

Nissan Motor Co., Ltd.

Type of Engagement: Annual Review

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Introduction

In January and February 2023, Nissan Motor Co., Ltd. ("Nissan") issued two sustainability bonds¹ (collectively the "2023 Sustainability Bonds") to finance or refinance projects related to clean transportation, emissions reduction and improvement of EV infrastructure. In 2023, Nissan engaged Sustainalytics to review the projects financed with proceeds from the 2023 Sustainability Bonds (the "Nominated Projects") and provide an assessment as to whether the Nominated Projects met the use of proceeds criteria and the reporting commitments outlined in the Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework (the "Framework").² Sustainalytics provided a Second-Party Opinion on the Framework in July 2022.³ This is Sustainalytics' second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in September 2023.⁴

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether the projects financed:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPIs) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Clean Transportation	Zero-emission Vehicles Research & development, investments and expenditures for the design, development, and manufacturing of zero-emission vehicles and components, including E-axle/batteries for battery electric vehicles (BEVs) or other future carbon-neutral transportation	- Number of BEVs sold, and/or percent of BEVs sold to overall car sales - Environmental impact, such as CO₂ emissions reduced (tCO₂)
Scope 1 and 2 CO₂ emissions reduction	Renewable Energy - Investment related to the construction, development, acquisition, maintenance and operation of renewable energy projects, including wind and solar - Expenditures related to the purchase of renewable energy power (including	- Annual amount of CO₂ emissions reduction (tCO₂/year) - Annual amount of renewable energy consumed (TJ/year)

¹ Nissan has issued two sustainability bonds: i) The first sustainability bond issued in January 2023, for an amount of JPY 60 billion. ii) The second sustainability bond was issued in February 2023, for an amount of JPY 140 billion.

² Nissan, "Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework", at: https://www.nissan-global.com/JP/IR/STOCK/SUSTAINABLE_FINANCE/ASSETS/PDF/Nissan-and-Nissan-Sales-Finance-affiliates-Sustainable-Finance-Framework_en.pdf

³ Sustainalytics, "Second-Party Opinion, Nissan and Nissan Sales Finance affiliates Sustainable Finance Framework", (2022), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nissan-and-nissan-sales-finance-affiliates-sustainable-finance-framework-second-party-opinion-\(2022\).pdf?sfvrsn=85d89253_](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nissan-and-nissan-sales-finance-affiliates-sustainable-finance-framework-second-party-opinion-(2022).pdf?sfvrsn=85d89253_)

⁴ The previous annual review was applicable to the 2022 Green loans issued by Nissan Motor Co., Ltd.

	expenditures for the purchase of renewable energy through PPA / VPPA)	
Installation of basic infrastructure toward the realization of EV society	Clean Transportation - Research & development and investments for BEV charging ports for the zero-emission Vehicles - Research & development, investments, and expenditures for the promotion of reuse and recycling of used vehicle parts such as batteries	- Number of EV charging infrastructure installed - Number of batteries reused/recycled
Autonomous Driving Technologies (including Advanced Safety/Driver-Assistance Technologies)	Autonomous Driving Technologies for the Realization of Cleaner, Safer and More Sustainable Mobility - Research & development for the Advanced Safety/Driver-assistance technologies towards zero fatalities from traffic accidents/road safety. Nissan's "ProPILOT",⁵ LiDAR or other future technologies composed of: - Intelligent Cruise Control: Maintains a consistent following distance even with variable traffic speed - Steering Assist: Keeps the vehicle properly centred in the lane - Navi-link: supports the deceleration corresponding to the size of the curve ahead and changing the set speed by detecting speed limit signs - Nissan has been working closely with TRL and NASA for the application of Autonomous Driving Technology to MaaS	Number of vehicles sold or manufactured with ProPILOT or other future technologies towards realizing zero casualties from traffic accidents
Mobility as a Service (MaaS)	Clean Mobility as a Service (MaaS) using Zero-emission and Low Carbon Vehicles - Research & development, investments and expenditures related to the services using vehicles that meet the below eligibility criteria: - BEV or other future carbon-neutral transportation vehicles - Low carbon vehicles such as HEV (including ePOWER)⁶ - Nissan's MaaS service including but not limited to: - Easy Ride⁷ - WeRide⁸	- Qualitative description of the projects - Number of passenger transported / distance travelled - Number of beneficiaries / stakeholders

