

April 24, 2025

To Whom It May Concern

Strategic Capital, Inc.  
Tsuyoshi Maruki, President & CEO  
MAIL: info@stracap.jp

**Re: Shareholder Proposal to NISSAN MOTOR CO., LTD (7201) and Launch of a Special Webpage**

Strategic Capital, Inc. (hereinafter referred to as "SC") is under a discretionary investment contract with INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (hereinafter referred to as the "Fund") and the Fund and SC (hereinafter referred to as the "Proposing Shareholder") hold over 300 units of voting right of Nissan Motor Co., Ltd. (hereinafter referred to as "Nissan" or the "Company" as the context requires) over 6 months. The Proposing Shareholder also holds approx. 3.4% of the shares of Nissan Shatai Co., Ltd. (7222), a listed subsidiary of Nissan.

The Proposing Shareholder is pleased to announce its execution of the shareholders' right to make a proposal at the annual shareholder meeting held in the coming June and has opened a special page regarding the matter.

Please refer to Appendix 1 or special page (<https://stracap.jp/english/7201-NISSAN.pdf>) for more details.

This release is a reference translation of the original in Japanese. In the event of any differences between the original Japanese version and the English translation, the original Japanese version shall prevail.
--

FIN

Appendix 1: Background and Overview of the Shareholder Proposal to Nissan Motor Co., Ltd.

Appendix 2: Reason for the agenda proposed by the Proposing Shareholder (full text)

# **Background and Overview of the Shareholder Proposal to Nissan Motor Co., Ltd. (7201)**

**Strategic Capital, Inc.  
April 24, 2025**

# Executive Summary

## ① Structural reform needed at Nissan Motor Co. Ltd. (“Nissan”)

- Nissan has a PBR of 0.2x and its credit rating has fallen to “junk” status.
- Operating profit margin and ROE are stagnant in absolute terms, and mired at the bottom of the industry
- In March 2024, Nissan, and in February 2025, Nissan’s subsidiaries, received recommendation against from the Japan Fair Trade Commission (J-FTC) after violations of laws and regulations were discovered.
- A fundamental structural reform, not *kaizen*, is required.

## ② Relationship between Nissan and its “listed affiliates” has been problematic from the start

- Nissan holds three listed companies (collectively “listed affiliates”) as either a listed subsidiary (Nissan Shatai Co., Ltd., “Nissan Shatai”) or an equity method affiliate (Mitsubishi Motors Corp and Nissan Tokyo Sales Holdings)
- Nissan Shatai, 98% dependent on Nissan for its sales is essentially a Nissan plant and does not meet the standards of a listed company in the first place.
- Nissan Shatai finances Nissan, has the auto industry's lowest profit margins and ignores the rights and interests of minority shareholders
- The capital and business relationship between Nissan and Nissan Shatai should be reviewed in the context of Nissan's structural reforms.

## ③ As a stumbling block to structural reforms, relationships with listed affiliates should be reviewed

- As long as the listed affiliates remain listed, Nissan's structural reforms must be implemented in a manner that does not create conflicts of interest with them.
- Relationships with listed affiliates that limit the scope and progress of structural reforms should be reviewed.



