

Second-Party Opinion

Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Clean Transportation, Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Waste Management and Circular Economy, Affordable Basic Infrastructure – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 9, 11 and 12.



PROJECT EVALUATION / SELECTION Nissan Motor Co., Ltd.'s Sustainable Finance Committee is responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. Nissan Motor Co., Ltd. has an environmental and social risk management system in place that are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project evaluation and selection process to be aligned with market practice.



MANAGEMENT OF PROCEEDS In case Nissan Motor Co., Ltd. is the funding entity, its Treasury Group will monitor and track the allocation of proceeds. In case Nissan Sales Finance affiliates is the funding entity, the relevant department of such affiliate will monitor and track the allocation of proceeds. Nissan Motor Co., Ltd. and Nissan Sales Finance affiliates intend to allocate proceeds to Eligible Projects within 24 months after financing. Pending full allocation, unallocated proceeds will be managed in cash, cash equivalents, or used to repay short-term borrowings. This is in line with market practice.



REPORTING Information on allocation and impact will be reported on Nissan Motor Co., Ltd.'s and/or Nissan Sales Finance affiliates' website annually. This reporting will be provided, until full allocation if Nissan Motor Co., Ltd. is the funding entity, and until maturity if Nissan Sales Finance affiliates is the funding entity. The reporting will include the amount of allocated proceeds, the balance of unallocated proceeds, and relevant impact metrics. Sustainalytics views Nissan Motor Co., Ltd.'s and Nissan Sales Finance affiliates' allocation and impact reporting as aligned with market practice.

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Introduction

Nissan Motor Co., Ltd.¹ (“Nissan”, or the “Company”) is an automobile manufacturer headquartered in Yokohama, Japan. The Company engages in the manufacturing, sales and related business of automotive products. Nissan Sales Finance affiliates² (the “Affiliates”) provide consumers with auto loans, leases and other auto finance products. The Company manages operations in six regions: Asia & Oceania, Africa, the Middle East & India, China, Europe, Latin America, and North America. Nissan is partnered with French manufacturer Renault and has acquired a 34% stake in Mitsubishi Motors.

Nissan has developed the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework (the “Framework”). Under the Framework, Nissan and the Affiliates intends to issue green and/or sustainability bonds and/or loans, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that generate positive environmental and/or social impact.

The Framework defines green eligibility criteria in five green categories:

1. Clean Transportation
 - a. Zero-emission Vehicles (including components, and related infrastructure)
 - b. Vehicle-to-Everything (V2X) / using BEV Battery as an energy storage systems (ESS)
 - c. Autonomous Driving Technologies (including Advanced Safety / Driver-assistance Technologies)
 - d. Clean Mobility as a Service (MaaS) using Zero-emission and Low Carbon Vehicles
 - e. Low Carbon Vehicles
2. Renewable Energy
3. Energy Efficiency
4. Sustainable Water and Wastewater Management
5. Waste Management and Circular Economy

The Framework defines social eligibility criteria in one category:

1. Affordable Basic Infrastructure (e.g. energy, transport)
 - a. BEV Battery as an energy storage systems (ESS)
 - b. Mobility as a Service (MaaS) operated in depopulated area / impacted by natural disaster

Among the categories above, Clean Transportation and Affordable Basic Infrastructure are expected to constitute Nissan EV Ecosystem and Smart Cities.

Nissan engaged Sustainalytics to review the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework, dated July 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP)³, Green Loan Principles 2021 (GLP), and Social Loan Principles 2021 (SLP)⁴. This Framework has been published in a separate document.⁵

¹ Sustainalytics’s research service has assessed Nissan as the subject of a Category 4 Controversy in Corporate Governance due to the severity and the significant duration of the alleged misconduct committed by the former Chairman Carlos Ghosn, its possible impact on the Renault-Nissan-Mitsubishi Alliance’s structure, the exceptionality of the under-reported compensation amount for Ghosn in its annual security reports, and the failure of internal controls to detect the alleged violations. Nissan dismissed Ghosn from the Chairman in a unanimous decision at its board of directors in November 2018 and from Director at an extraordinary shareholders’ meeting in April 2019. Nissan also transitioned to a company with three statutory committees on June 25, 2019 by establishing a Nomination Committee, a Compensation Committee, and an Audit Committee. Since December 2019, under the new management, the Company has been promoting various corporate governance reforms. (https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview_EN.pdf)

² Nissan Sales Finance affiliates include but are not limited to Nissan Financial Services, Nissan Motor Acceptance Company LLC, Nissan Canada, Nissan Leasing (Thailand), Nissan Financial Services Australia, Nissan Financial Services New Zealand, Dongfeng Nissan Auto Finance, Dongfeng Nissan Financial Leasing, NR Finance Mexico and Nissan Renault Financial Services India.

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁴ The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

⁵ The Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework is available on Nissan Motor Co., Ltd’s website at: https://www.nissan-global.com/EN/IR/STOCK/SUSTAINABLE_FINANCE/

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11.4, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Nissan to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Nissan representatives have confirmed (1) they understand it is the sole responsibility of Nissan to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Nissan.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Nissan is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Nissan has made available to Sustainalytics for the purpose of this Second-Party Opinion.

