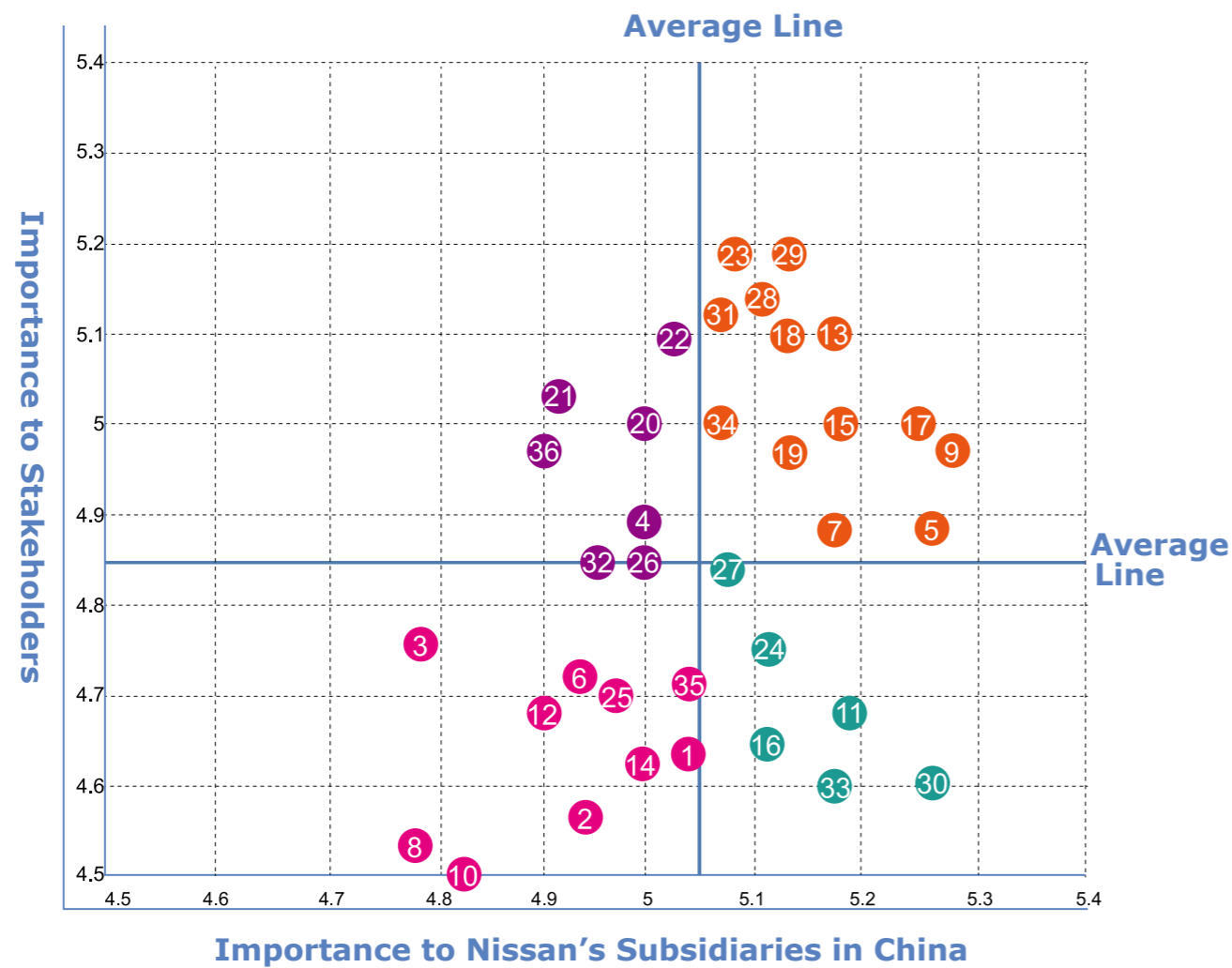
Guided by the corporate vision of Enriching People's Lives, Nissan proposed the CSR concept of "Blue Citizenship" for the purpose of protecting our beautiful blue planet. In addition to ensuring sustainable, profitable growth, Nissan seeks to contribute to the sustainable development of society. Hence, Nissan's subsidiaries in China work together with various stakeholders and focus on eight areas, i.e., environment, safety, philanthropy, quality, value chain, employees, economic contribution, and corporate governance & internal control, to create a better future achieving "a Symbiosis of People, Vehicles and Nature."



ENVIRONMENT	Nissan aims to lead a social transformation aimed at bringing about a sustainable mobility society by reducing vehicles' environmental impact throughout their lifecycle and expanding the lineup of effective green products and technologies.
SAFETY	Nissan develops innovative technology, such as Autonomous Drive, and plays an active role in safety promotion, making the automobile society safer for all.
PHILANTHROPY	Nissan carries out social contribution activities as a corporate citizen, focusing on the environment, education and humanitarian support.
QUALITY	Nissan provides top-level quality in its products and services around the world.
VALUE CHAIN	Nissan promotes ethical, environmentally sound actions in all stages of the supply chain.
EMPLOYEES	Nissan aims to form an attractive organization where diverse human resources can achieve personal growth through experience in global business.
ECONOMIC CONTRIBUTION	Nissan aims for sustainable, profitable growth, contributing to economic development for all of society.
CORPORATE GOVERNANCE & INTERNAL CONTROL	Nissan aims to conduct fair, impartial and efficient business activities by adhering to the applicable laws and corporate rules.

2 Analysis of Material Issues

In order to improve CSR management level and identify material issues important to stakeholders and corporate development, NCIC selected 36 focused issues based on Nissan Motor Co. Ltd. 's material issues, international standards and industrial development features and in consideration of business operations of Nissan's subsidiaries in China, and conducted special surveys for various stakeholders, including customers, suppliers, dealers, employees and local communities. According to the survey results of this year, Nissan's subsidiaries in China chose 13 high-materiality issues that have a significant effect on them and their stakeholders (see the matrix below) and highlighted these issues for disclosure in reports.



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

3 Stakeholder Communication

Nissan defines its stakeholders as those individuals and organizations that affect or are affected by the company's business. Nissan's subsidiaries in China pay close attention to the views of various stakeholders; improve communication channels by providing a variety of opportunities for communication; align corporate activities with societal needs; work to identify opportunities and risks; provide substantive responses to feedback from stakeholders; and disclose relevant information through different channels, such as CSR reports and internal sharing, to both inside and outside of the company in a timely manner.

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"> • Resource and energy management • Recycling • Wastewater and waste treatment • Environmental impact of products and services • Green logistics • Activities regarding Environmental and Public Benefit • 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 • Volunteer service • Safety promotion • 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
Communication Channels and Main Countermeasures	<ul style="list-style-type: none"> • Economic contribution • Compliant operation • Information Security Management Committee • Concept of environmental protection and "harmonious coexistence between people and car" • Nissan Green Plan 2016 • Traffic safety research 	<ul style="list-style-type: none"> • Establish an environmental management system • Green product lifecycle • Zero Emission • PURE DRIVE • Green production, storage and transportation management performance • Carry out environmental training for suppliers • "Green Shop" certification • Formulation of the Nissan Green Purchasing Guidelines • Environmental and social contribution practice 	<ul style="list-style-type: none"> • "Triple-layered Protection" safety approach • Nissan i-SAFETY intelligent safety technology • Nissan's approach to quality • Dongfeng Nissan 5-year quality plan • Nissan 5 excellent service concept • Zhengzhou Nissan new customer service center • Zhengzhou Nissan customer satisfaction promotion agenda • Zhengzhou Nissan Quality Investigation Joint Group • Dongfeng Nissan National Service Skills Competition • Intimate customer service activities 	<ul style="list-style-type: none"> • Protection of employees' rights and interests • Improve the salary and welfare system • Create a safe and healthy working environment • Set up diverse communication channels • Zhengzhou Nissan 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 • Dongfeng Nissan "Sunshine· Care, Assistant Teaching for the Future" Public Service Assistant Teaching • Zhengzhou Nissan "Hand-in-Hand Project" • Infiniti "Love Dream Fund" • Humanitarian Care • Dongfeng Nissan Intelligent Mobility Safety Experience Camp • Assist in holding "The 10th China Road Traffic Safety Forum" • Carrying out employee volunteer activities 	<ul style="list-style-type: none"> • Formulation of the Renault-Nissan CSR Guidelines for Suppliers • Dongfeng Nissan supplier theme day • Nissan China "Thanksgiving" Activities • Dongfeng Nissan suppliers ability synchronous evaluation system • Zhengzhou Nissan supplier qualification evaluation criteria • Provide improvement guidance and training for suppliers 	<ul style="list-style-type: none"> • Establish dealer management mechanisms • Provide capacity enhancement training



**Environmental
Responsibility**

Based on its concern about global environmental issues, Nissan created the environmental concept of “a Symbiosis of People, Vehicles and Nature.” By establishing a comprehensive environmental strategy and a complete environmental management system, setting strict environmental goals, working together with its partners in the value chain for promotion of harmonious, balanced development between economic benefits and environmental protection, and carrying out a series of environmental and social contribution activities, Nissan seeks to instill the concept of green development into people.

1 Nissan’s Environmental Concept

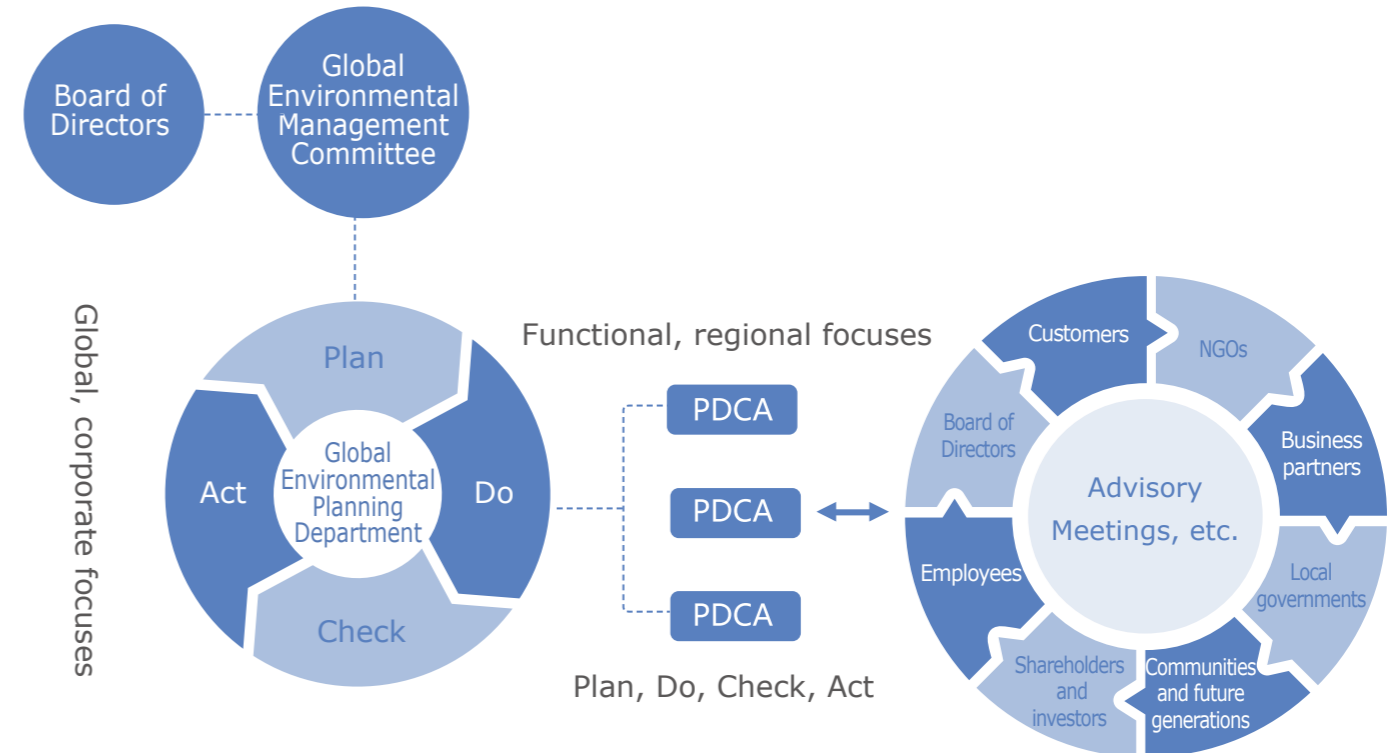
Aiming to be a “Sincere Eco-Innovator,” Nissan established the environmental concept of “a Symbiosis of People, Vehicles and Nature” and implemented this concept in various areas, such as corporate development strategies and product R&D. Moreover, the company proposed the environmental goal of “reducing the environmental impact caused by daily operations and products throughout their lifecycle to a level that the Earth can naturally absorb by promoting effective use and recycling of energy and resources.” In 2011, Nissan launched Nissan Green Program 2016 (NGP2016), which featured four specific key actions: zero-emission vehicle penetration, fuel-efficient vehicle expansion, corporate carbon footprint minimization, and natural resource use minimization. Nissan made significant progress on each of the four key action points of NGP2016 and completed the six-year plan in FY2016.