Strategic Capital

株式会社 ストラテジックキャピタル



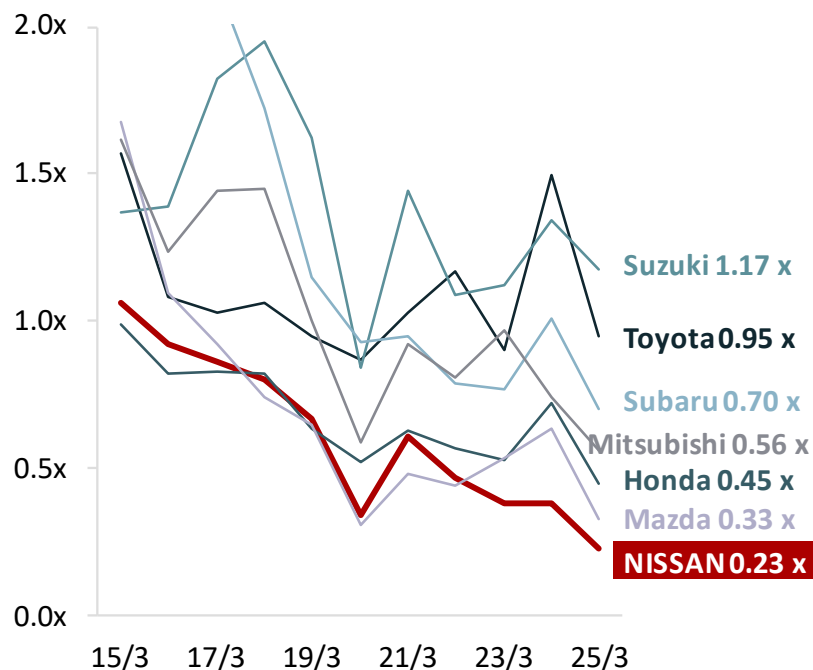
## Reforms required by Nissan

---

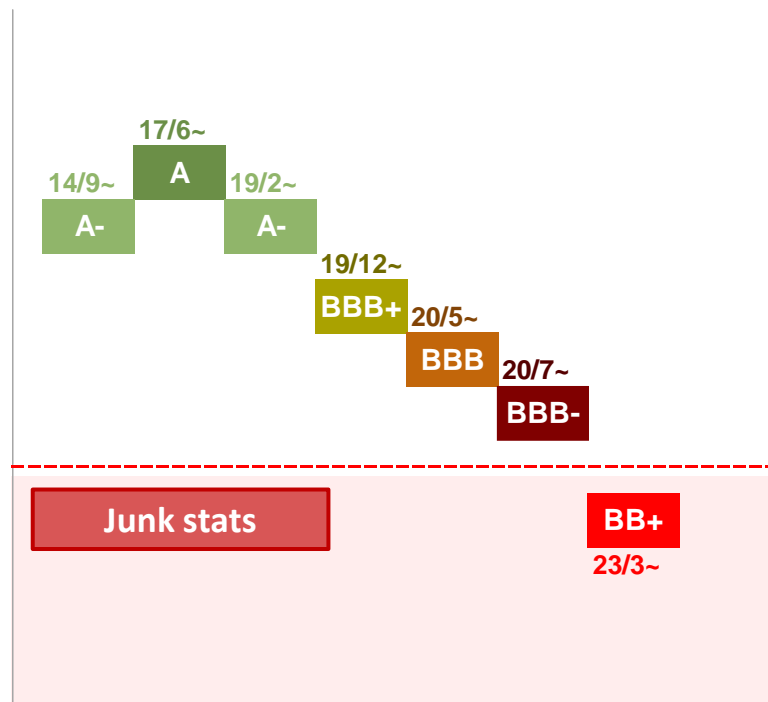
# Nissan value is being abandoned

- Nissan's PBR has fallen to 0.23x over the last 10 years, the worst in the industry
- Credit ratings have declined to “junk” levels and structural reforms are urgently needed

PBR



Nissan's Credit Rating (S&P)

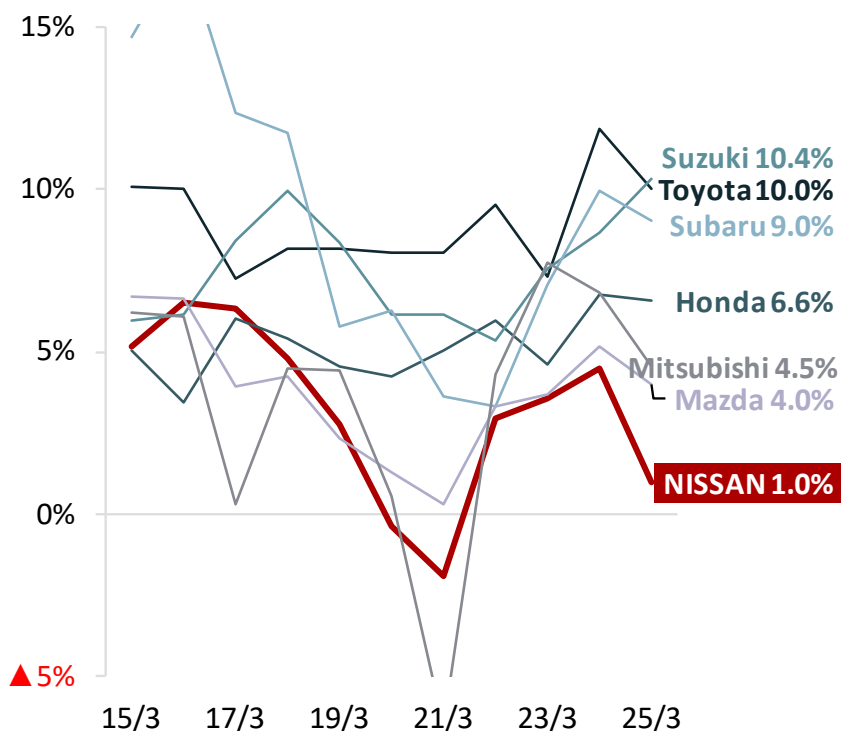


(Source: QUICK Workstation (Astra Manager) Suzuki (TSE 7269), Toyota (7203), Subaru (7270), Mitsubishi (7211), Honda (7267), Mazda(7261). Credit ratings are long-term local currency-denominated issuer ratings by S&P)