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework

Sustainalytics is of the opinion that the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP, and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The green eligible categories – Clean Transportation, Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Waste Management and Circular Economy – are aligned with those recognized by the GBP. The social eligible category - Affordable Basic Infrastructure - is also aligned with those recognized by the SBP.
 - In the Framework, Nissan has defined a look-back period of 36 months for its refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Sustainalytics notes that Nissan intends to allocate up to 10% of proceeds to research and development (R&D) activities related to the activities identified in the Framework. While recognizing the potential positive impact of R&D, Sustainalytics notes that there is no assurance that such impact will be realized and encourages the Company to report on the impact achieved by these R&D activities.
 - Under the Clean Transportation category, Nissan intends to finance the R&D, investments and expenditures of the following activities related to zero-emission vehicles, their components, related infrastructure, technology, and services.
 - Design, development, and manufacturing of zero-emission vehicles that may include but are not limited to battery electric vehicles (BEVs).
 - Design, development, and manufacturing of specialized components for zero-emission vehicles such as batteries for BEVs.
 - BEV charging infrastructure for zero-emission vehicles.
 - Vehicle-to-Everything (V2X) / using BEV Batteries as energy storage systems (ESS)⁷: In terms of V2X technologies, Nissan is promoting its R&D to use the BEV batteries as energy storage systems that transmit and receive electricity between home, buildings, etc., aiming for stable utilization of renewable energy as a distributed power source.
 - Autonomous Driving Technologies (including Advanced Safety / Driver-assistance Technologies): The Framework defines R&D for Advanced Driver Assistance System (ADAS) technologies as a social expenditure, aiming for zero fatalities from traffic accidents involving Nissan cars and for supporting those who have difficulty in driving themselves. While Nissan's ADAS technologies have the potential to result in improved road safety, increased accessibility for people with disabilities etc., Sustainalytics still considers such technologies to be widespread industry practice and investments in enhancing road safety to be baseline expectation for automotive companies. Sustainalytics generally views expenditures in this area as green expenditures. Sustainalytics notes that the Company's ADAS will be applied to all types of vehicles, including those with internal combustion engines (ICEs). These technologies have the potential to provide significant energy savings, and do not constitute a "lock-in" of fossil fuel-based technologies, and should therefore be considered to have net-positive impacts. Nevertheless, given that Nissan is involved in the production of automotives, Sustainalytics encourages the Company to prioritize implementing such technologies in electric vehicles, in line with its plan to realize the electrification of every new Nissan vehicle offering in key markets by early 2030s.
 - Clean Mobility as a Service (MaaS) using Zero-emission and Low Carbon Vehicles: Nissan intends to use proceeds to finance R&D, investments and expenditures related to MaaS services using zero-emission vehicles and low-carbon vehicles. For the case of ride-hailing services, in which ICT components and systems (e.g. mobile app) are essential enablers, Sustainalytics considers such investments and expenditures to be eligible only when the services are operated solely based on zero-emission vehicles and/or low-carbon vehicles with a carbon emission threshold of 75 grams of CO₂ per

⁷ Nissan, "Nissan Energy Share", at: <https://www.nissan-global.com/EN/INNOVATION/TECHNOLOGY/ARCHIVE/NES/>

passenger-kilometer (gCO₂/pkm) or less. Nissan has confirmed to Sustainalytics that its ride-hailing services such as Easy Ride⁸ and WeRide⁹ are operated only with BEVs. Sustainalytics considers these investments to be aligned with market expectations. In terms of e-share mobi,¹⁰ Nissan's car sharing subscription program (a model of car rental service), which is another form of MaaS services, the Company stated to Sustainalytics that it will allocate the proceeds to BEVs and hybrid electric vehicles (HEVs) with a direct emission threshold of 107 gCO₂/pkm or less, while not financing any investments and expenditures related to ICT elements. Sustainalytics considers the financing of HEVs with an emission threshold above 75 gCO₂/pkm to be a deviation from market expectation and a limitation of the Framework.

- Additionally, within the Clean Transportation category, the Framework defines the proceeds to be used for loans and other financing products provided by Nissan Sales Finance affiliates to its consumers for purchasing zero-emission and low-carbon vehicles:
 - Sustainalytics considers loans and other financing products for purchasing zero-emission vehicles to be aligned with market practice.
 - Regarding low-carbon vehicles such as HEVs, the Company and the Affiliates have confirmed to Sustainalytics that proceeds will be allocated to vehicles with an emission threshold of 107 gCO₂/pkm or less. As previously noted, Sustainalytics considers a carbon emission threshold of 75 gCO₂/pkm or less to be in line with market expectations for low-carbon light-duty passenger vehicles, while noting that best practice is to achieve a threshold of 50 gCO₂/pkm. The Framework also allows for the financing of HEVs with an emission threshold above 75 gCO₂/pkm and up to 107 gCO₂/pkm, which Sustainalytics considers to be a deviation from market expectation and a limitation of the Framework. Sustainalytics notes that, in this use of proceeds category, Nissan plans to limit allocation only to BEV models by 2025, and Sustainalytics encourages the Company and the Affiliates to prioritize the financing of vehicles with lower emission threshold until then.
- Under the Renewable Energy category, Nissan may finance investments related to the construction, development, acquisition, maintenance, and operation of solar and onshore wind energy projects. Sustainalytics considers these investments to be aligned with market practice. In addition to the renewable power generation projects, Nissan also intends to finance expenditures for purchasing renewable energy including expenditures for power purchase agreements (PPAs) and virtual PPAs (vPPAs). The Company has confirmed to Sustainalytics that the energy sources will be identifiable and do not include any nuclear power, and that positive environmental impacts will be created by making five-year or longer-term procurement.
- Under the Energy Efficiency category, Nissan intends to finance investments in energy-efficient technologies for its manufacturing facilities as well as other facilities (e.g. office buildings). In terms of manufacturing facilities, the Company has committed to limiting its allocation of proceeds to facilities that only manufacture zero-emission and low-carbon vehicles with an emission threshold of 107 gCO₂/pkm or less. Nissan has also confirmed to Sustainalytics that it excludes energy-efficient technologies intended for processes that are inherently carbon intensive. Sustainalytics considers energy efficiency investments in factories that include the manufacture of vehicles with an emission threshold above 75 gCO₂/pkm but 107 gCO₂/pkm or less to be a deviation from market expectation, while noting investments in manufacturing facilities only for BEVs and vehicles with 75 gCO₂/pkm or less are in line with market practice. Sustainalytics encourage Nissan to only focus its allocation of proceeds to factories for BEVs and eligible HEVs. In addition to its manufacturing facilities, Nissan also intends to finance its initiatives to increase energy efficiency and reduce CO₂ emissions by 10% or more such as installation of LEDs and energy efficient air conditioning at its office buildings, etc. Sustainalytics views these investments positively and encourages Nissan to report on estimated or achieved energy gains, where feasible.
- Within the Sustainable Water and Wastewater Management segment, Nissan intends to finance investments that improve water efficiency in its production and office facilities. Nissan has set a goal of reducing water intake at global production sites by 21% in 2022¹¹ (compared to the