Key Focus Area	NGP2016 Target	NGP2016 Results
Zero-emission vehicle penetration	Achieve number-one global market share	Achieved number-one cumulative sales and market share
Fuel-efficient vehicle expansion	Improve corporate average fuel efficiency (CAFE) by 35% from FY2005	Improved by 36.5% (achieved in FY2014)
Corporate carbon footprint minimization	Reduce CO ₂ emissions of global corporate activities by 20% (t-CO ₂ /vehicle, vs. FY2005)	Reduced by 22.3% (achieved in FY2014)
Natural resource use minimization	Increase recycled material usage ratio per new vehicle by 25%	Achieved rate of over 25%

2 Complete Environmental Management System

In order to implement its environmental concept and achieve its environmental goal more effectively, Nissan set up a global environmental management system. In this system, Nissan’s Global Environmental Management Committee (G-EMC) holds two environmental meetings annually and reports the outcomes of these meetings to the board of directors, which determines final environmental plans and decisions. Meanwhile, the Global Environmental Planning Department, a division set up under G-EMC, is responsible for performing specific environmental tasks. Since 2013 when Nissan established the Chinese Environmental Management Committee, the environmental management level of Nissan’s business entities in China has been continuously improved, which has greatly promoted the process of green development.

Environmental Management Organization



DFN gives active responses to “green manufacturing,” one of the basic policies of the “Made in China 2025” plan, and adheres to NGP2016 and the DFL Environmental Strategy 2020 of its parent company. By building environment-friendly factories, DFN seeks to achieve harmony among people, vehicles and the environment based on green manufacturing. From green manufacturing through every stage of vehicle usage, DFN strives to minimize the negative impact of vehicles on the environment, with a view to building a trustworthy automaker as well as a green leader.

3 Green Product Lifecycle



Always considering resources and environmental factors in parallel and comprehensively at every stage of the product lifecycle, Nissan aims to apply the green concept throughout the process, including R&D, purchasing, production, logistics, sales and service, and to minimize the environmental impact.

Green R&D

Nissan's subsidiaries in China highly value green R&D and incorporate the environmental concept into their products from the source. On the one hand, DFN develops and promotes zero-emission vehicles by using EV technology. In research and development of new energy technology, DFN built the "PURE DRIVE" system that is centered on "Supercharging hybrid system + EV," based on Nissan's zero-emission all-electric powertrain technology. This system has been successfully used in a range of all-electric vehicles and hybrid vehicles. Moreover, with increased capacity of lithium-ion batteries, these vehicles provide longer driving ranges while maintaining their original size, thus further improving usefulness and driving experience.

On the other hand, Nissan believes it is equally important to improve the fuel economy of engine-powered vehicles at present. By developing outstanding environmental technologies that use PURE DRIVE to maximize fuel efficiency of engines and introducing these technologies to the market, Nissan seeks to reduce CO₂ emissions during the vehicle usage process. Pushed by DFN, PURE DRIVE has officially entered the 3.0 era in China. As a powertrain with sufficient power output and top-level fuel economy, it achieves a perfect balance between high power and low fuel consumption, thus helping to improve the environment.

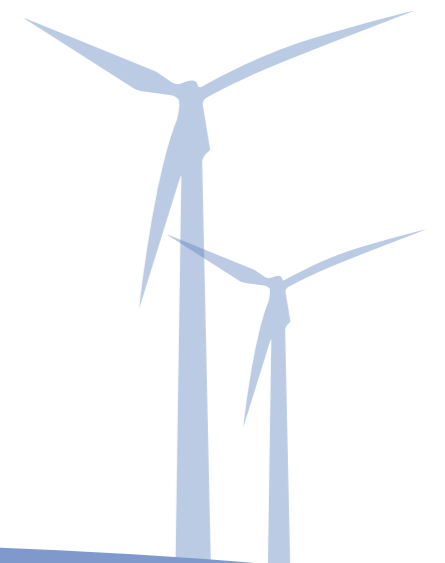
Besides, DFN focused on improving the interior of vehicles in 2016, in order to create a healthier and greener environment within vehicles. Pioneering the use of applicable environmental technologies, DFN chose those raw materials containing low volatile organic compounds (VOCs) or not containing VOCs and used them in 12 interior assemblies of vehicles, such as dashboards and seats, thus significantly reducing the release of VOCs and other irritant or poisonous gases in vehicle cabins and enabling the interior quality of vehicles to reach the international leading level.

Green Purchasing

Nissan's subsidiaries in China have set up green purchasing systems, which have strict requirements for suppliers at various levels to improve their performance in the environmental area. Through the China Automotive Material Data System (CAMDS), DFN and ZNA worked with suppliers to establish the nationwide automotive material recycling system (MARS), which requires suppliers to comply with compulsory requirements of national regulations on automotive material recovery rates and banned substances.



DFN expressly requires that its suppliers adhere to national laws, regulations, orders, practices, decrees or standards concerning environmental protection or occupational health and safety. As of present, DFN suppliers, including parts and material suppliers, have fully met the requirements for green purchasing. Besides, DFN requires its suppliers to undergo the investigation and assessment of environmental and safety conditions and encourages them to receive third-party certification for environmental systems, with a view to controlling risks from the source. It is estimated that all of the major suppliers of parts and materials will obtain third-party certification for environmental systems by 2020.



Green Plants

● Green Production Management

In order to carry out green production management and fulfill the concept of green production more effectively, DFN exercises strict control at each stage of the production process and works to achieve the goal of green production by taking a series of measures, such as investment in energy-saving projects, preparation of strict emission management standards, quantitative control and emission monitoring. In 2016, DFN's Huadu plant reduced CO₂ emissions by 1,448 tons by controlling the number of air compressors and using the terminal decompression system; the Zhengzhou plant reduced CO₂ emissions by 637 tons by making use of the waste heat from regenerative thermal oxidizers (RTOs) in the paint workshop; the Huadu plant achieved a reduction in CO₂ emissions of 646 tons by using the compression heat adsorption dryers; and the Xiangyang plant reduced CO₂ emissions by 611 tons by making use of the waste heat from baking ovens of paint line 2.

Well implemented and working effectively, DFN's quality, environmental and occupational health and safety management system meets the requirements of standards GB/T 19001-2008, GB/T 24001-2004 and GB/T 28001-2011. On October 28, 2016, this system received third-party certification for quality, environmental and occupational health systems and passed the registration assessment.

In 2016, DFN Huadu plant reduced CO₂ emissions by **1,448** tons by controlling the number of air compressors and using the terminal decompression system;

The Zhengzhou plant reduced CO₂ emissions by **637** tons by making use of the waste heat from regenerative thermal oxidizers (RTOs) in the paint workshop;

The Huadu plant achieved a reduction in CO₂ emissions of **646** tons by using the compression heat adsorption dryers;

The Xiangyang plant reduced CO₂ emissions by **611** tons by making use of the waste heat from baking ovens of paint line 2.

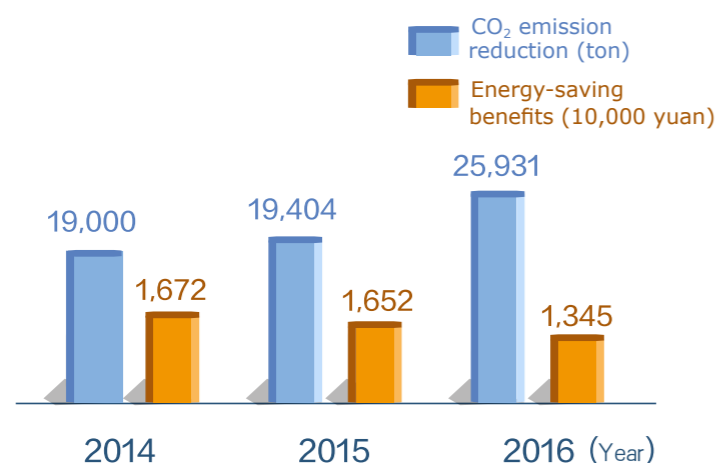


In 2016, DFN's investment in energy saving and emission reduction projects reached **19.89 million** yuan.

● Energy Saving and Consumption Reduction

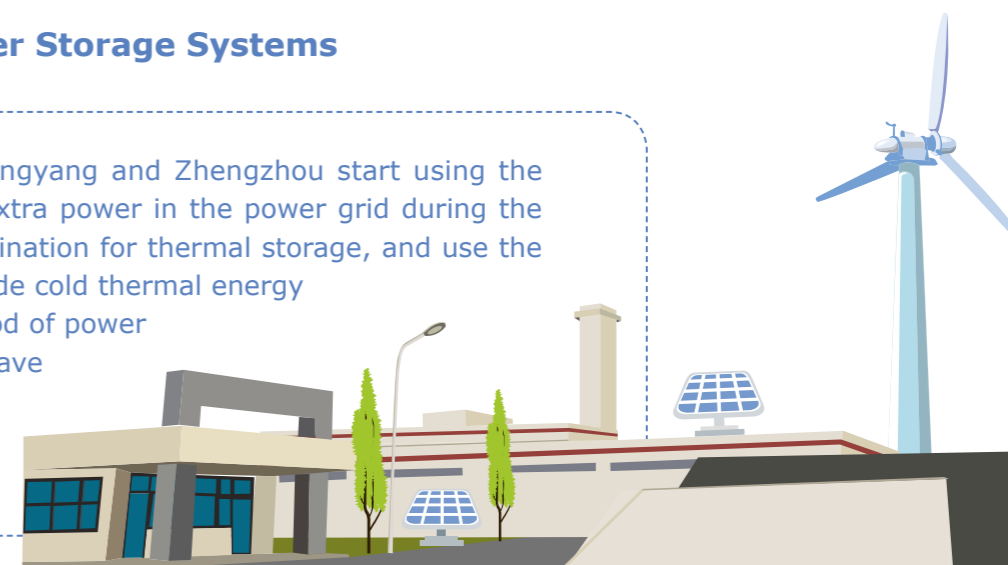
By using renewable energy and promoting photovoltaic power generation with every effort, DFN has greatly reduced CO₂ emissions during the production process. DFN started implementing photovoltaic power generation projects in 2015. As of 2016, the project of the Huadu plant had almost been completed, while the projects of the plants in Xiangyang, Zhengzhou and Dalian were being prepared actively. At present, the Huadu plant is confirmed to have an installed capacity of 87 MW and an annual power generation of 26.5 million kWh, thus achieving an annual reduction in CO₂ emissions of 19,500 tons and an annual profit of 3.08 million yuan. Through photovoltaic power generation projects, these plants' internal usage rate of green energy may increase from 0% to 4.5% and rank second in the automotive industry. In particular, the completed project of the Huadu plant can enable the usage rate of green energy to rise from 0% to 8%, thus effectively reducing power consumption. In addition to photovoltaic power generation, DFN reduced CO₂ emissions by 1,448 tons and 1,248 tons by controlling the number of HD air compressors and using the terminal decompression system and by making use of waste heat, respectively.

Besides, DFN identified those paint workshops with high water consumption and took a range of energy and water saving measures to reduce energy consumption through various energy saving and emission reduction projects. In 2016, DFN introduced a new paint process, which eliminates a baking step from the traditional process and can reduce power consumption, gas consumption and VOC emissions by 20%, 20% and 50% respectively. For paint workshops with high water consumption, DFN greatly reduced the usage of raw materials and fresh water and used new degreasers and other environmental technologies to improve the recycling rate and extend the recycling cycle of water. As a result, the company successfully reduced circulating-water discharge cycles from the original 6 cycles per year to 4 cycles per year.



DFN's Construction of Chilled Water Storage Systems

At present, the plants in Huadu, Dalian, Xiangyang and Zhengzhou start using the chilled water storage technology. They use extra power in the power grid during the nighttime and sensible heat of water in combination for thermal storage, and use the stored low-temperature chilled water to provide cold thermal energy used by air conditioners during the peak period of power consumption in the daytime. Thus, DFN can save a power cost of more than **600,000** yuan annually.



● Clean Emissions and Efficient Recycling

▶ Exhaust gas emissions

In order to reduce VOC emissions in the exhaust gas generated in the production process, DFN uses various environmental processes and technologies. On the one hand, DFN replaces oil-based paints with water-based paints, which helps reduce VOC emissions by 67.8% and the usage of oil-based paints by more than 50%, thus leading to an annual reduction in VOC emissions of 286.5 tons. On the other hand, the company has introduced an inorganic-sand process and promotes the process for full coverage, which helps eliminate exhaust gas emissions and leads to an annual reduction in VOC emissions of 6.78 tons. In 2016, DFN's VOC treatment efficiency was as high as 99%.

ZNA uses regenerative thermal oxidizers (RTOs), equipment for treatment of organic gases generated from paint baking and painting, to oxidize VOCs in the exhaust gas into CO₂ and water, with a view to reducing air pollution significantly. The VOC treatment rate of ZNA is 95%.



▶ Wastewater discharge

DFN's Huadu plant can achieve zero discharge of wastewater by optimizing and transforming the treatment process. DFN carries out treatment of production wastewater and domestic sewage through the recycled-water treatment facilities. After that, part of treated water is reused for plant greening, road and workshop spraying and other purposes. The rest is reused for pre-painting treatment and circulating-water supply after undergoing treatment in the reverse osmosis system. At present, DFN has set up five sets of recycled-water treatment facilities at the plants in Huadu, Dalian, Xiangyang and Zhengzhou. After meeting certain requirements, the treated wastewater is used for plant landscape greening and production.

In 2016, the Huadu plant achieved zero discharge for all wastewater. These plants now can annually reduce wastewater and chemical oxygen demand (COD) by around **4 million tons** and **200 tons** respectively.