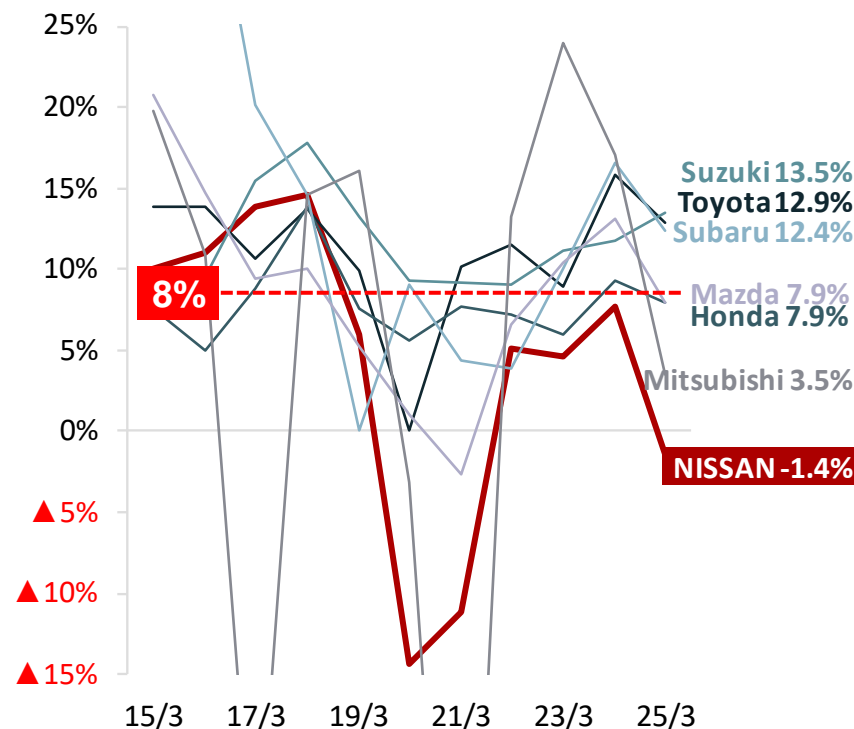
# Nissan alone at the bottom

- Including FY24, OPM is expected to be the lowest for the 4<sup>th</sup> consecutive year
- ROE continues to be less than 8% (considered the minimum for publicly listed companies) and is undermining shareholder value.

Operating Profit Margin (OPM)



ROE

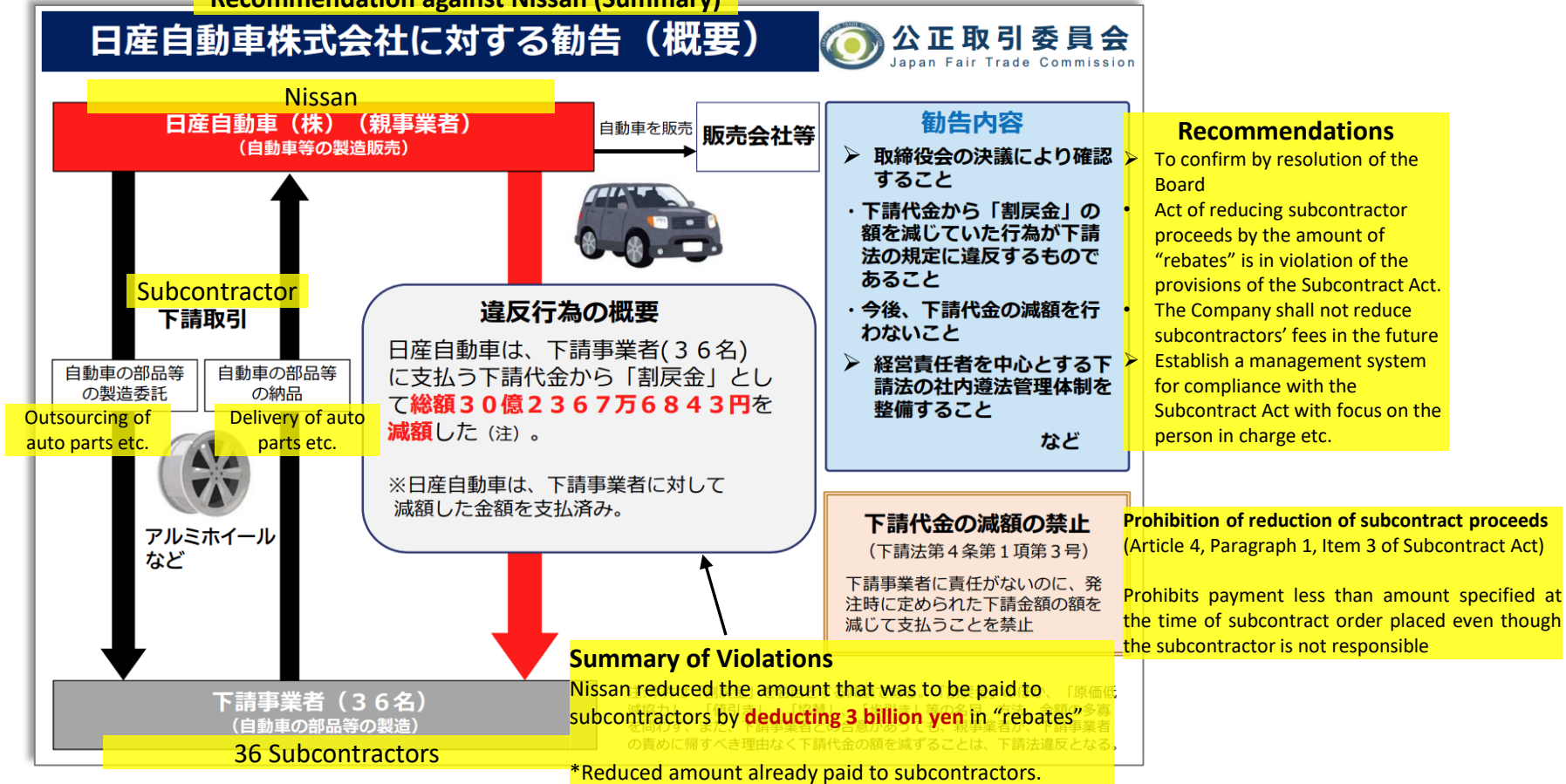


(Source : QUICK Workstation (Astra Manager) Estimate for FY2025/3 is based on the latest company forecast as of April 11, 2025)

# Violation of laws and regulations by Nissan

- Recommendation against Nissan by the J-FTC in March 2024 for violating the Subcontract Act
- Demanded excessive cost cuts from business partners, but OPM still at the bottom of the list

## Recommendation against Nissan (Summary)



(Source: Japan Fair Trade Commission. Please see the detail [here](#))

# Repeated violations of laws and regulations by group companies

- After receiving the recommendation, conducted an external investigation into allegations of continued violations even after the recommendation, and in May 2024, announced that there were no violations but “confirmation with suppliers was required”.
- Despite that, in February 2025, the J-FTC issued a recommendation against consolidated subsidiary Aichi Machine Industry for violating the Act against Request for provision of unreasonable economic benefits of Subcontractor Proceeds until the end of 2024.