⁸ Nissan, "Easy Ride", at: https://www.nissan-global.com/EN/TECHNOLOGY/OVERVIEW/easy_ride.html

⁹ "WeRide", at: <https://www.weride.ai/en/>

¹⁰ Nissan, "e-sharemobi"(Japanese only), at: <https://e-sharemobi.com/>

¹¹ Nissan, "Water Scarcity", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/ENVIRONMENT/GREENPROGRAM/WATERSCARCITY/>

- 2010 level in terms of per vehicle manufactured). Sustainalytics considers these investments to be eligible as they are not for treatment of wastewater from fossil fuel operations.
- Under the Waste Management and Circular Economy segment, Nissan intends to finance R&D and investments for projects that reduce waste generation, landfill waste, and consumption of natural resources and energy. Nissan has set a goal to shift 70% of the materials used in each vehicle to those that do not depend on newly-extracted resources by 2050 and working to maintain new resource usage at 2010 levels.¹² In relation to this initiative, proceeds may be directed to the following activities under this category which Sustainalytics considers to be aligned with market practice.
 - Increasing the use of reused and recycled materials. Nissan has confirmed that it will exclude the refurbishment, reconditioning and repair of products from ICEs and/or HEVs with an emission threshold beyond 107 gCO₂/pkm. In terms of recycling, Nissan has confirmed to Sustainalytics that it will exclude the use of plastic from chemical recycling. In the case of BEV batteries or other electronic waste recycling, the Company also has committed to implementing robust waste management processes to mitigate associated environmental and social risks in accordance with local laws and regulations of a country where projects are located.
 - Under the social category of “BEV Batteries as energy storage systems (ESS)”, Nissan intends to invest in the initiatives called Blue Switch Project:
 - In the Blue Switch Project, Nissan utilizes BEV Batteries as emergency power sources during natural disasters such as typhoons, heavy rains, earthquakes, etc. To promote these initiatives, Nissan has signed 179 agreements with municipalities (as of May 2022) that the Company provides disaster victims who are evacuated to local shelters with EVs located in its car dealers’ sites to use their batteries as emergency power sources.¹³ Nissan offers this service free of charge. Sustainalytics believes that these initiatives have the potential to benefit victims of natural disasters by providing access to energy. Nissan stated that it will limit the allocation of sustainability bond/loan proceeds to the expenditure related to the EVs that are part of its agreements with the local governments for the Blue Switch Project.
 - Under the social category of “Mobility as a Service (MaaS) operated in depopulated area / impacted by natural disaster”, Nissan intends to invest in the initiatives below:
 - Shuttle service including EV in depopulated areas severely hit by natural disasters (e.g. Namie Town in Fukushima prefecture): Namie was severely hit by the 2011 Great East Japan Earthquake and Fukushima Nuclear Accident. Only less than 10% of population have returned to the town compared to pre-disaster level and most of them are elderly people. Nissan has signed the “Collaboration Agreement for Community Development Utilizing New Mobility” with the local government and is providing residents in the town with shuttle services including EV operated in hub-and-spoke style.¹⁴ Nissan stated to Sustainalytics that the price for its service is currently free and would be comparable to public transportation tariffs even when the service becomes fee-based in the future. Sustainalytics considers this to be eligible as a social expenditure on the basis of (i) it being limited to specific areas that are vulnerable due to a natural disaster and therefore lack public transportation services, (ii) it is affordable.
 - Project Evaluation and Selection:
 - Nissan’s Sustainable Finance Committee will be responsible for evaluating and selecting eligible projects in line with the Framework’s eligibility criteria. The Committee is comprised of senior leadership and representatives from the Treasury Group, Environmental Strategy Group, Operational Strategic Office, Corporate Strategy Department, and Global Sales Finance Department. The final decisions are made by consensus. The Committee will review and ensure the eligible projects remain compliant with the Framework on an annual basis.
 - Nissan has in place an environmental and social risk management system that are applicable to all allocation decisions made under the Framework. Sustainalytics considers these

¹² Nissan, “Toward Zero New Material Resource Use”, at: <https://www.nissan-global.com/EN/SUSTAINABILITY/ENVIRONMENT/GREENPROGRAM/DEPENDENCY/RESOURCES/>