ZNA further improved its wastewater treatment capacity in 2016. At present, ZNA has met the first-class standard specified in the Integrated Wastewater Discharge Standard. Its COD discharge concentration has decreased by 50% to 50 mg/L, amounting to a COD reduction of 4,215.5 kg from the 2015 level.

▶ Waste treatment

DFN strictly classifies solid wastes for recycling, organizes training on classification of recycled materials for employees and carries out supervision on a daily basis. In 2016, DFN achieved a 100% recycling rate for reusable wastes, which totaled 169,857 tons. In addition, the comprehensive utilization rate of solid wastes and the recycling rate of wastes reached 96.5% and 96% respectively.

With respect to treatment of hazardous wastes, DFN has taken a series of measures, such as application of bioflocculants, reduction of paint residue generation and double baking treatment of paint residues and sludge. As a result, the company has reduced the volume and weight of paint residues and sludge by approximately 50%, thus reducing both the generation of hazardous wastes and the landfill required. For those hazardous wastes already generated, DFN works with cement plants to achieve recycling and zero landfill of hazardous wastes, achieving a 100% recycling rate for solid wastes.

With regard to recycling of waste batteries, DFN established cooperation with a top Chinese company engaged in recovery of waste batteries in 2016, with a view to disassembling and recycling waste batteries. Through professional physical disassembly and chemical treatment, the recovery rate for all materials of waste batteries can reach 98%. Thus, efficient recovery of resources may be achieved.

Transformation of Waste Batteries

By reconstructing the battery charging/discharging system, DFN recovers and reuses degraded batteries of electric vehicles (EVs) and transforms them into the batteries that are applicable to automated guided vehicles (AGVs) and have the function of automatic charging. The transformed AGV automatic-charging batteries, whose service life can be extended from 2 years to 5 years, contain no heavy metals and are pollution-free and highly safe. As of now, the Huadu plant has made more than 100 AGV batteries and saved a cost of approximately 1 million yuan. This technology will gradually be put in use in DFN's plants in the four regions and be used in electric tractors and electric forklift trucks.



In consideration of different features of three types of wastes, ZNA treats them in different ways: putting hazardous wastes in the hazardous waste repository of its plant for temporary storage, and then handing over them to a qualified organization for harmless disposal; delivering recyclable wastes to a third party for recycling; and delivering domestic garbage to a sanitation brigade for disposal. In 2016, ZNA totally recovered 6,334.92 tons of reusable wastes, with a waste recovery rate of 94.4%. In addition, its comprehensive utilization rate of solid wastes reached 100%.

Green Logistics

With regard to logistics, DFN focuses on the performance in energy saving and consumption reduction. In 2016, DFN added 30 new transport belts and inter-warehouse slide rails to save human resources significantly; reduced energy consumption by improving the proportion of water and rail transport from 29% to 42%, reducing single volume in transport, increasing loads and lowering transport frequency; and replaced existing fuel forklift trucks in its plants with electric forklift trucks to maximize energy-saving efficiency and achieve energy conservation and emission reduction for logistics activities within its plants.

Green Sales and Service

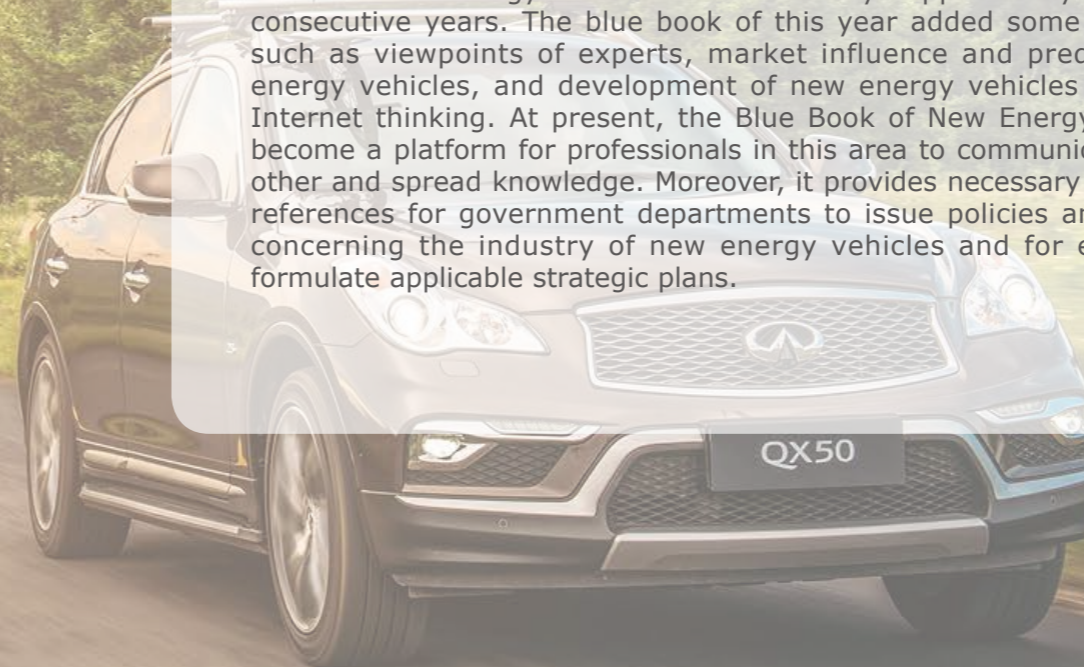
In order to promote its green concept more effectively in the area of sales and service, DFN works on establishment of a complete environmental management system and improvement of environmental facilities to reduce energy consumption and operation costs and urge its dealers to voluntarily take on environmental responsibilities. Hence, DFN promotes the "Green Shop" certification nationwide, which requires the shops to meet the requirements of the DFN Green Shop Manual and pass the "Specialist's Review," in addition to obtaining the ISO 14001 environmental management system certification. Besides, the shops have to sign the Guarantee for Construction of DFN Green Shop, promise to comply strictly with the requirements for management and operation of the Green Shop, and promote its construction and reconstruction actively. As of 2016, nearly 300 shops had been certified.

4 Environmental Protection and Social Contribution

In addition to promotion of their green product lifecycle, Nissan's subsidiaries in China work with various stakeholders to drive sustainable development of the whole industry by supporting the research on cutting-edge environmental technologies and products.



In 2016, NCIC, the China Automotive Technology & Research Center and other organizations co-hosted the 2016 International Forum on the Blue Book of New Energy Vehicles, which attracted more than 100 professionals to attend, including Chinese and foreign senior experts in the area of new energy vehicles as well as representatives of the press and enterprises in the industry. Since 2013 when it was published for the first time, the Blue Book of New Energy Vehicles has been fully supported by NCIC for four consecutive years. The blue book of this year added some hot contents, such as viewpoints of experts, market influence and prediction of new energy vehicles, and development of new energy vehicles based on the Internet thinking. At present, the Blue Book of New Energy Vehicles has become a platform for professionals in this area to communicate with each other and spread knowledge. Moreover, it provides necessary examples and references for government departments to issue policies and regulations concerning the industry of new energy vehicles and for enterprises to formulate applicable strategic plans.





**Safety
Responsibility**

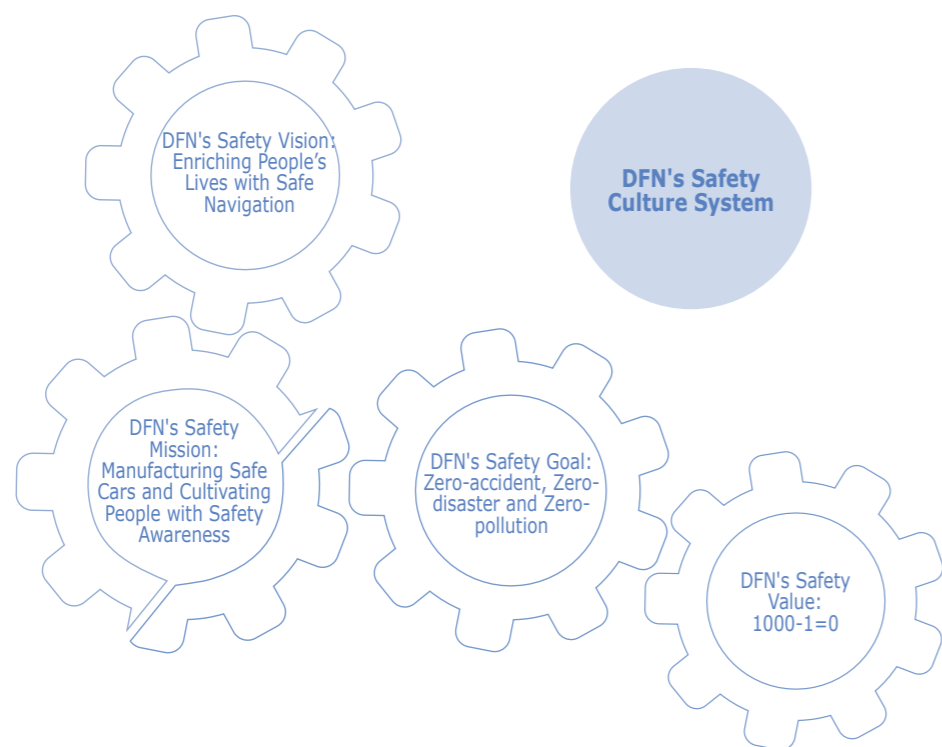


Taking the pursuit of “the most effective vehicle safety” as its basic responsibility, Nissan continues to develop comprehensive advanced safety technologies to help drivers and passengers avoid potential risks. Meanwhile, Nissan actively carries out traffic safety promotion activities, communicates the knowledge and concepts of safe driving and traffic civilization to the public and promotes the communication on solutions of traffic safety issues among various social sectors to help build a safe and better automobile society.

1 Safety Responsibility Concept

People are at the center of the driving experience is always Nissan’s core safety concept. Hence, Nissan continues to improve the safety of its automotive products based on the safety thinking and advanced R&D technology, and makes a continuous effort to achieve the ultimate goal of “To reduce the number of fatalities and serious injuries involving Nissan vehicles to virtually zero.”

Guided by Nissan’s core safety concept, DFN built the “safe-car” culture, i.e., “manufacturing safe cars, cultivating people with safety awareness, and bringing happiness to work, life and growth,” and set Nissan’s corporate vision of Enriching People’s Lives as its top goal. In the process of fulfillment of the “1000-1=0” safety value, DFN established its safety vision, safety mission and safety goal, which provide safety guidelines for its stakeholders throughout the value chain and lay a foundation for both inside and outside of the company to achieve a common understanding.



2 The Safety Shield Concept

The “Safety Shield” approach is an important approach for Nissan to realize its ultimate goal in safety. Specifically, it means the three layers, i.e., society, individuals and vehicles, contribute together to the assurance of traffic safety. Hence, Nissan takes different measures in the three areas, such as research and development of vehicle safety technologies, traffic safety promotion and support for traffic safety communication, to comprehensively improve the safety awareness of drivers, pedestrians and society.



Vehicles: Research and Development of Vehicle Safety Technologies

In the aspect of vehicles, Nissan promotes research and development of products with highly active safety thinking, and committed to manufacturing safe vehicles in accordance with the “Human-oriented” principle and its original “Safety Shield” concept. Based on the existing technologies and from the perspective of “minimizing potentially dangerous conditions,” Nissan divides the process of crash accidents 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 into more dangerous conditions.

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 System With full-speed range following capability Adaptive Front-lighting System (AFS) Around View Monitor Intelligent Driver Alert System (IDA) Moving Object Detection (MOD) 	Helps the driver to maintain comfortable driving
Risk has appeared	<ul style="list-style-type: none"> Predictive Forward Collision Warning Intelligent Lane Intervention (ILI) Lane Departure Warning (LDW) Blind Spot Warning (BSW) Blind Spot Intervention Cross Traffic Alert (CTA) 	Helps the driver to 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) Intelligent Emergency Braking (IEB) Emergency Assist for Pedal Misapplication (EAPM) 	
Crash is unavoidable	<ul style="list-style-type: none"> Intelligent Brake Assist 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 	

With the vehicle safety concept of "the vehicle that helps protect people," Nissan has launched a series of active and passive safety technologies, committed to putting them in use in production vehicles to enable more consumers to enjoy the pleasure of driving with ease in mind. Nissan launched the technology of ProPILOT 1.0 in 2016, and is preparing to introduce relevant Autonomous Drive technologies successively in future, in order to realize a sustainable automobile society with "zero fatalities."

In China, Nissan is actively preparing to introduce the latest intelligent technology, and drive the promotion and wide application of Autonomous Drive for the purpose of improving traffic efficiency, solving traffic safety issues. Meantime, Nissan is exerting great effort in facilitating the popularization of NISSAN i-SAFETY intelligent active safety system. As of now, 80% of DFN's main models have been equipped with the NISSAN i-SAFETY intelligent active safety system. The system can form a safety shield in the 360-degree space around a vehicle, covering the front, the rear and both sides. Moreover, it can warn drivers of potential risks through real-time warning, avoid or reduce danger or injury through intelligent braking, ultimately transform passive safety into intelligent active safety and eliminate potential risks before they appear, base on the Intelligent Emergency Braking (IEB), primary technology of Autonomous Drive.



Individuals: Traffic Safety Promotion

In the area of individuals, Nissan's subsidiaries in China have carried out a series of safety promotion activities according to their business features and advantages. By spreading traffic safety knowledge, they seek to cultivate the awareness and habit of safe driving, with a view to comprehensively promoting the construction of a civilized, safe automobile society.