(Source: Japan Fair Trade Commission)



# Turnaround Initiatives

- In light of this critical situation, Nissan has embarked on fundamental structural reforms
- However, Nissan's conflicts of interest with minority shareholders of listed affiliates have been a hindrance to structural reforms

## Turnaround Actions



### Stabilize & Right-size business

Even at 3.5 million units annual sales, ensure sustainable profitability and cash generation for healthy future growth



### Reinforce product / Ensure growth

Drive topline growth with enhanced product competitiveness and explore strategic partnerships

Restructure organization & management  
and streamline processes

(Source: Nissan disclosures)



Strategic Capital

株式会社 ストラテジックキャピタル



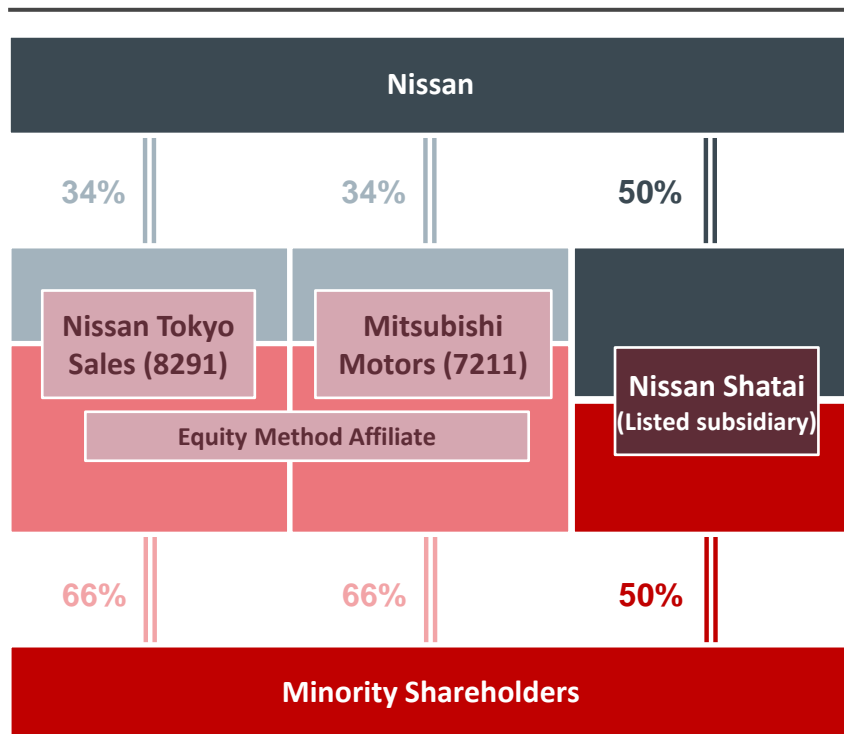
## Status of Listed Affiliates

---

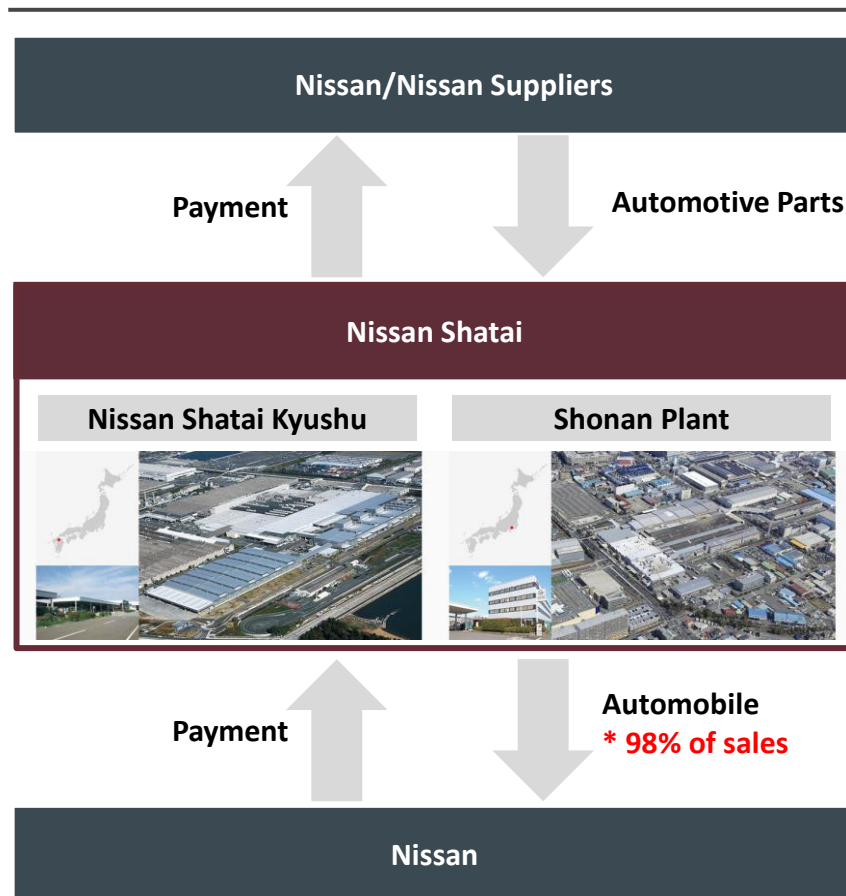
# Listed affiliates of Nissan

- In addition to two listed equity method affiliates, Nissan has a listed subsidiary, Nissan Shatai
- Although listed, 98% of Nissan Shatai sales are to Nissan, and in reality, it is only an assembly plant for Nissan