⁵ Nissan, "ProPILOT Assist", at: <https://www.nissanusa.com/experience-nissan/news-and-events/nissan-propilot-assist.html>

⁶ Expected to migrate over time to include a greater majority of BEVs versus qualifying HEV or PHEV models. By 2025, only BEV models are expected to be included as eligible models.

⁷ Nissan Corporation, "Easy Ride" at: https://www.nissan-global.com/EN/TECHNOLOGY/OVERVIEW/easy_ride.html

⁸ We Ride, "Products" at: <https://www.weride.ai>

	○ e-share mobi⁹ Mobility as a Service (MaaS) operated in depopulated area / impacted by natural disaster • Research & development, investments and expenditures related to the services using vehicles that provides access to passenger transport for residents in specified area where the access to public transport is limited, including but not limited to: ○ Namie (Fukushima Prefecture, Japan) ○ Blue Switch Project using BEV Battery as an energy storage system (ESS)	
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⁹ Nissan. "e-share mobi" at: <https://e-sharemobi.com/>

Issuer's Responsibility

Nissan is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Nissan's 2023 Sustainability Bonds. The work undertaken as part of this engagement included collection of documentation from Nissan and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Nissan. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Nissan.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,¹⁰ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. Nissan has disclosed to Sustainalytics that the proceeds from the 2023 Sustainability Bond were fully allocated as of June 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated 4 projects to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed, except one reported on at least one KPI per use of proceeds category.	Exception - no impact metric was reported for the "Installation of basic infrastructure towards the realization of EV society" category. Some of the expenditures in this category were directed to businesses operated through joint ventures that did not provide specific impact metrics for Nissan.

¹⁰ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Reported Impact

The 2023 Sustainability Bonds raised JPY 200 billion, of which 50% were used towards refinancing existing projects and 50% to finance new projects.

Table 4: Allocation and Reported Impact

Use of Proceeds Category	Project Category	Environmental Impact Reported	Net Proceeds Allocation (JPY billion)
Clean Transportation	Green Project	158,000 BEVs sold, avoiding 2,415,257 tCO ₂ emissions	164
Scope 1 and 2 emissions reduction	Green Project	Renewable energy use rate for the 2022 fiscal year: 11.9% (311,033 MWh consumed)	4
Installation of basic infrastructure toward the realization of EV society	Sustainability Project ¹¹	None	2
Autonomous Driving Technologies (including Advanced Safety/Driver-assistance Technologies)	Sustainability Project	633,000 vehicles equipped with ProPILOT (2022 fiscal year)	28
Mobility as a Service (MaaS)	Sustainability Project	Initiatives undertaken: - Clean Mobility as a Service (MaaS), employing zero-emission and low-carbon vehicles. The company conducted three test rides and field tests for Easy Ride,¹² utilizing autonomous driving vehicles based on Nissan LEAF and Nissan e-NV200 platforms in Japan - Mobility as a Service in depopulated or disaster-affected areas. Following two successful field tests, the Namie¹³ Smart Mobility service was officially inaugurated in June 2022, ensuring year-round operation to meet the mobility needs of the community	2

¹¹ Projects are classified under the sustainability category according to the Framework.

¹² Nissan, "Easy Ride", at: <https://easy-ride.com/?lang=en>

¹³ Nissan, "Smart Mobility Services", at: <https://www.smamobi.jp/> (Japanese only)

Total Proceeds Allocated to Green Projects	168
Total Proceeds Allocated to Sustainability Projects	32
Total Proceeds Allocated	200
Unallocated Proceeds	0

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