● DFN's Intelligent Mobility Safety Experience Camp

Since 2005, NCIC and DFN have worked together to launch the Nissan Safety Driving Forum activity, with a view to improving consumers' traffic safety awareness and promoting safety equipment usage methods. As of now, altogether 6,220,000 consumers have participated in the activity through the road show across the country.



Under the i³Plan (intelligent upgrade of the entire value chain), DFN gradually promotes the intelligent technologies, including Nissan Intelligent Mobility, Intelligent Manufacture Quality and Intelligent Customer Experience, and draws the blueprint of future mobility that focuses on "zero-collision, zero-emission and zero-distance." In order to enable more people to experience Nissan Intelligent Mobility easily and directly, DFN set up the Nissan Intelligent Mobility Experience Camp at 50 shops across China in 2016. By offering scene experience, it shows an intelligent, environment-friendly, efficient and harmonious life of people, vehicles and lives. Meanwhile, it incorporates Nissan's advanced safety concepts and safety protection functions, enables visitors to experience different programs at different zones. For example, visitors may experience the collision simulation program at the rolling simulation zone. Through reproduced real scenes and object experience, they can learn how to escape from a dangerous situation and enhance their understanding on the importance of seatbelts. Besides, they will pay more attention to the safety of third parties, like pedestrians and passengers, and offering people more humanitarian care.

Society: Support for Traffic Safety Communication

In the area of society, Nissan continuously contributes to the improvement of China's road safety conditions by providing support for traffic safety forums and organizing various sectors of society to carry out discussion and research on issues concerning road safety.

● NCIC's Support for the 10th China Road Safety Forum



NCIC co-hosted the 10th China Road Safety Forum in August 2016. As of 2016, NCIC had provided support for this forum for 10 consecutive years. With the theme of "Review the Responsibility in the Last Decade and Gain an Insight into a Safe Future," the 2016 forum invited more than 200 elite professionals, including officials of national traffic safety authorities, representatives of major enterprises in the industry and experts of famous research institutes, to attend the meeting. During the

forum, while reviewing the past, Nissan shared its thoughts and suggestions on future road safety conditions of China, discussed with various attendees on how to manage and coordinate multiple factors that affect traffic safety, such as pedestrians, vehicles and roads, in an increasingly changing traffic environment and how to promote common development, with a view to decreasing the fatality and injury rate of traffic accidents and, ultimately, improving China's road safety conditions effectively.



Philanthropy

1 Nissan's Philanthropy Development Framework

Based on its corporate development strategy, products and technical advantages, Nissan has established a philanthropy promotion framework that focuses on environment, education and humanitarian aid. Adhering to Nissan's philanthropic concept and strategy, Nissan's subsidiaries in China firmly support environmental education activities, focus on education and development of teenagers, and carry out humanitarian aid actions.

2 Education Support

Nissan Dream Classroom

Working together with the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Automotive Sub Council under China Council of the Promotion of International Trade, and the China Foundation for Poverty Alleviation, NCIC launched the Nissan Dream Classroom program in 2013, aiming to spread technology knowledge and traffic safety knowledge among teenagers with automotive knowledge as the medium and in combination with China's education reform. Through hands-on experience, knowledge teaching and interaction in the form of edutainment, the program offers interesting automotive experience while building the spirit of teamwork and Monozukuri among students.

Through active innovation, Nissan Dream Classroom achieved a significant breakthrough in 2016, set up a broad online learning platform for children and youth nationwide, which marked the Nissan Dream Classroom program officially entered the 2.0 era. Meanwhile, NCIC invited 25 employee volunteers to participate in the program in the form of volunteer service, who contributed over 60 hours to volunteer service. As of the end of 2016, altogether 10,423 students had benefited from the Nissan Dream Classroom program. In future, Nissan Dream Classroom will be offered to more teenagers in other regions. As estimated in the Million Plan, there will be altogether 1 million students benefiting from this program by 2020.



Nissan Dream Classroom made a new attempt for real-scene teaching outside the school

In September 2016, Nissan Dream Classroom organized more than 240 primary school students from Shanghai to go to the venue of Shanghai Pudong International Automotive Exhibition and made an attempt to set up a new scene for real-scene teaching outside the school. By showcasing new automotive products and cutting-edge intelligent technologies in combination with the interpretation and guidance of professional teachers, this activity provided children with all-round sensory experience, including visual, acoustic and tactile experience, and helped them gain a deeper understanding of the automotive manufacturing process and automotive culture while inspiring their interest.



Helping realize the dream of poor students in Ya'an through online fundraising

In pursuit of innovative approaches for social contribution, the Nissan Dream Classroom program raised funds in 2016 through crowd funding for poor students who participated in this program in the Ya'an region of Sichuan Province. Moreover, Nissan Dream Classroom encouraged more warm-hearted people in the society to actively take part in programs, with a view to help realizing children's dream.

Sunny Care • Aiding Future Education

As early as its founding, DFN established the corporate mission of “creating value and working for wellbeing together.” Through years of exploration, it set the direction for its safety, environmental and social contribution strategies, formed a strategic, standardized and budgeted operation system and, through a general social contribution platform, truly achieved win-win harmony with various stakeholders, such as customers, the environment, employees, partners and communities.

In order to help improve the teaching and learning environment for teachers and students in less-developed areas of China, DFN launched the “Sunny Care – Aiding Future Education” program 8 years ago. Over the 8 years, DFN worked with dealers, car owners and the public to bring together the strength of love from various parties, by offering teaching assistance, teacher training, goods donations and other aids. Across a cumulative total distance of 54,000 kilometers, DFN brought teaching materials and interesting courses to the children. As of end of 2016, DFN has totally invested more than 39.2 million yuan in teacher training, teaching materials and stationery and over 830,000 students have benefited from this program.

In August 2016, DFN's education support program “Sunny Care – Aiding Future Education” was launched again. Together with dealers, car owners and netizens, DFN initiated the “Walk the Sunny Road Again” action with a view to revisiting the poor schools in Tibet, Gansu and other regions that the program aided in the past 8 years. At the early stage of the course, in order to enable more warm-hearted people to take part in the “Walk the Sunny Road Again” action, DFN carried out the “Walk the Sunny Road Again – Sunny Posting” activity for the purpose of collecting posts through its official Weibo and WeChat platforms. With more than 160,000 netizens leaving messages, DFN produced sunny message boards based on the good wishes collected from netizens and presented them to those schools. Meanwhile, more than 50 drivers who were called together through online forums formed a love fleet for social contribution and education support. For the first time, the fleet used live streaming in combination with an innovative form of social contribution to transfer positive energy to the society.



Hand in Hand Project

Embracing the concept of “repaying the society and helping others,” ZNA provides steady support for social construction and public welfare undertakings. ZNA makes an active investment in safety, environmental protection, poverty alleviation, education support, humanitarian aid, local construction and other areas to fulfill its social responsibility.

Since 2010 when the Hand in Hand Project, the public welfare brand of ZNA, was launched, ZNA has totally invested over 21 million yuan in succession, altogether helping nearly 6,300 poor students successfully matriculate at colleges and providing living materials and students articles to more than 6,000 students in poverty-stricken schools as well as 2,000 orphans and disabled children. During the 8-year period, ZNA carried out the Happy Growth program, through which the company organized donations of teaching materials, stationery and sports articles to local schools of Henan with poorer conditions and helped build the Sunshine Libraries for children in 10 pickup villages across China. In addition, ZNA introduced the Nissan Dream Classroom program, which aimed at cultivating children’s hands-on ability and was very popular among children.



Infiniti's Gan Ai Dream Fund

In 2016, Infiniti's Gan Ai Dream Fund was engaged in transferring social positive energy and maximizing social contribution through the wide influence of TV programs and celebrities. DFI invited its executives, employees, celebrities of Special Partner and representatives of public institutions to participate in the Gan Ai Dream Fund donation ceremony, in which DFI donated the raised 1.5-million-yuan Gan Ai Dream Fund to the One Lab platform of the One Foundation to support its 7-9 social contribution programs in three areas, i.e., arts communication protection, environmental protection and care for special population, and to help people with dreams create outstanding outcomes. As of 2016, Infiniti's social contribution actions had raised a total of 13 million yuan and more than 16,000 families had benefited from the fund.

Humanitarian Aid

ZNA has been carrying out humanitarian aid programs and focuses on healthy growth of handicapped children and local elder care services. In April 2016, ZNA organized its employees and warm-hearted car owners to go to the Zhengzhou Institute for Children's Welfare to visit orphans and disabled children. In December 2016, ZNA successively donated 8 vehicles, with a total value of 481,600 yuan, to the Henan Elderly Care Association. Serving as shuttle cars, these vehicles have provided convenience for elders' daily travel.





**Quality
Responsibility**

In order to adhere to the concept of “quality bearing responsibility” and provide customers with high-quality, environment-friendly and safe products, Nissan’s subsidiaries continue to strengthen their technical advantages; promote the progress and upgrade of both corporations and their products, carry out strict product quality management; and improve customer service capacity on a continuous basis to meet the changing demands of customers to the utmost extent.

Nissan’s Approach to Quality

The product quality of a vehicle is fundamental for a customer to use it safely and comfortably over the long term. Nissan aims to build high-quality, environment-friendly and high-performance products. Quality improvement efforts target the entire lifecycle of a vehicle. Nissan listens to customers carefully and reflects their feedback in every process throughout the company, thus providing a high level of quality that meets customer expectations during the entire lifecycle of a vehicle, from planning, design to R&D, manufacturing, distribution, sales and after-sales service. Besides, Nissan makes improvements throughout the PDCA (plan, do, check, act) cycle to strive for the top level in quality from customers’ perspective.

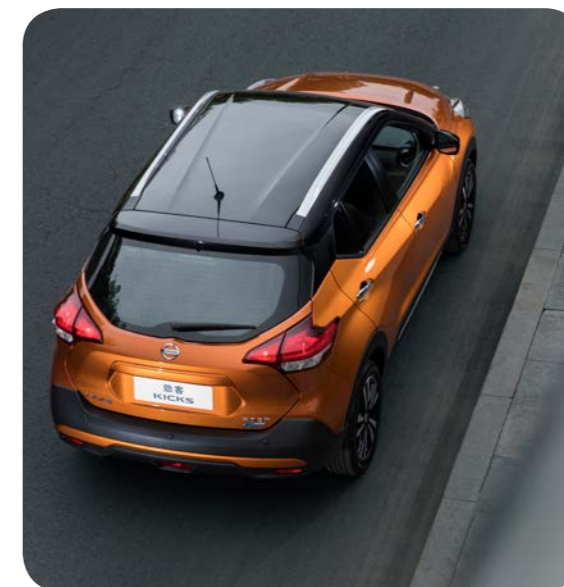


Product Quality Management

● Product Quality Management System

DFN

Oriented by customers, DFN established an entire-value-chain quality system, which covers the quality management throughout the whole process, including parts purchasing, new-vehicle development, manufacturing and marketing. In 2016, DFN released the next five-year quality plan, its “123456” program, including the vision, goals, bases, pillars, qualities, strategies and other improvement-related contents. This program continues to deepen and enhance the quality based on the current quality assurance, establishes connections between people and between organizations to ensure reasonable coordination and distribution of responsibilities, truly implement an entire-value-chain quality system that links to every department; and raises quality awareness among all employees with a view to exceeding customers’ expectations in the end.



ZNA

Adhering to the idea of "focusing on customers," ZNA fulfills the concept of quality management throughout the business chain, through replanning, upgrading the quality management system to ISO9001:2015 Quality Management System, from improvement of supplier capacity and quality enhancement for new vehicles, to standardize the management of production consistency, fast respond to market quality, for the ultimate purpose of continuous improvement of product quality and customer satisfaction.



Defect rate of 3-months-in-service from delivery of vehicles to customers is generally trending downward, with every model achieving its own goal.

● **Product Quality Management Activities**

DFN

DFN carries out a series of management activities to ensure quality management:

Comprehensive use of the quality traceability expansion system (QUTE) to implement intelligent monitoring of the whole production process. The entire system allocates an ID to every product and accurately traces them from various dimensions, including products, equipment, production lines and models, for the purpose of achieving automatic alarming in production lines and preventing defective products from entering the market. In 2016, the Huadu plant successfully put the MR engine and the gearbox workshop in use at the first phase of the system, helping resolve more than 100 quality issues in the whole year. Compared to the past when the system was not available, the number of risky products decreased by approximately 95%.

Introduction of Nissan's Safe Launch quality program to promote the leap of new-vehicle development quality. By using Nissan's professional resources, this globally standardized quality assurance system organizes experts to carry out comprehensive quality assessments for vehicles

Honors



- DFN's Huadu plants won all of the 2016 Global Quality Outstanding Contribution Awards of the Renault-Nissan Alliance and, as a whole, were granted the Plant of the Year Award; the Second Huadu plant ranked first in terms of competitive power among all plants of the Renault-Nissan Alliance; the project team of the all-new Lannia won the Excellent Quality Award for global vehicles launched in the year; and both the Tiida and Sunny models produced by the First Huadu plant ranked first in terms of customer satisfaction with complete vehicles.

- In 2016, DFN was granted the Nissan Global CEO Award, which recognized DFN's outstanding contribution in the areas of brand power and quality.



developed in China, with a view to detecting all hidden quality risks as early as possible and preventing defective products from entering the market. For example, at the stage of actual development of the all-new Lannia, there were altogether 45 experts from Nissan's global quality lead group working with designers, laboratory technicians and manufacturing personnel to discover risks and countermeasures. They totally found out 356 issues and took countermeasures for all of them before launch of new vehicles. Meanwhile, the average number of design alterations in response to emergencies before launch of new vehicles reduced from 87 to 11, and the defect rate decreased by 53%.