Nissan and its listed affiliates



Nissan Shatai's Business



# Nissan Shatai's Listing Lacks “Soundness of Corporate Management”

- Nissan Shatai relies on Nissan for 98% of its sales. It is only a "business unit" with no "independence"
- The “rights and interests of minority shareholders” are being violated, and “soundness of corporate management” is lacking
- Nissan Shatai would not be able to list under the current listing standards

## III. Listing Examination – Soundness of Corporate Management

The examination based on this standard confirms whether the corporate group of the applicant company is conducting its business fairly and faithfully from the perspective of protecting the interests of shareholders.

Specifically, we will consider whether the soundness of corporate management meets the following criteria...

### ○When the applicant has a parent company, etc. (Note) (page 83)

Where an initial listing applicant has a parent company, etc...management activities of the corporate group of an initial listing applicant are recognized to have independence from such parent company, etc

#### Requirements of criterion and focus of examination

Where an applicant has a parent company, etc. (i.e., in the case of a “subsidiary listing”), the relationship is assumed to entail potential conflicts between the interests of the parent company, etc. and the minority interests of the applicant. In examining a “subsidiary listing” JPXR will therefore evaluate whether the applicant meet the following criteria in a to c below for the independence from the parent company, etc. because of the requirements that the rights and benefits of the minority interests of the applicant should not be impaired.

a. In light of the relationship between the business line of the corporate group of an initial listing applicant and that of the corporate group of the parent company, etc.... the state of business adjustment made by the corporate group of the parent company, etc. and its possibility and any other matters, an initial listing applicant is not recognized to be substantially a business division of such parent company, etc.

(Source: [2024 New Listing Guidebook - Standard Market \(English\)](#))

# Resolutions that ignore the rights of minority shareholders

- Company proposals opposed by a majority of Nissan Shatai's minority shareholders passed due to Nissan's support, while shareholder proposals seeking to protect the rights and interests of minority shareholders continues to be rejected due to Nissan's opposition

## Percentage of minority shareholders in favor of major proposals resolved at the AGM

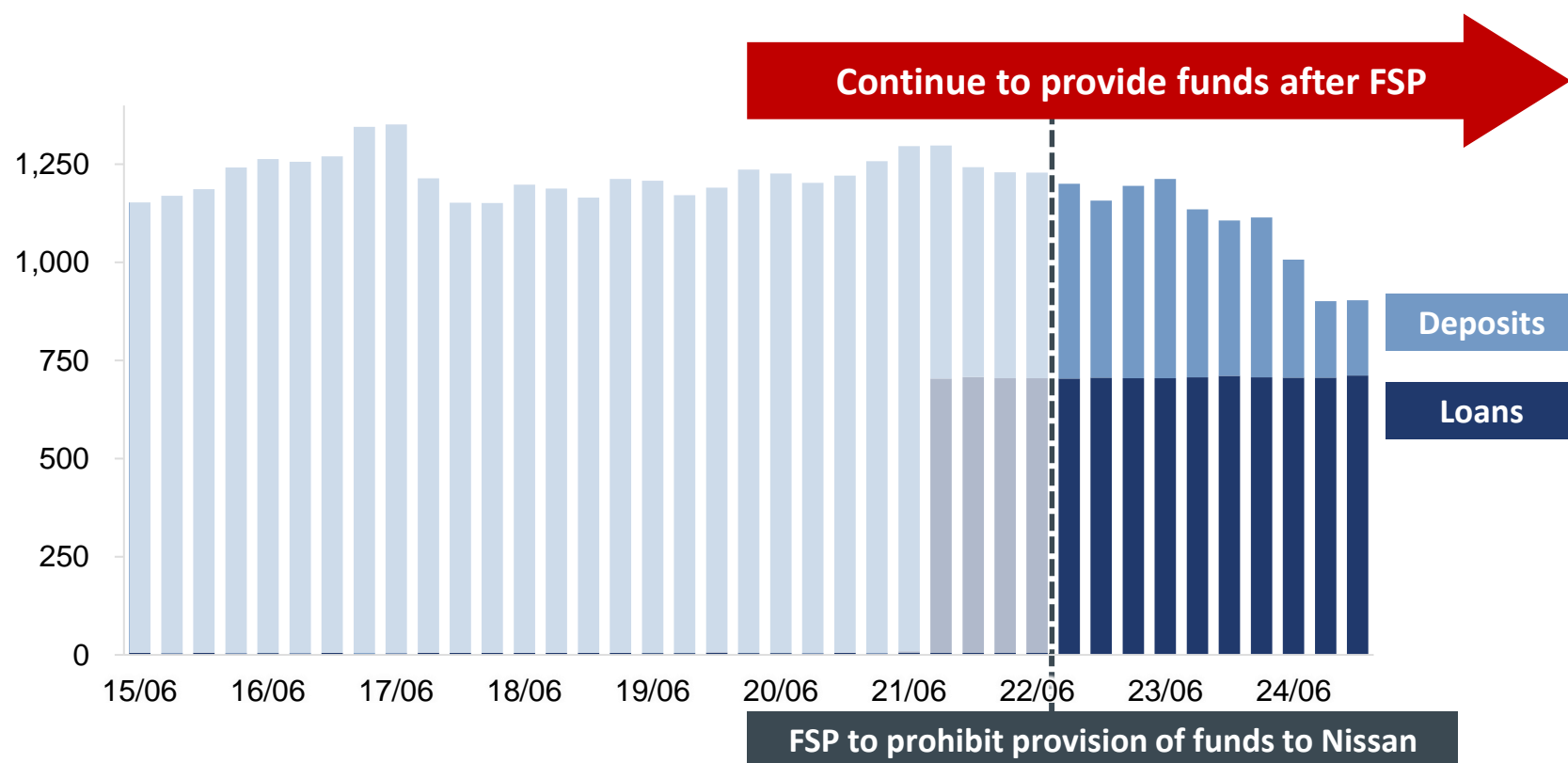
			'18	'19	'20	'21	'22	'23	'24		
Company's Proposal	Takashi Toyama	BoD Nissan Alumni							27%	Approved ✖Nissan supported	
	Haruhiko Yoshimura	BoD Nissan Alumni			36%	31%		17%			
	Kotaki Shin	BoD	99%	39%		35%		30%			
	Masayuki Yabe	BoD Nissan Alumni				36%		33%			
	Nakamura Takuya	BoD Nissan Alumni				36%		32%			
	Yasuyuki Ohira	Outside Director (Chairman of Nominations Committee)					33%	33%			
	Hideaki Shinada	Outside Director (A member of Nominations Committee)						32%			
Shareholders' Proposal	Prohibition of funding for Nissan						72%			Rejected	
	Establishment of a Minority Shareholder Protection Committee								73%	✖Nissan opposed	