¹³ Nissan, “How Nissan is using electric cars to power disaster recovery”, at: <https://global.nissanstories.com/en/releases/nissan-blue-switch>

¹⁴ Nissan, “Reinventing local transport and energy supply – all in one project”, at: <https://global.nissanstories.com/en/releases/namie>

- environmental and social risk management systems to be adequate and aligned with market expectation. For additional details, please see section 2.
- Based on the establishment of a cross-departmental committee and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - In case Nissan is the funding entity, Nissan's Treasury Group will monitor and track the allocation of proceeds using a register on an annual basis. In case the Affiliates is the funding entity, the relevant department of such affiliate (e.g. Treasury Department for Nissan Financial Services Co., Ltd.) will monitor and track the proceeds annually on a portfolio basis using Excel files.
 - Nissan and the Affiliates intend to allocate proceeds to Eligible Projects within 24 months after financing. Pending full allocation, unallocated proceeds will be managed in cash, cash equivalents, or used to repay short-term borrowings. Nissan has confirmed that it does not intend to refinance debts that are associated with carbon-intensive activities.
 - Based on the defined allocation timeframe and disclosure on the temporary use of proceeds, Sustainalytics considers the process to be in line with market practice.
 - Reporting:
 - Information on allocation and impact will be reported on Nissan's and/or the Affiliates' website annually. This reporting will be provided, until full allocation if Nissan is the funding entity, and until maturity if the Affiliates is the funding entity.
 - Allocation reporting will include the amount of allocated proceeds by category level and the balance of unallocated proceeds. In case Nissan issues green and/or sustainability bonds and/or loans, the Company will also disclose a brief description of allocated projects and the proportion of proceeds allocated to new and existing projects.
 - Impact reporting will provide, relevant impact indicators which may include the number of BEVs sold, and/or percent of BEVs sold to overall car sales, number of EV charging infrastructure installed, amount of CO₂ emissions reduced (CO₂-t), and number of beneficiaries.
 - Until the full allocation of the proceeds for Nissan, and until maturity of the green and/or sustainability bonds and/or loans for the Affiliates, Nissan and/or the Affiliates intend to receive a post-financing review from an independent third party.
 - Based on the availability of allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP, and SLP. For detailed information please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Nissan

Contribution of Framework to Nissan Motor Co., Ltd.'s sustainability strategy

Nissan formulated Nissan Sustainability 2022 (NS2022), which identifies its priorities in the area of Environmental, Social and Governance.¹⁵ As its key theme regarding the Environment, it aims to achieve a Zero-emission society through carbon neutrality across the life cycle of its products by 2050. As its priority in the social area, Nissan is working to achieve its long-term vision of virtually zero fatalities involving Nissan vehicles.

Under the Nissan Green Program 2022 (NGP2022), its medium-term environmental action plan, it sets targets towards 2050 in the four focus areas of Climate Change, Air Quality, Resource Dependency and Water Scarcity.¹⁶ In the area of Climate Change, the Company announced in January 2021 its long-term goal to achieve carbon neutrality throughout the entire product life cycle to align with the Paris Agreement.¹⁷ As a mid-term goal, Nissan's aim is for every all-new Nissan vehicle offering in key markets to be electrified by the early 2030s. In terms of greenhouse gas (GHG) emission reduction goals, and the Company has committed to reducing absolute Scope 1 and 2 GHG emissions by 30% and Scope 3 GHG emissions from the use of sold

¹⁵ Nissan, "Sustainability Report 2022", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2022/>

¹⁶ Nissan, "Nissan Green Program 2022", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/ENVIRONMENT/GREENPROGRAM/>

¹⁷ Nissan, "Carbon Neutrality", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/ENVIRONMENT/CARBONNEUTRAL/>

products by 32.5% per kilometer of vehicle by 2030, compared to 2018 levels.¹⁸ The Company also aims to achieve a 40% reduction in CO₂ emissions from new vehicles by 2022 compared to 2000 levels (in Japan, the U.S., Europe, and China) and a 30% reduction in CO₂ emissions per vehicle from production and corporate activities globally by 2022 compared to 2005 levels.¹⁹

As an effort to reduce its resource dependency, Nissan has set a long-term vision of realizing the use of materials that do not depend on newly mined resources accounts for 70% of all materials by 2050, and has adopted the concept of circular economy in its business model. In addition to actively using recycled materials and further promoting the recycling of end-of-life vehicles, Nissan is also working to minimize the use of new mined resources and promoting the expansion of maintenance, rebuilding, and reusing parts at the usage stage to extend the product life.²⁰ For increasing battery's material efficiency, the company has been focusing on developing economical, efficient, and safe batteries, creating a circular battery ecosystem that realizes "4R (Reuse, Resell, Refabricate, Recycle)" through the secondary use of Li-ion batteries, and expanding the power generation capacity of renewable energy for EV charging.