Establishment of the "Three High" experimental mechanism. DFN has set up corresponding test drive bases in high-cold, high-altitude and high-temperature regions and continues to look for various difficult roads to carry out test drive, thus ensuring vehicles meet the requirements for quality in extreme circumstances.

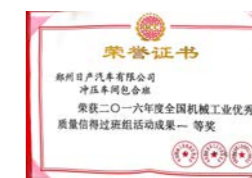
ZNA

In 2016, ZNA planned and implemented the schedule of customer satisfaction improvement and, around the quality forum, carried out 5 specific projects by phases, i.e., the launch meeting of the 4th quality forum, roadshows of quality forum display boards, bad cases real-object shows, quality speeches and QC outcome release conferences. ZNA altogether organized 9 departments to carry out 8 visiting activities and resolved 65 issues. In order to raise quality awareness more effectively among all employees, promote communication and cooperation between departments, ZNA held multiple quality-related training sessions, totally training over 340 employees and achieving an average course satisfaction of 89%. Meanwhile, the company also conducted quality forum activities, organized various departments to carry out roadshows of bad cases and real-object cases, as well as learning and promotion activities, which had 3,487 participators and an average departmental participation rate of 87%.

Honors



- The Trustworthy Group for Quality (TGQ) of the stamping and inclusion workshop, the TGQ of the line-B process inspection squad of the assembly workshop respectively won the First Prize of TGQ Outcome Release in the 35th National Mechanical Industry Double-generation Meeting.



- All the four QC outcomes were awarded the First Prize of QC Outcome Release in the 35th National Mechanical Industry Double-generation Meeting.

DFI

DFI holds a quality meeting on a daily basis by calling together personnel from the quality, manufacturing, R&D, parts, logistics and other relevant departments, with a view to analyzing the latest quality conditions, determining the department responsible for improvement, reviewing the quality conditions of each model at the current stage, carrying out in-depth discussion on focal points and difficult points of failure, promoting the introduction of quality improvement measures. DFI works with the Nissan Technical Center and Nissan Europe to ensure QX30's production and launch in China from the perspective of quality assurance. Meanwhile, DFI continues to strengthen maintenance and management of newly arrived vehicles and those stored in the central warehouse to ensure the vehicles to be delivered are in good condition.

● Ensuring Market Quality

Vehicles' market quality is Nissan's most direct response to customer expectations. Nissan's subsidiaries in China further enhance timely communication with sales companies and customers, work with customer service centers, R&D, manufacturing and other departments in a timely manner to investigate causes of problems, and establish countermeasures to carry out tracking management. When a recall is judged to be necessary, Nissan implements it swiftly, placing top priority on customers' safety and on minimizing disruption to their lives.

DFN

Based on strict fulfillment of national quality standards, DFN has established a complete market quality improvement system and a professional technical team and carried out quality information collection activities across all channels to reflect customers' voices, in the form of technical reports, to the quality department in a timely manner, quickly analyze defect-related problems and identify defective products. If a batch of products is confirmed to be defective, DFN will report its recall plan to the General Administration of Quality Supervision, Inspection and Quarantine of China in accordance with the requirements of the Regulation on the Administration of Recall of Defective Auto Products and eliminate potential safety risks through free maintenance or replacement of those vehicles to be recalled. Meanwhile, the company will promptly release information related to the recall on its official website and enable customers to check details of the recall through its franchise shops or official website or by calling the customer service center, with a view to ensuring information transparency.

ZNA

In order to deal with difficulties and general problems, ZNA set up the ZNA Quality Lead Team (ZQLT) to carry out market quality management activities. In 2016, ZQLT altogether solved 20 problems, including oil leakage in the clutch. Meanwhile, ZNA took a series of measures at the early stage of launching new vehicles and gave a fast response to possible quality problems by analyzing technical reports, determining the responsible department, opening investigation into important cases and conducting tracking management. As a result, the company improved the quality of newly launched products in a short time and provided satisfactory responses to customers in a timely manner.

DFI

For newly launched models, DFI carries out the special TASK activity to ensure they are free from quality problems. For models on sale, the company established a pre-authorization mechanism to gain a quick understanding of their market quality and introduce improvement measures.



Customer Service Quality

Nissan's subsidiaries in China strive to exceed customer expectations at every customer contact point and to achieve higher customer satisfaction and loyalty. To this end, they not only actively promote updating of their customer service concept and optimization of business processes, but also make a great effort to improve customer experience in the buying process.

● Customer Service Concept and System

DFN

DFN has five service concept:

providing customers with ease of mind in terms of quality, cost, maintenance, time and emergency.

Through years of development and guided by its service concept, DFN established a series of "Service Express" programs, including pilot launch of quick-drying products, online function optimization, operation time verification, surveys on customers' participation desires, theoretical training and on-site operation. The company pioneered the use of WeChat surveys to collect customers' opinions and supervise dealers' after-sales service standards. Other than that, DFN built 10 after-sales-service-satisfaction benchmark shops to create a regional demonstration effect and promote the optimization of service modes. In particular, it made available a unique service guarantee tool (iPad for vehicle reception) at its dealer shops to effectively implement its service process and improve customer service experience. As of the end of 2016, DFN had introduced the iPad tool at 426 shops across China.

ZNA

To provide faster and more accurate customer service, ZNA established a customer relation management center to clarify responsibilities and set up a scientific, efficient customer relation management system to arrange vehicle owner service. Besides, ZNA in 2016 launched a new customer service center, in which an inbound team was established to be responsible for vehicle owner service, such as complaint handling, emergency assistance, and other service such as leads cleanup, investigation & inspection, customer profile cleanup. Meanwhile, a customer interaction platform shared with DFN was introduced with a view to implementing digital management comprehensively.

DFI

Based on the new global brand positioning of "Empower the Drive," DFI's customer care activities focus on future trends, take into account personal choices and emotional appeals of the youngest and most active group of vehicle owners. Through diverse contacts, thoughtful care, fast response and rich activities, DFI strives to build a dedicated customer platform and play a significant role that offers vehicle owners companion support in different social settings, shares experience with them and creates spiritual resonance.

Honor



According to the 2016 China Automobile Customer Satisfaction Index (CACSI) released recently, DFN ranked **third** among joint venture brands in the area of after-sales service with a score of 77 points.

● Improvement of Customer Satisfaction

DFN

Recognizing that professional service level is the key to achieve customer satisfaction, DFN carried out a series of call system training activities at 77 dealer shops in 2016 to improve after-sales service quality more effectively. As a result, the service complaint rate of trained shops decreased by 38% and the handling efficiency of major complaints increased by 13%. Moreover, DFN commissioned professional consultation companies to conduct centralized training on satisfaction improvement for dealer management teams, with a total of 480 trainees from 160 shops. By means of online training, DFN also organized training on professional knowledge of customer satisfaction for 4,900 service consultants from more than 700 shops across China, with a completion rate of 97%. After the training, the customer satisfaction increased by 24 points on average.

While improving the professionalism of customer service, DFN conducted customer satisfaction surveys from inside and outside of the company in 2016. Internally, the company used the WeChat platform to collect customer satisfaction comments quickly and widely, and then carried out corresponding improvement activities at its shops. Externally, the company cooperated with professional consultation companies in the industry to gain an understanding of its satisfaction level among competitive products in the industry as well as the trend of customer demands, and then made targeted improvements.



In 2016, DFN's customer satisfaction score was **4.3** (out of 5), which was much higher than the industry average and ranked **first** in Japanese brands and **third** in main joint venture brands. Its brand preference also ranked **third** among competitive products. In addition, the total number of customer service complaints received in the year was **10,656**, with an average handling time of **2.51** days. The complaint rate of its service was only **0.67‰**.

The Service Skills Competition

In 2016, DFN held the 11th National Service Skills Competition by totally collecting 4,764 vehicle usage questions and inviting 12 vehicle owners to serve as on-site judges. Used as a training approach, this competition aimed at improving service skills of front-line personnel of after-sales service and providing better service experience to Nissan vehicles owners. The satisfaction rate of participators was as high as 97%, and the reading number of the WeChat articles was around 238,500.



ZNA

ZNA's customer relation management center organized customer retention activities to provide care to existing customers and enhance the customers' loyalty. Through timely feedback and dynamic collection on a weekly and monthly basis, the company continuously urged its dealers to improve their service level. Besides, in order to gain a deep understanding of customer needs, ZNA continued to conduct surveys on customer needs.



In 2016, during customer satisfaction survey, ZNA scored **74** points, the number of annual customer complaints was **2098**, the rate of customer complaints closing on the 5th day was about **89%**, which shows it attaches great importance to customer' complaints and take actions rapidly.

● Thoughtful Customer Service Activities

DFN's Accurate Customer Service



In 2016, DFN introduced Nissan's global customer relation management program to target customers accurately and, throughout the vehicle lifecycle, integrated personnel from various departments to carry out customer care and sales activities for the purpose of increasing customer stickiness and the proportion of loyal customers. Meanwhile, the company implemented different vehicle maintenance policies for different customers, i.e., providing customers of new vehicles with 3-year free maintenance and providing loyal customers with special maintenance service as an exclusive offer for regular customers, in order to meet different customers' needs.

ZNA's "Winter Service Month" Activit

ZNA carries out various customer service activities annually. In 2016, the company initiated the "Winter Service Month" activity to provide customers with high-quality, value-added offers, such as free inspection of complete vehicles, discounted maintenance service and gift presentation for visiting vehicles, which greatly improved customer satisfaction.



越级 车身



越级
车身



**Value Chain
Management**

苏州BP

Facing business partners throughout the value chain, Nissan always aims to achieve sustainable development built on a foundation of equality and mutual trust. Upholding this concept, Nissan's subsidiaries in China pursue mutual assistance and coexistence as well as establishment of solid and close relations with their suppliers and dealers, and strive to develop and maintain healthy, cooperative and competitive relations that enable them to implement best practices.

Supplier Management

Aiming to build a strategic partnership for long-term cooperation, Nissan and its suppliers uphold common values and goals, continuously improve product quality, logistics activities, production processes and sustainability standards with a view to realizing common potential.

● Management Methods

Nissan uses a common, transparent process and criteria worldwide when sourcing suppliers. Based on the Renault-Nissan CSR Guidelines for Suppliers and the Nissan Green Purchasing Guidelines and guided by the values of trust, respect and transparency, Nissan's subsidiaries in China further improved their respective supplier management systems to adapt to their development strategies in China.

Renault-Nissan CSR Guidelines for Suppliers:

1. **Safety and Quality:** Providing products and services that meet customer needs, etc.
2. **Human Rights and Labor:** Prohibition of child labor and forced labor; complying with working hours and remuneration laws, etc.
3. **Environment:** Implementing of environmental management; reducing greenhouse gas emissions, etc.
4. **Compliance:** Complying with laws; corruption prevention, etc.
5. **Information Disclosure:** Open and impartial communication with stakeholders, etc.

Nissan Green Purchasing Guidelines

• Compliance with 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 emissions,
water usage, other environmental factors

In 2016, DFN set up a strategic supplier system based on improved front-end core capability of its value chain, determined 30 excellent strategic suppliers and enhanced the overall competitive power of its supplier platform, thus providing a solid foundation for outsourcing of new vehicles and cost reduction of existing vehicles. Besides, DFN continues to require that new suppliers (including parts and material suppliers) fully comply with the Nissan Green Purchasing Guidelines and that all of its key suppliers of parts and materials acquire third-party environmental system certification by 2020, in addition to compliance with compulsory requirements of national laws and regulations on automotive material recycling rates and banned substances.

DFN's Supplier Theme Day

In order to achieve the goal of "first-class quality" and realize the vision of "touch life with quality", based on the blueprint of the next mid-term (2016-2020) quality strategy, DFN carried out extensive communication with more than 500 supplier executives on the mid-term parts quality assurance plan and granted 6 Chinese suppliers the 2015 Nissan Quality Award on the Supplier Theme Day in 2016.

● Supplier Improvement

Nissan implements its supplier quality capacity improvement strategy on a continuous basis and provides its suppliers with necessary training, support and guidance. Through a series of actions, Nissan helps them gain an understanding of its quality requirements and effectively fulfill these requirements in operation and management, with a view to ensuring the effectiveness of its quality system and the steadiness of product quality.

To strengthen mutual trust and cooperation between Nissan and its suppliers, improve the overall parts supply capacity, NCIC carried out a series of improvement activities for parts suppliers, including the THANKS Activities, to enhance product quality, reduce costs and improve production modes in a reasonable way by taking such measures as increasing parts production and raising logistics efficiency. As a result, its overall competitive power is enhanced and many parts suppliers have achieved rapid development. By the end of July, 2015, Nissan has totally exported 100,000 containers, which created a new milestone. In 2016, Nissan China held the 10th Anniversary Celebration on Parts Exportation, by the end of 2016, the number of parts suppliers have been expanded from 50 at the beginning to 443, and the number of Chinese local parts suppliers also increased from 2 to 55. With the two business bases in Shanghai and Guangzhou working together, the parts exporting destinations is increased from 8 countries and regions initially to 19 countries and regions. Now, China has become the world's largest international logistics base except for Nissan's headquarters in Japan.