(Source: Extraordinary Report)

# Continuing the provision of funds without regard to the will of minority shareholders

- A shareholder proposal calling for a ban on financing Nissan was supported by 72% of minority shareholders
- However, as of the end of December 2024, JPY 90.3 B is still being lent to Nissan, whose credit rating has become speculative, and the will of Nissan Shatai's minority shareholders continues to be ignored.

Cash and equivalents, deposits/loans to Nissan (JPY100m)



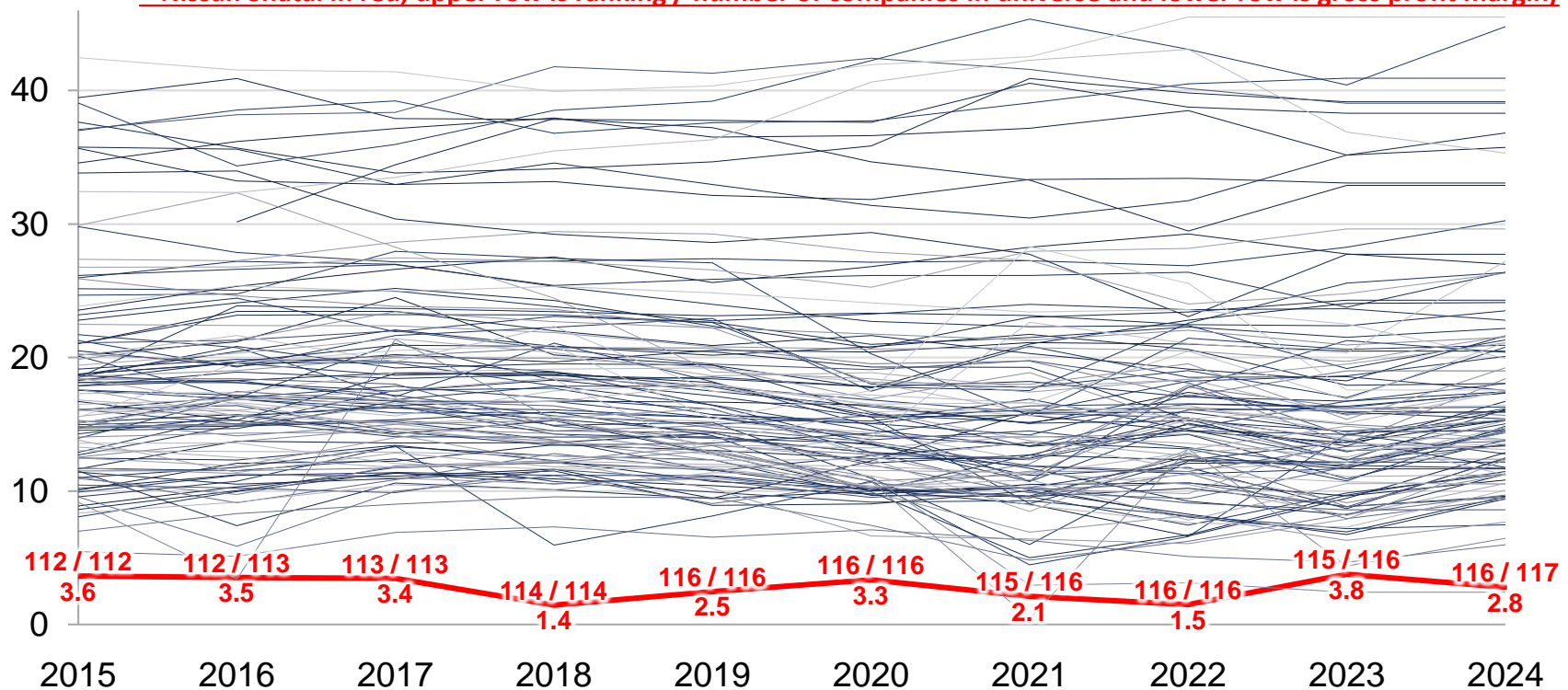
(Source: QUICK workstation (Astra Manager))