On the social front, Nissan sets a long-term vision to achieve "virtually zero fatalities from traffic accidents involving Nissan vehicles" and a goal of promoting safety technology evolution and adoption toward 2022.²¹ Since 2004, the R&D department has been developing safety technologies based on the "Safety Shield" concept and currently has been working to apply these technologies to autonomous driving. Nissan also develops a variety of safety technologies, including the ProPILOT/ProPILOT Assist System, which provides driving assistance such as speed control, brake assist, and lane center maintenance, as well as intelligent warning and braking systems.²² As for other social activities, Nissan has been promoting the Blue Switch initiative throughout Japan, which aims to transform society and solve regional issues through the use of EVs.²³ In 2021, Nissan signed an agreement with the towns of Namie, Futaba, and Minamisoma in Fukushima Prefecture to collaborate in urban development utilizing the new mobility technology, and is currently implementing a pilot project in Namie Town.²⁴

Based on above context, Sustainalytics is of the opinion that the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the use of proceeds will be directed towards eligible projects that are expected to have positive environmental and social impact based on the Framework. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include social and environmental impacts across vehicle and component (including batteries) manufacturing process, emission and effluent from low emission vehicle operation, the environmental and social impacts of electronic vehicle supply chain, occupational health and safety, product safety, financial risks for the offering entity as well as risks to the borrower.

Sustainalytics is of the opinion that Nissan is able to manage and/or mitigate potential risks through implementation of the following:

- For overall environmental risk management in its business operations and manufacturing facilities, Nissan has established the Global Environmental Management Committee (G-EMC), co-chaired by a board member, to determine overall policies and the content of reports to be submitted to the board of directors. The G-EMC meetings are attended by executive officers selected on an individual issue basis. Management identifies risks and opportunities for the Company, provides specific instructions for implementation of actions to each department, and manages and operates the environmental program based on the PDCA cycle.²⁵ The Company has also obtained ISO 14001 certification for all of its production plants and offices in Japan and its main overseas plants. In addition, the Company has established Environmental Management Systems at each production sites and constantly

¹⁸ Science Based Targets, "Companies Taking Action", at: <https://sciencebasedtargets.org/companies-taking-action#table>

¹⁹ Nissan, "Sustainability Report 2022", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2022/>

²⁰ Nissan, "Toward Zero New Material Resource Use", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/ENVIRONMENT/GREENPROGRAM/DEPENDENCY/RESOURCES/>

²¹ Nissan, "Sustainability Report 2022", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2022/>

²² Nissan, "Sustainability Report 2022", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2022/>

²³ Nissan, "How Nissan is using electric cars to power disaster recovery", at: <https://global.nissanstories.com/en/releases/nissan-blue-switch>

²⁴ Nissan, "Reinventing local transport and energy supply – all in one project", at: <https://global.nissanstories.com/en/releases/namie>

²⁵ Nissan, "Sustainability Report 2022", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2022/>

monitors their implementation status, as well as conducting both internal and external environmental audits.²⁶

- To address environmental and social risks in the supply chain, the Company established the Renault-Nissan CSR Guidelines for Suppliers, consisting of five key areas; i) compliance with laws and regulations, ii) safety and quality of products and services, iii) prohibition of child labor and forced labor, iv) environmental management including reducing GHG emission, industrial waste, and proper management of chemical substances, v) information disclosure.²⁷ The Nissan Green Purchasing Guideline focuses more specifically on environmental aspects, requiring suppliers to reduce their environmental impact.²⁸ Additionally, suppliers are also required to receive assessments by third-party organizations. In case non-compliance or related incident is found, the Company takes immediate action, including reporting, investigation, and corrective measures.²⁹ Regarding human rights, the Nissan Human Rights Policy Statement stipulates their commitment to respecting human rights in their business operation and supply chain.³⁰ Additionally, the Company developed the Nissan Global Guideline on Human Rights in 2021, which provides specific guidelines for human rights compliance in operations across the company's global sites. Since 2019, the company has been conducting a Human Rights Due Diligence.³¹
- Regarding occupational health and safety, many of Nissan's Japanese and global facilities introduced the OHSAS 18001 occupational health and safety management system, and compliance with ISO 45001 is also progressing at each location. Additionally, Nissan holds teleconferences twice a year connecting Nissan global sites to discuss key issues, and the regional manager of employee health and safety participates in a global safety meeting once every two years.³²
- To ensure product safety, Nissan has established a product safety and quality management system. Chief Quality Officer (CQO) is assigned specifically to quality management. They hold monthly CQO meetings with executives from each division and region. Nissan has also established a three-layer monitoring and audit system, which consists of i) monitoring by each department to ensure compliance; ii) auditing of these activities by the Conformity Audit Office; iii) risk-based auditing by the Internal Audit Office.³³
- With regard to financial risks, Nissan's Global Code of Conduct states its commitment to comply with local laws and regulations which include those related to money laundering, counter-terrorism, and proliferation of weapons of mass destruction financing.³⁴ For the Affiliates, Nissan has explained to Sustainalytics that it has established operational procedures and rules for conducting know your customer (KYC). For example, the Affiliates in Japan has in place KYC rules complied with accordance with Japan's Ordinance for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds.

Sustainalytics is aware that certain risks, including safety risks arising from the use of products and environmental risks at the disposal stage, are dependent on the purchaser or other third parties and their mitigation is beyond the control of the Company. Based on the above policies, standards and assessments, Sustainalytics is of the opinion that Nissan has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All six use of proceeds categories are aligned with those recognized by GBP, SBP, GLP or SLP. Sustainalytics has focused on three where the impact is specifically relevant in the local and global context.