As the first in the industry, DFN introduced a synchronous supplier capacity evaluation system, which rates supplier capacity based on 7 rating benchmarks, including organizing capacity, basic design capacity, basic technical power and experimental methods, and provides appropriate support, guidance and other facilities for suppliers with certain potential to maximize their potential and improve their quality control capacity in a comprehensive way. In 2016, DFN conducted development capacity evaluation for 100 suppliers, among which 11 played an active role at the early stage of R&D and design and improved competitive power of R&D quality after improvement of development capacity.



— ASES Evaluation —

D → C

ZNA initiated the Alliance Supplier Evaluation Standard (ASES for short) Rank-Up support activity, during which there were totally 11 suppliers whose ASES level rose from D to C.

In the process of comprehensive reform and sustainable development, ZNA established a mutual-benefit business partnership with its dealers to face difficulties and pressure together. By shortening the design cycle and co-developing diverse services, ZNA took various measures to enhance overall strength of suppliers. In 2016, in order to improve suppliers' quality assurance capacity, ZNA initiated the Alliance Supplier Evaluation Standard (ASES for short) Rank-Up support activity, during which there were totally 11 suppliers whose ASES level rose from D to C. Besides, the company also organized other activities, such as training and application guidance on development and management processes of new products, and capacity evaluation and improvement for supplier production processes, aiming to enable all KPIs to meet the challenge standards and further enhance suppliers' anti-outflow and process assurance capacity. With regard to the worst 45 suppliers in the market, ZNA altogether had 295 cases under management with a case closure rate of 71%, which greatly improved suppliers' analysis capacity.

Dealer Management

Nissan's subsidiaries in China cooperate with their dealers based on a mutual-benefit and win-win concept. From helping dealers improve management and operation systems and strategies and providing various tools and methods for enhancement of dealer network quality to conducting targeted, practical training for sales consultants at various levels, Nissan's subsidiaries in China strive to achieve the goal of sustainable development of the value chain by providing maximum support and a consistent management approach.

DFN

In 2016, DFN conducted dealer management in the following ways: firstly, with the goal of "gathering forces based on a solid foundation" in the area of channel construction, strengthened basic management, promoted innovation and robust development of channel modes to improve dealers' profitability; secondly, helped dealers improve efficiency by flattening regional marketing systems, established regional marketing platforms to achieve in-depth coverage of first-tier to fifth-tier cities, and enhanced marketing skills to help dealers make a faster response to market demands.

With regard to systematic improvement of dealer capacity, DFN provides support from the aspects of selection, cultivation, application, retention and targeted enhancement according to different requirements on ability of sales consultants at various stages, and helps dealers establish human resource ecosystems that have a virtuous circle. For front-line sales consultants, in particular, the company conducts team building through a tier certification program, establishes a modular tier certification course and training system for the purpose of improving their career competency, and builds a progressive, step-by-step career development path throughout the induction period, adaptation period, growth period and stable period.



The Vehicle Health Early-Warning System

By using the big data of maintenance records and information technology, DFN provides service consultants with the function of one-click search of customer vehicle profiles and early-warning reports as well as end-of-life alerts for key vulnerable parts of vehicles, thus effectively improving their ability in product sales and accurate marketing for target customers. As of the end of 2016, service consultants accessed vehicle health early-warning reports more than 100,000 times per month.

ZNA

By taking into account dealers' marketing pain points and helping them transform the way of traditional thinking, ZNA organized and carried out a series of mass marketing training activities for dealers in 2016. In the whole year, the company totally provided 89 training sessions for 2,261 trainees, with a total training time of 1,292 hours in 185 days. With respect to improvement of sales consultants' ability, ZNA established a tier certification model for front-line sales consultants to conduct tier certification and training from three aspects, namely exam results, working years and sales performance.

ZNA carried out the following activities: direct training on launch of MX5 and other new models for all employees of dealers; primary and mid-level certification for sales consultants; job qualification certification and training for executives of dealers; and support activities, such as on-site guidance for sales improvement, for dealers with development potential. As a result, dealers' sales capacity and profitability were improved.

DFI

In 2016, DFI used more precise and systematic management methods for 24/7 monitoring of its dealer network and provided dealers with maximum support to improve dealer network quality. On the one hand, DFI used balanced scorecards to provide rated management tools for dealers and carry out real-time monitoring of health conditions of their operations. On the other hand, the company, with an ultimate goal of improving front-line sales performance, made use of the Infiniti Institute platform to implement a series of centralized, practical and efficient training programs for dealers' sales consultants at various levels, upgraded its e-learning training platform and updated all product manuals in a timely manner to provide these sales consultants with the convenience of learning in fragmented time and truly, effectively help them develop, deliver and enhance powerful sales tools and learning contents. In the same year, the Infiniti Institute held 10 enhanced training sessions on promotion of major models for altogether 230 sales directors, in-house trainers and sales consultants and conducted training on launch of new QX30 products for around 400 employees of dealers. Besides, DFI also provided dealers with one-on-one, on-site guidance programs, which focused on newly opened dealer businesses, sales performance, financial management and other areas to improve their actual operation level comprehensively.

In 2016, the Infiniti Institute held **10** enhanced training sessions on promotion of major models for altogether **230** sales directors, in-house trainers and sales consultants and conducted training on launch of new QX30 products for around **400** employees of dealers.





Responsibility for Employees



Employees are the foundation for Nissan's development in China as well as the hope for creating a better future. Attaching great importance to employee self-development and focusing on protection of employees' rights and interests, Nissan's subsidiaries in China strive to ensure their employees work happily and develop healthily by expanding communication channels, optimizing salary systems, improving the working environment, and carrying out diverse activities.



Human Resource Development Concept

In accordance with the human resource (HR) development concept of "uniting every one of us to meet the challenges," NCIC endeavors to continuously improve employees' competitiveness for jobs, balance their work, life and promote their all-round ability improvement and comprehensive development through various channels and methods.

DFN is committed to building a harmonious working atmosphere, helping create wonderful careers and providing contribution-based personal returns for its employees. The company announced the dual-core HR strategy of "driven by efficiency & happiness, improve human resource effectiveness," aiming to build both an efficient and a happy organization. The goal of building a happy organization is to ensure employees not only work and live happily, but also have a happy family; and to enable employees to be happy now, be permanently happy and gain the ability to achieve happiness.

With "growth & promotion, fairness, labor environment, communication and stable employment" as keywords of its HR policy, ZNA respects employee growth and provides employees with an organizational environment where they can make the best of themselves. In despite of employees' positions and jobs, the company gives them fair evaluation and treatment according to their ability and performance. Meanwhile, ZNA attaches great importance to internal communication, works on building an open communication environment and provides systematic training and benefits to ensure employees have the occupational ability of getting lifetime employment and careers.

In line with the HR concept of "based on value contributors, support win-win development between the company and employees", through implementation of the Employee Development Policy, DFI has clarified employee development paths, standards, processes and relevant implementation rules.



Occupational Health and Safety

Nissan's subsidiaries in China have established complete occupational health and safety management systems and make use of standardized safe-production specifications, safety evaluation systems, fire-prevention evaluation systems and other safety management diagnosis tools to eliminate, or reduce as many as possible, potential safety hazards in the working environment and to ensure employees work and produce in a safe, healthy, comfortable and human-friendly environment.

● DFN's Safety Management

DFN strictly implements its environmental, health and safety management system. The company continues to carry out a series of safety activities, such as safety video training and emergency drills, aiming at raising employees' safety awareness so as to reduce and avoid safety accidents. In 2016, DFN further enhanced production safety management and practice. For example, the Dalian plant developed a training and certification system for its safety supervisors, work conductor and project managers; strengthened training and assessment for key safety job position; and prepared for construction of a safety training center, which could help on-site workers get familiar with internal safety supervision standards and improve the plant's overall safety level after being put into use. Meanwhile, DFN engine company set up a green-plant promotion group to promote safety, environmental and occupational health work step by step; drove the improvement of working environment through the whole chain, and conducted activities such as the Health Day.



In 2016, the average safety training time per employee of DFN was **20** hours and the total training time of all employees exceeded **200,000** hours. DFN completed **21** safety inspections and **2** fire drills; discovered and eliminated **1,435** potential safety hazards; and achieved **zero** fatal or serious injury accidents.

● ZNA's Safety Management

Firmly upholding the safety concept of "people oriented," ZNA implements strict safety systems and management. The company revised the Regulations on Management of On-site Safety Assessment for Interested Parties and established the annual goals of "zero environmental pollution accidents" and "five don'ts" in the area of occupational health and safety.



Besides, ZNA worked on enhancement of employees' safety awareness and improvement of employees' protection skills by signing the Agreement of Responsibilities for Occupational Health and Safety Goals, carrying out safety promotion and education activities, taking lessons from domestic major accidents and using other approaches. The company formulated and fulfilled an emergency measures promotion plan and, based on this plan, organized emergency training for positions vulnerable to fires, leakage and other accidents for the purpose of improving employees' emergency response ability.

In 2016, ZNA totally conducted **69,000** hours of safety training, with an average training time per employee of **34.5** hours. In addition, the company organized **21** fire drills, with **4,500** participants.

In 2016, ZNA called for **5** biddings for the expansion and safety construction of its plants, confirmed safety for **46** completed construction projects, and completed **216** inspections, including special inspections, important festival safety inspections and on-site inspections. Meanwhile, the company conducted safety assessment and the 5S inspection on a daily basis and discovered **770** potential safety hazards, among which **767** has been eliminated. As a result, ZNA achieved zero fatal or serious injury accidents in the year.

Protection of Employees' Rights and Interests

Complying with and adhering to Nissan Group's Global Code of Conduct and applicable regulations, Nissan's subsidiaries in China strictly implement various employment policies; make great efforts to protect employees' legal rights and interests; and build competitive salary and welfare systems to share the fruits of development with employees.

● Improvement of Salary Management Systems

Based on the assurance of employees' statutory social securities and corporate welfare, in consideration of its own features and local demands, NCIC provides employees with

competitive salaries while improving and optimizing its performance evaluation and salary management system, with a focus on employees' personal ability improvement and career development.

DFN continues to improve its salary system by using scientific methods. Based on market surveys and industry benchmarking, the company has made annual adjustments to salaries. The salary adjustment policy is favorable to front-line heavy workers and those working in a toxic or hazardous environment, ensures external competitiveness and internal fairness of the salary system.

ZNA made salary adjustments on a differentiated basis. In addition to ensuring regular increments in salaries for all employees, the company provided more resources to its backbone and core group. Meanwhile, the company also modified the principle of equal pay for equal work and the overtime pay rate for workers. According to corporate operations, it worked to bear risks together, create revenue together and share outcomes with employees by awarding seasonal bonuses and taking other measures. Besides, ZNA formulated performance-oriented sales and business assessment plans by focusing on processes and results. This not only raised salespeople's awareness to achieve stage goals, but also put more sales pressure on front-line salespeople. In 2016, ZNA increased the overall income of employees by 26.61% over the previous year.

DFI strengthened market benchmarking and continued to optimize its salary strategy to maintain external competitiveness of its salary structure. In 2016, DFI implemented the new annual performance bonus distribution method for the first time, established a linkage between performance bonuses and corporate, departmental and personal achievements to ensure internal fairness.

Smooth Communication with Employees

Smooth communication helps build a harmonious employee-employer relation. By establishing complete communication mechanisms and diverse communication channels, Nissan's subsidiaries in China strive to listen to employees' voices, conduct frank communication with them, help ensure efficient and stable operations.

● Comprehensive Communication Mechanisms

In order to ensure employees' rights to know, to participate, to select and to supervise, NCIC established the system of employee representative assemblies; comprehensively implements and promotes the mechanism of democratic management, democratic participation and democratic supervision within the company; and works on building a fair, friendly, harmonious and open working environment.

ZNA organizes labor safety, occupational health and environmental protection briefing and consultation meetings, labor management briefing and consultation meetings and employee representative assemblies to resolve employee-proposed issues concerning welfare benefits, career development, safe production and labor protection through communication.

In 2016, in addition to continuing to implement such systems as the dialogue mechanism between top management and employees and the anonymous suggestion box, DFI established the system of employee representative assemblies with a view to enabling employees to gain a clear understanding of corporate development through communication on corporate policies and objectives as well as analysis and sharing of corporate strategies and status information.

● **Diverse Communication Channels**



In 2016, other than continuing to promote the Thanks Card approach and the employee suggestion box, NCIC set up new channels, such as the compliance hotline and the complaint mailbox, to provide more diversified feedback paths for employees. Moreover, NCIC continued to carry out employee satisfaction surveys. As shown by survey results, both the employee engagement and the perceived organizational support increased by 5% over 2015. The participation rate of employee satisfaction surveys for 2016 was 97%, also an increase of 5% over 2015.

DFN newly set up such communication channels as the General Managers Go Grassroots activity and the Employee Service Center. Besides, the company carried out top management visit activities to gain an insight into real demands and thoughts of front-line employees and satisfy their needs in a timely manner. In 2016, DFN held an employee representative assembly, in which the company specified in details its labor protection measures and its salary and welfare system to enable employees to have a sufficient understanding of the matters closely related to their own interests.

In 2016, ZNA held the first session of the third employee representative assembly, collected 44 proposals totally from attending representatives, among which 12 were listed as formal ones. Several proposals, including the *Supplementary Provisions on the Measures for the Handling of Disciplinary Violations of Employees of Zhengzhou Nissan Automobile Co., Ltd. (on trial) (draft)*, were passed in the session. ZNA also carried out such activities as grassroots visits and customer satisfaction surveys to enhance employee communication and mutual trust. In the annual employee satisfaction survey in 2016, its employee satisfaction score was 79, an increase of 38.6% over 2015.