# Lowest profit margins in the industry, ignoring the interests of minority shareholders

- For Nissan Shatai, gross profit margin means terms of trade with Nissan = 3% lowest in the industry
- The rights and interests of Nissan Shatai's minority shareholders has been violated. If Nissan Shatai is to continue being listed, the terms of the transaction must be revised regardless of Nissan's structural reforms.

## Consolidated gross profit margin of automobiles and auto parts companies

\* Nissan Shatai in red, upper row is ranking / number of companies in universe and lower row is gross profit margin)



(Source: QUICK workstation (Astra Manager))



Strategic Capital

株式会社 ストラテジックキャピタル



## Listed affiliates have become a stumbling block

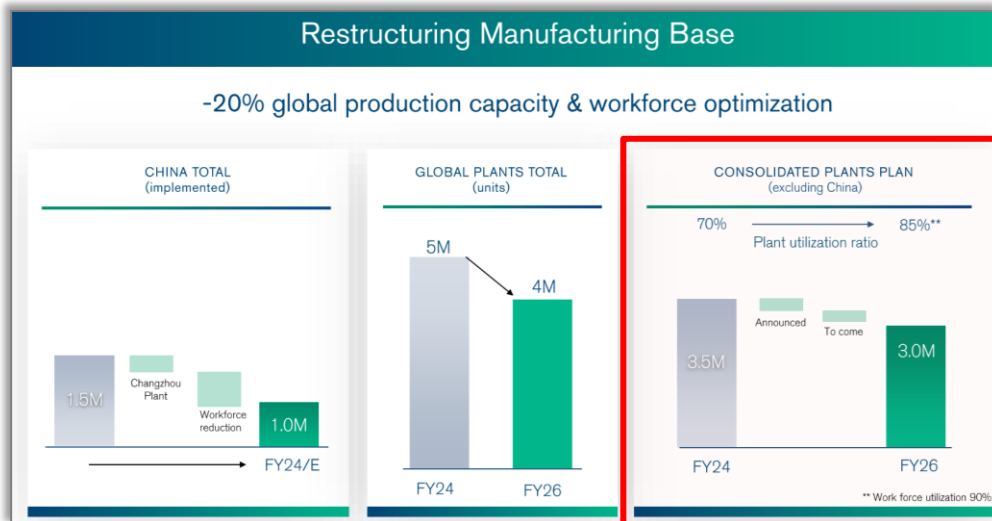
---



# Stumbling block to restructuring production sites

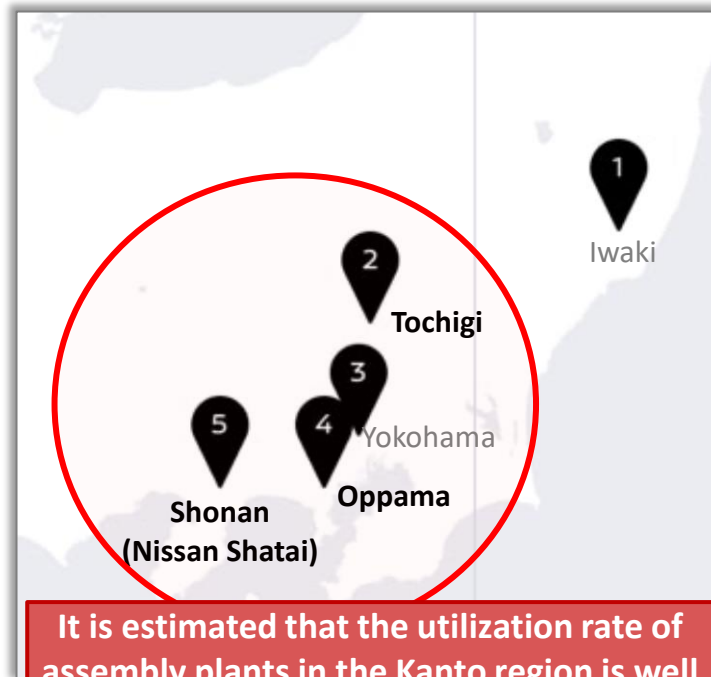
- Nissan has set utilization rate targets and plans to optimize production capacity, but Nissan and Nissan Shatai plants coexist in the Kanto region
- Therefore, Nissan may not be able to implement “optimization for Nissan,” but only halfway structural reforms, “optimization in consideration of minority shareholders of Nissan Shatai.