²⁶ Nissan, "Nissan Green Program 2005", at: https://www.nissan-global.com/EN/DOCUMENT/PDF/ENVIRONMENT/GREENPROGRAM/EnvironmentalManagement_E.pdf

²⁷ Nissan, "Renault-Nissan CSR Guidelines for Suppliers", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SUPPLIERS2015/>

²⁸ Nissan, "Nissan Green Purchasing Guideline", at: https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/GREEN_PURCHASING/

²⁹ Nissan, "Renault-Nissan CSR Guidelines for Suppliers", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SUPPLIERS2015/>

³⁰ Nissan, "the Nissan Human Rights Policy Statement", at: https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/HUMAN_RIGHTS/ASSETS/PDF/nissan_human_rights_policy_e.pdf

³¹ Nissan, "Actions for Human Rights Due Diligence", at: https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2021/ASSETS/PDF/Actions_for_Human_Rights_Due_Diligence_e.pdf

³² Nissan, "Sustainability Report 2022", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2022/>

³³ Nissan, "Sustainability Report 2022", at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2022/>

³⁴ Nissan, "Global Code of Conduct for NISSAN Group", at: https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2010/NISSAN_GCC_E.pdf

Importance of zero-emission and low-carbon vehicles to reduce GHG emissions

In 2020, CO₂ emissions from the global transportation sector were approximately 7.2 Gt, and road vehicles (passenger and freight) accounted for about 75% of the sector's CO₂ emissions.³⁵ According to the International Transport Forum (ITF), even if existing commitments by countries to decarbonize transport are completely fulfilled, CO₂ emissions from the transport sector are expected to increase by 16% by 2050 from the 2015 levels due to an increase in transport demand.³⁶ The ITF requires that, in order to limit the global average temperature rise to 1.5°C, CO₂ emissions from the transportation sector be reduced by 70% from the 2015 level by 2050.³⁷

In 2020, Japan's transportation sector emitted 185 Mt of CO₂, accounting for 18% of the country's total emissions.³⁸ Automobiles were the largest emission source in the sector, accounting for 86% of the sector's total CO₂ emissions.³⁹ As part of its current NDC submitted to the UN in 2021, Japan sets out a goal to reduce the CO₂ emissions in the transportation sector by 35% by 2030 compared to the 2013 levels.⁴⁰ Within the Green Growth Strategy,⁴¹ which was formulated to achieve net-zero GHG emissions by 2050, the government has announced to replace all new cars in the market to electrified models (EVs, Hybrid Vehicles (HVs), Plug-in Hybrid Vehicles (PHVs), or Fuel Cell Vehicles (FCVs)) by 2035, and apply the electrification policy to commercial vehicles in a phased manner. In 2019, the share within new car sales were 0.5% for EVs, 34.2% for HVs, 0.5% for PHVs, and 0.02% for FCVs, well below the 2035 target.⁴² To accelerate the popularity of EVs the government is providing subsidies for the purchase of EVs and FCVs and the installation of charging infrastructure as well as by introducing tax breaks.⁴³

Nissan intends to allocate proceeds for projects related to the promotion of zero-emission and low-carbon vehicles. Based on the above, Sustainalytics is of the opinion that Nissan's use of proceeds is expected to support the promotion of low-carbon means of transportation and contribute to emission reduction in the global transportation sector.

Importance of disaster recovery efforts such as access to emergency power sources

Due to climate and topography characteristics, Japan is vulnerable to natural disasters and prone to typhoons, heavy rains, flooding, landslides, earthquakes, tsunamis, and volcanic explosions. Such natural disasters can affect the electricity supply and result in power outages which have a major impact on households and communities. For example, in September 2019, Typhoon No. 15 (Faxai) was a record-breaking storm in which 4,000 households were half or completely destroyed and up to 900 thousand homes in the Kanto region were without power due to the collapse of two power transmission towers in Kimitsu City, Chiba.⁴⁴ It took approximately 20 days to restore power to most people.⁴⁵ In another case, heavy rainfall with more than 300 mm for a 12-hour period in the Kyushu region was one of the most severe natural disasters in 2020.⁴⁶ In Kumamoto Prefecture, approximately 8,800 households (at the peak) lost power.⁴⁷ In addition, the earthquake

³⁵ International Energy Agency (IEA), "Tracking Transport 2021", at: <https://www.iea.org/reports/tracking-transport-2021>

³⁶ International Transport Forum, "Executive Summary ITF Transport Outlook 2021" at: <https://www.itf-oecd.org/sites/default/files/transport-outlook-executive-summary-2021-english.pdf>

³⁷ International Transport Forum, "Executive Summary ITF Transport Outlook 2021" at: <https://www.itf-oecd.org/sites/default/files/transport-outlook-executive-summary-2021-english.pdf>

³⁸ "Greenhouse Gas Emissions in Fiscal Year 2020 (Final Figures) (Japanese only)", at: [https://www.nies.go.jp/whatsnew/GHG2020_Final_Main\(J\).pdf](https://www.nies.go.jp/whatsnew/GHG2020_Final_Main(J).pdf)

³⁹ Ministry of Land, Infrastructure, Transport and Tourism, "CO₂ Emissions in the Transportation Sector (Japanese only)", at: https://www.mlit.go.jp/sogoseisaku/environment/sosei_environment_tk_000007.html

⁴⁰ United Nations, "NDC Registry", at:

[https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Japan%20First/JAPAN_FIRST%20NDC%20\(UPDATED%20SUBMISSION\).pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Japan%20First/JAPAN_FIRST%20NDC%20(UPDATED%20SUBMISSION).pdf)

⁴¹ Ministry of Economy, Trade and Industry, "Green Growth Strategy through Achieving Carbon Neutrality in 2050", at:

https://www.meti.go.jp/english/press/2020/pdf/1225_001b.pdf

⁴² Next Generation Vehicle Promotion Center, "Japanese Government's Long-Term Goals and Next-Generation Vehicle Penetration Targets"(Japanese only), at: http://www.cev-pc.or.jp/event/pdf/J_all_panel.pdf