The employee forum helped problems in work and life

ZNA held the employee forum for two consecutive years. The forum altogether produced more than 600 topics, with a total number of reads of 690,000, a problem solving and response rate reached 90%. In 2016, the female employees who were at the breastfeeding stage proposed the need to set up an infant room through the forum. A month later, the company set up the Mommy's Room to provide a breastfeeding and rest place for female employees in need thereof.



Through various channels, DFI carried out diverse communication activities in 2016, including the all-hands communication meeting, the office relocation celebration activity and one-on-one communication with senior managers. The company also set up a staircase video sharing mechanism to communicate corporate news in a lively way by making use of fragmented time. Meanwhile, DFI conducted an employee satisfaction survey. Based on survey results, ZNA held seminars, organized employees to communicate actively, find and improve pain points and worked out improvement plans.

 **Employee Development**

Attaching great importance to employee development, Nissan's subsidiaries in China provide comprehensive training systems and courses for employees, continuously optimize performance assessment standards and build clear career development paths to help employees realize reasonable career plans and personal all-round development.



● **Career Development Paths**

With the aim of supporting employees' career development, NCIC provides employees with rich training courses and a cross-functional communication platform to facilitate communication and mutual learning between employees. The company is always concerned about development of middle and senior management and continues to improve management skills of middle and senior managers. In terms of promotion, NCIC carries out comprehensive assessment of employees according to their job performance. In 2016, there were altogether 34 employees who were promoted.

In 2016, DFN improved its employee performance interview system, which focused more on superiors' guidance to employees in work to ensure effective improvement of employees' ability through performance development. The company particularly set up an employee career counseling group and a counseling team, enhanced the development of career counselors. While providing personal career counseling sessions for new graduates, the company analyzed and optimized personal career management processes for employees with a length of service of 2 years or 3 years. Besides, DFN continued to implement the mid-term employee promotion plan, which specified promotion conditions for managers and professionals more clearly; and introduced an external talent evaluation system to facilitate the selection of outstanding talent and provide stronger support for corporate business.



ZNA pressed ahead with implementing comprehensive achievement-oriented performance management in 2016. Starting with signature of performance contracts and performance evaluation, the company followed up personal achievements of employees performance and progress of organizational goals, continued to carry out performance management and improvement activities. With regard to the promotion system, ZNA started the work of professional-path grade promotion, organized relevant activities, such as open classes on professional-path grade promotion, and explanation and coaching before departmental review and professional group review. simplified the employee promotion review process to improve review efficiency.

DFI implements the annual performance assessment system, the assessment content consists of three parts, i.e., KPIs, ability/leadership and actions. Employees and their superiors work together to set employees' personal annual KPIs and action plans based on corporate and departmental KPIs at the beginning of a year, review these KPIs and action plans in the middle of the year. At the end of the year, employees receive annual assessment, after which they can be promoted through two paths, i.e., annual regular promotion and competition for new or open positions. In this process, line managers can communicate with their subordinates in a timely manner to give them feedback, counseling and support. With respect to career planning and counseling, DFI implements the career development plan for senior managers and above, the key position succession plan, the personal ability development plan for all employees, the talent management plan for directors and above, etc., with a view to helping employees with different job grades and functions determine their career development goals and plans clearly.

● Employee Training Systems

NCIC's Employee Training



NCIC provided training for **75%** of its employees in 2016, with a total training time of nearly **8,000** hours and an average training time at **28** hours per employee.

NCIC provided necessary skills training for employees in 2016 to help employees improve their working efficiency. Meanwhile, NCIC continued to improve management skills of middle and senior managers, provided a cross-functional communication platform for employees to facilitate mutual communication and learning. In terms of training content, the company enhanced education on investment products and brand knowledge, added the serial courses of new departments to enable colleagues in the same group or at the upstream or downstream end to learn business knowledge and share experience. In terms of training form, the company increased the proportion of e-learning to help employees gain knowledge more easily. In particular, NCIC offered language training for employees to support globalized talent development and personal career development. In 2016, 19% of NCIC employees participated in language training.



DFN's Employee Training

In 2016, DFN optimized and upgraded both its training mode and training system, including: introduced the learning mode based on a competition system for improvement of special ability, organized and implemented the Oscar Real Team Training Camp program targeting real business teams that, under the leadership of their section chiefs, participated in the training program to achieve common growth of entire teams and individual team members, and set up the Happy Night School course to further complete the employee training system. management and leadership. The total training cost was 15.8 million yuan.

In 2016, DFN altogether conducted **5,845** training sessions with a total of **17,081** trainees including managerial and technical personnel, skilled personnel and executives from corporate management and leadership. The total training cost was **15.8 million** yuan.

The Dongfeng Nissan University launched the "Master" education mode

In 2016, DFN made investments to establish the Dongfeng Nissan University, which, at the beginning of its founding, set up five missions and four core functions to enhance learning resources and strengthen the development of common skills. The Dongfeng Nissan University pays more attention to entire career development of employees and its training contents have different focuses at different career development stages of employees. In addition, DFN independently developed the Learning Journey APP to inspire employees' passion for learning by using a credit certification system. In future, the Dongfeng Nissan University will make use of its own advantages and play a unique role in development of young lecturers and discovery of future young talent.





ZNA's Employee Training

ZNA optimized and revised its training management system, established a new system on in-house trainer management in 2016. Meanwhile, ZNA also made systematic improvements on its basic training process and course library, set up a knowledge management system, achieved online management of its course library and other training resources.

With respect to training content, ZNA carried out the training for improvement of in-house trainer ability as well as the training on leadership in finding solutions of Nissan projects, with altogether 23 trainees including corporate project managers and department leaders; and invited experts from DFL to conduct special training on knowledge management for 23 corporate executives. With respect to training for new employees, ZNA introduced a knowledge management platform; added new training content, such as mentality management, situation education conducted by corporate executives, and career guidance, and made use of the official WeChat account that is managed by trainees to convey information and share resources, with a view to enhancing employees' voluntary participation.

In 2016, ZNA altogether conducted **174** training sessions in various forms, including external training, internal training by external trainers and in-house training. The company totally trained **9,849** employees and appointed **282** employees as in-house trainers. The total training time was around **140,000** hours and the average training time per employee was approximately **41** hours. In addition, the average training cost per employee rose by **6%** over the previous year.



DFI's Employee Training

With regard to employee training and development, DFI set clear goals: by conducting training on leadership and common skills, develop a skeleton staff that meets the company's ability requirements; by commissioning senior managers or above to carry out in-house training sessions and share experience, promote cross-functional communication and mutual understanding within the company, and create a learning and sharing atmosphere; and by setting up an in-house trainer team, provide new directions of ability development for employees, and establish DFI-featured training programs to enhance knowledge communication. According to these goals, the company continues its optimization and innovation efforts in training programs. In leadership training and a part of common training programs, for example, the company uses the approach that the departments concerned dispatch key employees to participate, instead of using the previous method of public registration. DFI also provides online English training, in which the company follows up and reports the learning process by regularly sending the ranking list in terms of learning hours and specifying the learning progress.

In addition, DFI particularly provides new employees with induction training that has rich content, including the introduction to the company, its products and daily financial affairs, for the purpose of helping new employees adapt to and get familiar with the work as soon as possible.

In 2016, DFI totally invested **850,000** yuan in training and its employees achieved a total training time of **8,490** hours.



Employee Care Activities

In order to make employees truly feel cared and warm, Nissan's subsidiaries in China carried out various employee care activities to enrich their leisure time and help them achieve work-life balance.

NCIC's Employee Care

NCIC is highly concerned about employees' work-life balance. Hence, the company continues to improve various welfare measures, takes care of special employees, with a view to enabling employees to feel warm and have no worries behind when working for the company and achieve work-life balance ultimately.

NCIC provided a more diversified welfare package to employees in 2016. Thus, in addition to being entitled to statutory welfare, local employees can, at their own expense, buy supplementary medical insurance for their spouses at a discounted price of group insurance or upgrade existing medical insurance programs for their children. Moreover, the company comprehensively upgraded the annual physical examination program for employees based on the support of the labor union, thus providing employees with more items of physical examination and enabling them to experience better VIP service. NCIC also broadened the coverage of business travel insurance, which now covers both domestic and international business trips, increases the insured amount of each insured item.

DFN Employee Care

To maintain employees' physical and mental health, DFN commissioned EAP experts to provide group or individual psychological counseling service for employees in need. With respect to care for female employees, DFN set up the Loving Mother's Room and granted female employees the sanitation allowance. For needy employees, DFN organized donations within the company. Meanwhile, the labor union established a mutual aid association to provide subsidies to employees with serious diseases.



DFN regularly organizes employees to carry out volunteer service activities every year. In 2016, there were altogether 200 employee volunteers who completed more than 200 hours of volunteer service, including repair and maintenance of small appliances, computer maintenance and troubleshooting, and aid for poor children in the community. These activities brought convenience and benefits to residents of local communities and were well received by them.

DFN's care for family members of employees

To allow employees' family members to feel the caring offered by the company as well, in 2016 DFN conducted various sympathy activities for family members of employees, including inviting them to participate in the 10th Dongfeng Nissan Festival, which promoted co-prosperity and emotional identity among the company, employees and their family members. In the year, DFN visited **102** employees and their family members totally, with total cost of more than **800,000** yuan.

ZNA's Employee Care

In addition to statutory welfare, ZNA provides employees with various corporate benefits, including the supplementary pension addition program, meal subsidy, heating subsidy, high-temperature allowance and other allowances. In order to enable employees to relax themselves in their spare time, the company organizes diverse cultural and sports activities, such as five-a-side football games, mountaineering and employee photography exhibitions. The company also conducts various activities to send care to female employees. Besides, ZNA is committed to providing job opportunities to the disabled. As of 2016, there were altogether 16 disabled employees working in the company.

ZNA continued to carry out employee volunteer activities and organized 65 employees to complete 52 hours of volunteer service. In particular, the educationally significant Mother River Protection activity, which focused on garbage classification and removal at the riverside of the Yellow River, was highly praised by employees and surrounding communities.



ZNA's Love Fund

ZNA commissioned the labor union to establish the Love Fund for employees and, based on this fund, carried out a series of employee care activities in 2016, such as visiting needy employees during the Spring Festival period, visiting employees' family members with serious diseases, aiding employees with serious diseases, expressing sympathy for accidentally injured family members of employees, and visiting needy employees at the Mid-Autumn Festival. With a total cost of **876,222** yuan for these activities, the fund totally aided **180** people in 2016.

Besides, the Love Fund also provided support for children of early retired employees and of those dead before retirement to receive education. In 2016, the fund altogether provided economic support for **89** children of early retired employees with an aid amount of **331,000** yuan and for **23** children of employees dead before retirement with an aid amount of **49,000** yuan.

DFI's Employee Care

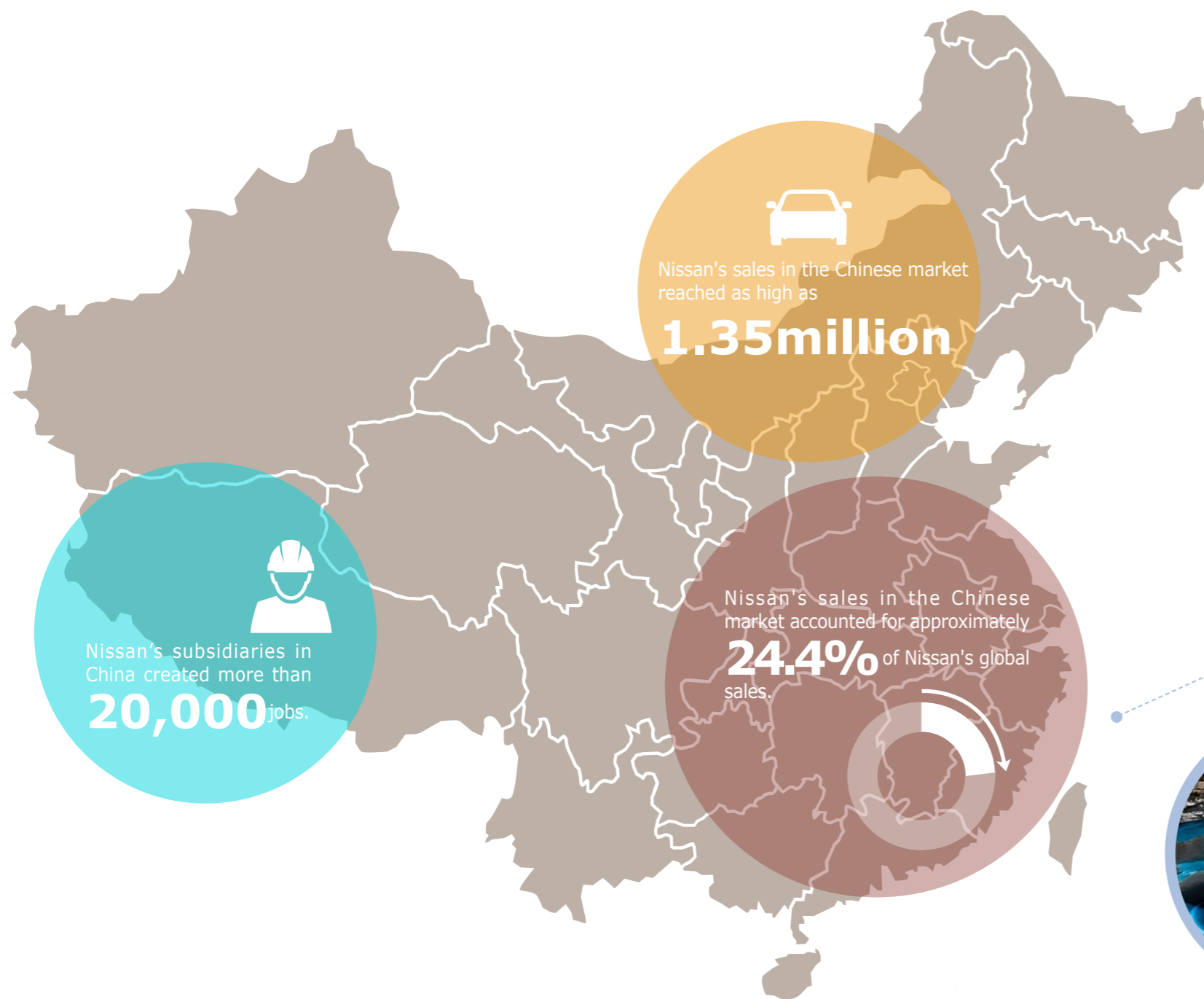
DFI is committed to providing care and benefits for employees from multiple aspects. The company offers supplementary medical insurance, supplementary commercial insurance and various leave benefits, including annual physical examination, extra corporate paid annual leave, paid sick leave, summer leave and family reunion leave. For female employees, the company particularly provides subsidies for the International Women's Day, small gifts from the labor union and maternity allowances.