⁴³ Ministry of Economy, Trade and Industry, "Subsidy for the promotion of introduction of clean energy vehicles and infrastructure" in the supplementary budget for FY2021 and "Subsidy for the promotion of introduction of clean energy vehicles" in the budget for FY2022."(Japanese only), at:

https://www.meti.go.jp/policy/mono_info_service/mono/automobile/cev/cevr3/cevinfrastructure.html

⁴⁴ Fire and Disaster Management Agency, Ministry of Internal Affairs and Communications, "Damage and Response to Typhoon No. 15" (Japanese only), at: <https://www.fdma.go.jp/publication/hakusho/r1/topics1/48021.html>

⁴⁵ Ministry of Economy, Trade and Industry, "Verification of the process for restoring power outages caused by Typhoon No. 15" (Japanese only), at: https://www.meti.go.jp/shingikai/enecho/denryoku_gas/denryoku_gas/resilience_wg/pdf/005_04_00.pdf

⁴⁶ Water Management and Land Conservation Bureau, Ministry of Land, Infrastructure, Transport and Tourism, "Torrential Rainfall in July 2020" (Japanese only), at:

https://www.mlit.go.jp/river/shinngikai_blog/shaseishin/kasenbunkakai/shouinikai/kihonhoushin/dai112kai/06_shiryuu2_reiwa2nengouu.pdf

⁴⁷ Power Safety Division, Industrial Safety Group, Ministry of Economy, Trade and Industry, "Review of the 2020 Disaster and Future Responses and future response to the disaster that occurred in 2020" (Japanese only), at:

https://www.meti.go.jp/shingikai/sankoshin/hoan_shohi/denryoku_anzen/pdf/024_02_00.pdf

occurred off the coast of Fukushima Prefecture on March 16, 2022 also caused power outages affecting up to approximately 2.2 million households within eastern Japan.⁴⁸

To address the power outage issues caused by natural disasters, Nissan is engaged in the “Electrify Japan: Blue Switch” program.⁴⁹ To promote this initiative, since 2018, Nissan has signed over 179 agreements with local governments and companies (as of May 2022). In the Blue Switch program, Nissan utilizes the Nissan LEAF with a high-capacity lithium-ion battery as an emergency power source in the event of power outages caused by disasters.⁵⁰ A fully charged Nissan LEAF’s battery (62-kilowatt hour battery) can provide enough electricity to power an average Japanese home for up to four days. Due to its movable characteristics, EVs can recharge in areas where power has been restored, and then drive on to supply power to areas with power outages. The services were utilized for Chiba Prefecture, which had been hit by Typhoon Faxai, and for Kumamoto Prefecture, which faced local heavy rain and flood.⁵¹ For each case, Nissan provided 53 LEAFs in Chiba and two LEAFs in Kumamoto to supply power to public facilities such as community centers, day-care centers, and elderly facilities.

Nissan intends to allocate the proceeds from sustainability bonds and/or loans to the repurposed use of EV batteries as an emergency power source in the municipalities with which Nissan signed an agreement. Sustainalytics is of the opinion that Nissan’s use of proceeds is expected to promote energy access for the victims of natural disasters and contribute to the initial phase of disaster recovery efforts in various regions in Japan.

Importance of affordable transportation in depopulated areas under the aging society

Japan is facing declining birth rates and aging population. The number of births was 870 thousand in 2019, which was 200 thousand fewer compared to the 2010 level.⁵² The total fertility rate in 2021 was 1.37, well below the level that would sustain Japan’s population in the future.⁵³ In terms of elderly population (ages 65 and above), the number was 36 million in 2021, which accounted for approximately 30% of the total population in Japan.⁵⁴ In addition, depopulation has been accelerating, especially, in rural areas mainly due to the continued trend in the outflows of working families to urban areas. Declining working population puts huge pressure on the fiscal capacity of those rural municipalities, causing various problems in basic infrastructure such as transportation.⁵⁵

This type of social problems could be exacerbated by large-scale natural disasters. Among the experienced disasters, the largest damage was caused by the Great East Japan Earthquake that occurred in 2011. The magnitude 9.0 earthquake and the ensuing tsunami caused the Fukushima Daichi Nuclear Power Plant accident, which resulted in a meltdown and release of radioactive materials. As a result of this complex disaster, more than 20,000 deaths, 2,500 missing, 122,000 buildings fully destroyed, and 283,000 buildings half-destroyed was reported.⁵⁶ In Fukushima, Miyagi, and Iwate prefectures, which were particularly hard hit, there were significant outflows of population because of evacuations to inside and outside of each prefecture.⁵⁷

In February 2021, Nissan signed the “Collaboration Agreement for Community Development Utilizing New Mobility” with Namie town, Futaba town, and Minamisoma city (all in Fukushima Prefecture), which had been ravaged by the Great East Japan Earthquake. Under this agreement, Nissan is providing residents in the town

⁴⁸ Power Safety Division, Industrial Safety Group, Ministry of Economy, Trade and Industry, “Damage of the Earthquake off the Coast of Fukushima Prefecture and the key points of our WG’s study” (Japanese only), at:

https://www.meti.go.jp/shingikai/sankoshin/hoan_shohi/denryoku_anzen/denki_setsubi/pdf/015_01_00.pdf

⁴⁹ Nissan, “Problem Solving with Electric Vehicles: Blue Switch” (Japanese only), at: <https://www3.nissan.co.jp/first-contact-technology/blue-switch.html>

⁵⁰ Nissan, “Sustainability Report 2022”, at: <https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2022/>

⁵¹ Nissan, “Nissan’s Electric Vehicles Contribute to Disaster Recovery” (Japanese only), at: <https://global.nissanstories.com/ja-JP/releases/nissan-blue-switch>

⁵² e-Stat, “Population dynamics statistics, Number of Births” (Japanese only), at: <https://www.e-stat.go.jp/dbview?sid=0003411595>

⁵³ Ministry of Health, Labour and Welfare, “Annual Trends in Total Fertility Rate by Prefecture” (Japanese only), at:

<https://www.mhlw.go.jp/toukei/saikin/hw/jinkou/suii09/brth4.html>

⁵⁴ Statistics Bureau, Ministry of Internal Affairs and Communications, “Elderly Population” (Japanese only), at:

<https://www.stat.go.jp/data/topics/topi1291.html#:~:text=%E7%B7%8F%E4%BA%BA%E5%8F%A3%E3%81%AB%E5%8D%A0%E3%82%81%E3%82%8B%E9%AB%98%E9%BD%A2,29.1%EF%BC%85%E3%81%A8%E3%81%AA%E3%82%8A%E3%81%BE%E3%81%97%E3%81%9F%E3%80%82>

⁵⁵ Cabinet Office, “Local government finances are under increasing pressure due to population decline” (Japanese only), at: https://www5.cao.go.jp/j-cr/cr08/chr08_2-1-3.html

⁵⁶ Reconstruction Agency, “Great East Japan Earthquake”, at: <https://www.reconstruction.go.jp/english/topics/GEJE/index.html>

⁵⁷ Nihon Keizai Shimbun, “Serious population decline in the three affected prefectures” (Japanese only), at:

<https://www.nikkei.com/article/DGKKZO58959760Q2A310C2M13300/>

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with shuttle services including EV, which are operated in hub-and-spoke style.⁵⁸ The shuttle service functions as an essential means of transportation for more than one thousand residents.

Nissan intends to allocate the proceeds from sustainability bonds and/or loans to the transportation projects in Namie and other disaster-hit, depopulated areas. Sustainalytics is of the opinion that Nissan's use of proceeds is expected to support vulnerable people's access to affordable transportation and contribute to the development of inclusive, sustainable cities.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds and loans issued under the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Sustainable Water and Wastewater Management	6. Clean water and sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Waste Management and Circular Economy	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Affordable Basic Infrastructure	9. Industry, innovation and infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

⁵⁸ Nissan, "Three Municipalities in Fukushima Prefecture and Eight Companies from Across Japan Sign "Cooperative Agreement for Community Development Using New Mobility in the Hamadori Area of Fukushima Prefecture"" (Japanese only), at: <https://global.nissannews.com/ja-JP/releases/210202-01-j>

Conclusion

Nissan Motor Co., Ltd. has developed the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework under which it may issue green and/or sustainability bonds and/or loans and use the proceeds to finance projects in the following categories: Clean Transportation, Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Waste Management and Circular Economy, and Affordable Basic Infrastructure. Sustainalytics considers that the projects funded by the proceeds are expected to provide positive environmental and social impact.

The Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Nissan has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Nissan Motor Co., Ltd. is well-positioned to issue green and/or sustainability bonds and/or loans and that that Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021.

Appendices

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Nissan Motor Co., Ltd.
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 28, 2022
Publication date of review publication:	
Original publication date <i>[please fill this out for updates]</i>:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Clean Transportation, Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Waste Management and Circular Economy, Affordable Basic Infrastructure – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 6, 7, 9, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Nissan's Sustainable Finance Committee is responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. Nissan has an environmental and social risk management system in place that are applicable to all allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and the project evaluation and selection process to be aligned with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

In case Nissan is the funding entity, Nissan's Treasury Group will monitor and track the allocation of proceeds. In case Nissan Sales Finance affiliates is the funding entity, the relevant department of such affiliate will monitor and track the proceeds. Nissan Motor Co., Ltd and Nissan Sales Finance affiliates intend to allocate proceeds to Eligible Projects within 24 months after financing. Pending full allocation, unallocated proceeds will be managed in cash, cash equivalents, or used to repay short-term borrowings. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

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Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Information on allocation and impact will be reported on Nissan's and/or Nissan Sales Finance affiliates' website annually. This reporting will be provided, until full allocation if Nissan is the funding entity, and until maturity if the Affiliates is the funding entity. The reporting will include the amount of allocated proceeds, the balance of unallocated proceeds, and relevant impact metrics. Sustainalytics views Nissan Motor's and Nissan Sales Finance affiliates' allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): Balance of unallocated proceeds, brief description of allocated projects, and the proportion of proceeds allocated to new and existing projects | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
|---|---|

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- | | |
|--|---|
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Number of BEV sold, and/or percent of BEV sold to overall car sales, Annual amount of renewable energy consumed, Water input per vehicle, Amount of waste per vehicle, Recycled material content per vehicle, Number of EV charging infrastructure installed, Number of batteries reused/recycled, Qualitative description of the projects, Number of vehicles sold or manufactured with ProPILOT or other future technologies towards realizing zero casualties from traffic accidents, Number of passenger transported / distance travelled, Number of BEV and e-POWER vehicles financed |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): The Company's website, and the Affiliates' website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
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- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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