In 2016, DFI moved to a new office, which provided employees with a safer, healthier and more spacious workplace. Besides, the company organized a number of interest groups, such as the basketball team, badminton team and football team, and called on employees to spend more time in exercise, do body building and work happily. With respect to needy employees, DFI contacted an insurance company to seek for maximum support for them in the aid fund project, while actively organizing employees, dealers and other parties to make donations with a view to helping them go through difficulties.

10

Nissan's Economic Contribution in China





Since it was founded in 1933, Nissan has been committed to advanced product development and technical innovation as a globally well-known automaker. During this process, its business in China has also been expanding and developing. Through continuous technical innovation and convenient, efficient products and services, Nissan's subsidiaries in China continue to meet Chinese consumers' expectations for future mobility, contribute to the economic and social development of China. In 2016, Nissan's global sales volume was 5.56 million vehicles, the sales in the Chinese market reached as high as 1.35 million, accounted for approximately 24.4% of Nissan's global sales. Nissan's subsidiaries in China created over 20 thousand jobs, fulfilling the purpose of business development in China and their long-term commitment to China.



Since their establishment in the Chinese market, Nissan's subsidiaries in China, with stable operation and sustainable, profitable growth as their goal, have been creating new history and making new breakthroughs in the areas of products, marketing and service.

In 2016, DFN's total wholesale volume exceeded 1.12 million vehicles and rose by 11.9% over 2015. Meanwhile, its retail sales volume was more than 1.13 million, an increase of 10.9% over the previous year. The million-level sales have pushed DFN into the YOUNG NISSAN 3.0 era as well as the new era of intelligent life of people and vehicles that is based on the i3 Plan. DFN has contributed greatly to local tax revenue and employment and continues to stimulate the innovation and sustainable development of the industry. Moreover, its Huadu plant has achieved comprehensive and coordinated development of the entire supply chain of the automotive industry, which integrates R&D, whole-vehicle manufacturing, parts production, automotive trading and talent development by automotive colleges as a whole.

Through long-term practice and exploration, ZNA, has established a number of industrial vehicle standards to meet diversifying needs of industrial customers, launched the specially equipped vehicle business that has competitive advantages. With its products widely used in various industries, such as public security, power, communication and medical care, ZNA strives to drive the economic development of the Central Plains region in an innovative way by making use of the effect of industrial agglomeration.



**Corporate
Governance**



Governance Framework

Guided by the corporate governance & internal control strategy of Nissan Global Headquarters, NCIC lists information security, risk management and compliance management as its three focuses. In order to complete its compliance management system, NCIC set up a coordinated three-tier management framework: Management Committee – Information Security, Risk Management and Compliance Management Committees – Management Office. This framework is responsible for ensuring corporate activities are carried out within the scope of compliance, and all of its responsible persons are members of the Management Committee at the vice-president level or above.



Compliance Management

By adhering to applicable laws and regulations and social common sense, NCIC strives to meet expectations of stakeholders and carry out corporate activities on a fair basis. Starting from 2011, Nissan successively established the Global Compliance Committee and three regional compliance committees in accordance with the Nissan Global Code of Conduct, with a view to promoting its legally compliant operations continuously. Besides, in order to advance the compliance work more effectively and normatively, NCIC set up a compliance committee within the company. Composed of senior executives from the legal, HR, financial and other departments, the compliance committee is fully responsible for advancing the compliance work and has issued the Rules on Employees' Professional Conduct, the Regulations of NCIC on Reception and Gifting in Business Activities and other documents to ensure employees' various kinds of behavior complies with applicable laws and regulations.

For the purpose of improving employees' compliance level, the company has organized all employees to participate in training programs on anti-bribery, export control policies and other relevant subjects in the way of e-learning.

Information Security



In 2016, NCIC continued to promote the work of information security management, enhance the protection of information security. In accordance with Nissan's global security system and information security management specifications, NCIC set up the Information Security Management Committee that is composed of senior executives. Adhering to the principle of "prevention in the first place and integrating prevention with control," the committee holds two management meetings annually to strengthen corporate information security in a comprehensive way. With the global strategy as the basis, NCIC's business entities in China also established their own information security policies to ensure the fulfillment of Nissan's global security system and information security specifications.

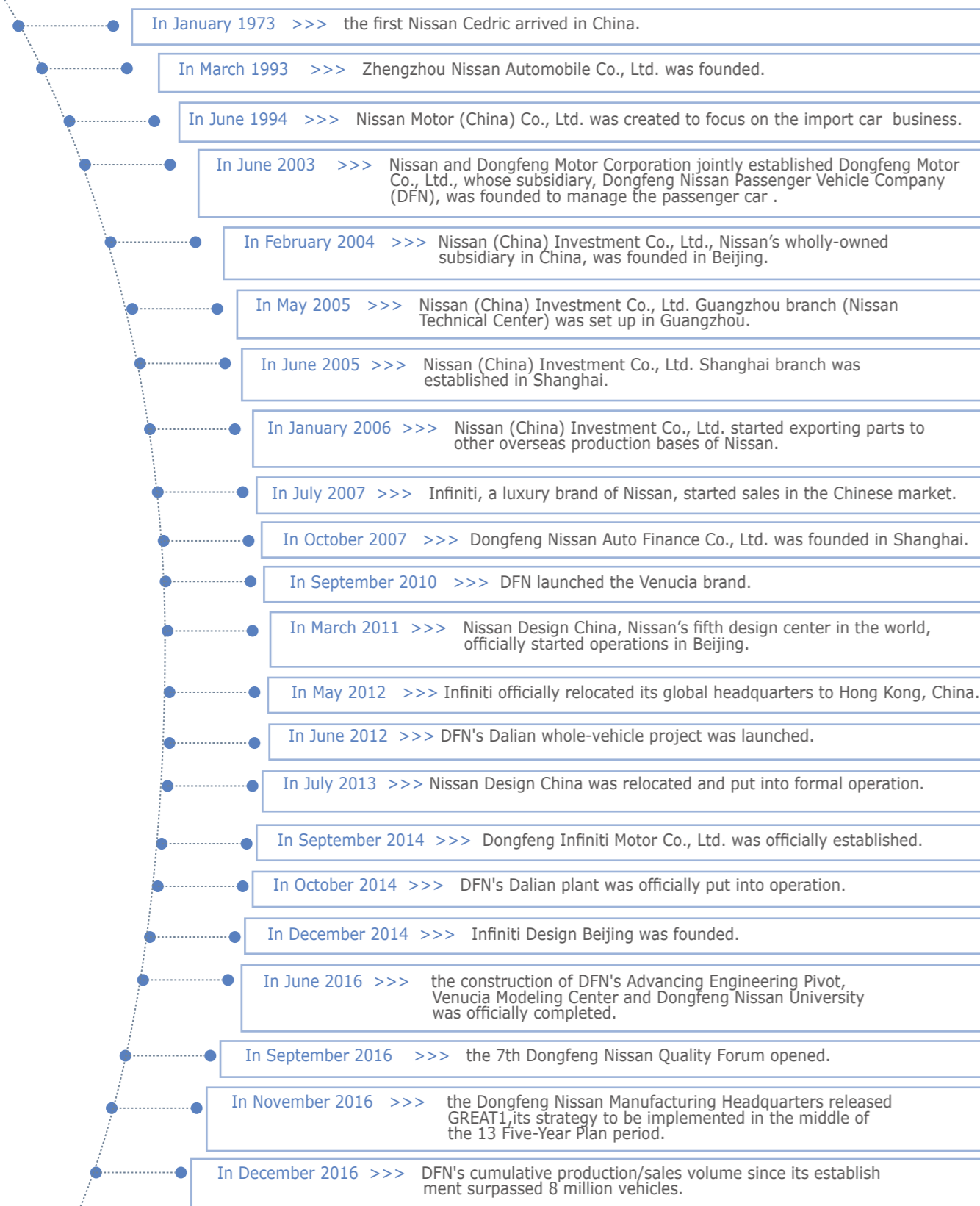
NCIC set up a three-tier reporting process



Based on precise information security management, NCIC set up a three-tier reporting process, from operators through the Information Security Management Committee to top management. The company formulated the 2016 Information Security Action Plan to advance information security work from such aspects as information security policies and specifications, management committee meetings, management accounting, information classified management, training and information security awareness improvement, security incident management and self-assessment. According to survey and analysis results of annual self-assessment, the company adjusts and improves the next year's work plan for the ultimate purpose of prevention. The self-assessment results of 2016 are more stable than those of 2015, but the management and training of information security have to be further strengthened in 2017.

To raise employees' information security awareness in a comprehensive way, NCIC sent four issues of its information security newsletter, which covered information security precautions, tips and incident reporting processes, to employees in 2016. Meanwhile, the company organized employees to participate in the information security training through e-learning. With a participation rate of 100%, the training aimed at minimizing information security incidents.

Timeline of Nissan's Development in China



Social Recognition



◎ Award/Honor

◎ Presenter



- ◎ 2015 China Education Public Welfare Medal
- ◎ 2016 China Public Welfare Enterprises

Public welfare Medal Summit for Chinese Enterprises
China Public Welfare Annual Conference



- ◎ 2016 Top 10 Nanfang Public Welfare Cases
- ◎ 2016 Best Employer of Guangdong Province
- ◎ Responsibility Case of 2016 Corporate Social Responsibility

Nanfang Daily & Sun Yat-sen University
Guangdong Provincial Enterprise Confederation
New Weekly



- ◎ Caring Enterprise of the 3rd Zhengzhou Charity Awards
- ◎ 2016 Auto Public Welfare Support Award
- ◎ Pubic Welfare Innovation Brand of the 5th Hubei Auto Golden Wheel Awards

Zhengzhou Charity Federation
The Beijing News
Hubei Daily



- ◎ Corporate Social Responsibility Performer Award in 2016 iQIYI Auto Big Data Marketing Ceremony
- ◎ Corporate Social Responsibility Award in 2016 TTA Annual Import Car Awards Ceremony
- ◎ Corporate Social Responsibility Award

iQIYI Auto
Tencent Auto
The 8th China CSR Annual Conference

Third-party Comment



Reading NCIC's CSR report has always been a joyful and exciting experience for me because I can gain an understanding of gradual development of enterprises as well as overall progress of the society from it. Now I want to share my thoughts from these two aspects.

Presentation of CSR concepts and actions through an annual report is an important way of communication with stakeholders. Nissan consistently lists specific communication channels corresponding to various stakeholders in its CSR report and describes every action in the content. This is a big highlight of the report. In other words, the communication functions that CSR is supposed to realize are completely presented in this report. Meanwhile, as a written document used to record the results of regular reviews, the report integrates the statements of goals already achieved and the expectations for future goals, thus maintaining both consistency and freshness. Freshness comes from innovative philanthropic programs as well as from development and application of new technologies, such as the research on improvement of fuel efficiency of engines, application of the VR technology in DFN Intelligent Mobility Safety Experience Camp, Nissan Dream Classroom that makes use of new technologies on online education.

Thanks to various stakeholders, the effect of CSR actions is often far beyond the corporation itself. Nissan performs well in all of the 13 material issues selected by it, but in particular, I want to mention its leadership in promotion of environmental responsibility and value chain responsibility. For example, in order to encourage its dealers to proactively undertake environmental responsibility, Nissan had helped set up nearly 300 certified Green Shops as of 2016. Moreover, its support for the Blue Book of New Energy Vehicles and its efforts in hosting relevant forums provide various parties concerned about new energy vehicles with a platform, which serves as a positive force to promote the overall progress of the industry.

Although CSR has been gradually accepted by the public and has become one of the main issues related to enterprises, the challenges faced are obvious. An enterprise's prudence and perseverance are required for selection of programs, evaluation of validity, and even maintenance of passion. However, it is difficult for a report to cover all these matters. In future, I expect to gain a fuller understanding of Nissan, especially its measures in dealing with the challenges. Meanwhile, I also hope to see more thinking on CSR performance.

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