## Nissan's Turnaround Plan



**In the turnaround plan, the Company set a target of 85% for the plant utilization rate**

## Distribution of Nissan/Nissan Shatai plants



**It is estimated that the utilization rate of assembly plants in the Kanto region is well below the target of 85%.**

(Source: Excerpt from Nissan's website and financial results presentation. Utilization rate is estimated based on our survey)

# Stumbling block to reduce SG&A and manufacturing costs

- Nissan has plans to reduce personnel/costs in the general administration division but having a “listed plant” called Nissan Shatai, means duplicating administration, as well costs from coordinating between Nissan Shatai and Nissan.
- When reducing manufacturing costs, Nissan has to proceed with caution so as not to sacrifice Nissan Shatai profits

## SG&A Reduction

Target ~200B cost savings



KEY MEASURES	KEY ACTIONS
 Reduce labor cost & expenses	<ul style="list-style-type: none"> <li>Reduce global indirect workforce by <b>2,500</b> <ul style="list-style-type: none"> <li>Streamline organization through position reduction</li> <li>Enforce hiring reductions and accelerate VSP**</li> </ul> </li> <li>Realize unit labor cost reduction                         <ul style="list-style-type: none"> <li>Expand shared services center expertise <b>by 1000 positions</b></li> </ul> </li> <li>Lower overall expenditures by <b>350B</b></li> </ul>
 FMI efficiency	<ul style="list-style-type: none"> <li>Prioritize all global and regional m strongest ROI</li> <li>Transform planning and buying st costs</li> </ul>

Ignoring unnecessary costs incurred by keeping Nissan Shatai listed.

Cost reductions must be made with consideration not to sacrifice Nissan Shatai's profits.

## Restructuring Manufacturing Base

Target ~100B cost savings

KEY MEASURES	KEY ACTIONS
 Right sizing / Reformation	<ul style="list-style-type: none"> <li>Vehicle &amp; Powertrain plants: Reduce headcount by <b>5300</b> by FY25; additional <b>1200</b> by FY26                         <ul style="list-style-type: none"> <li><b>3 plant closures: Thailand #1 in FY25 Q1, two others in FY25 Q3 and FY26</b></li> <li>Shift changes: <b>Smyrna #2, Canton #2 in FY25</b></li> <li>Realize <b>47B/year</b> fixed cost savings; <b>40B/year</b> variable cost savings</li> </ul> </li> </ul>
 Engineering & operation efficiency	<ul style="list-style-type: none"> <li>Improve efficiency in launching new models</li> <li>Reduce capital expenditures and costs associated with product introductions</li> </ul>

TYPE OF ACTION	TYPE OF LABOR	FY25	FY26
Plant/Line optimization	In/Semi direct	1000	500
	Direct	2900	700
Shift change	In/Semi direct	350	0
	Direct	1050	0

(Source: Excerpt financial results presentation)



Strategic Capital

株式会社 ストラテジックキャピタル



## Shareholder Proposal

---

# Shareholder Proposal

## ① Consideration and disclosure of response policies for listed affiliates

- **At least once a year, examines whether holding, acquiring, or sale of shares held by Nissan and its listed affiliates will contribute to the enhancement of shareholder and corporate value of Nissan and its listed affiliates, and discloses the results of the examination**
- **Background**
  - Nissan needs structural reforms
  - On the other hand, the existence of listed affiliates are a stumbling block to structural reform
  - The significance of the listed affiliates should be re-examined from a flat perspective.

## ② Consideration and disclosure of response policies for listed affiliates in danger of delisting

- **If a listed affiliate is in danger of being delisted, immediate action should be taken regarding ①**
- **Background**
  - Nissan Shatai's tradable share ratio is extremely low due to Nissan's shareholding, and in March 2023 and March 2024 it was determined to be below the criteria required to maintain listing.
  - In the first place, the rights and interests of Nissan Shatai's minority shareholders have been damaged by Nissan and need to be corrected.
  - Considering the precarious situation of Nissan Shatai's minority shareholders, Nissan should promptly consider and disclose its policy regarding Nissan Shatai's shares it holds.

# Important Legal Disclaimer

- This presentation is a reference translation of the original webpage in Japanese ([here](#)). In the event of any differences between the original Japanese version and the English translation, the original Japanese version shall prevail.
- This presentation is composed of analysis of Strategic Capital, information from our activist activities and release from companies. Information and documents in this presentation are composed of materials we believe to be trusted and latest, however we do not guarantee the accuracy, completeness etc.
- We are not responsible for any judgement using information in this presentation. All copyrights and other intellectual property rights belong to us. Reproducing all or any part of the contents of this site is prohibited without author's permission.

2. Detail of the proposal

(omitted)

3. Reason for the proposal

1. Partial revision of the provision of articles (Establishment of a new provision for consideration of the treatment of listed affiliates)

The company is facing a management crisis, with a PBR of 0.23 times at the end of the FY2024 and a credit rating at “junk” levels, structural reform is urgently needed. In addition, last year the Company received a recommendation against for violating the Subcontract Act, and management reforms are required to ensure compliance with laws and regulations.

However, with listed affiliated companies that are closely related to the business there is no guarantee that the structural and management reforms best for Nissan will also be best for the listed affiliated companies. Reforms must be undertaken while taking into consideration the risk of conflicts of interest with minority shareholders of the listed affiliates.

From the above perspective, it is necessary for the Company to reconsider whether holding shares of listed affiliates and exercising influence will contribute to the enhancement of shareholder value of the Company and its listed affiliates.

Therefore, we request that the Board examine what policy decisions and actions regarding the shares of listed affiliates would contribute to the corporate and shareholder value of the Company and its listed affiliates.

2. Partial revision of the provision of articles (Establishment of a new provision regarding determining a policy for dealing with listed affiliates that may be delisted)

For Nissan, Nissan Shatai is effectively a Nissan plant and there is no point in being listed as an independent company. Moreover, due to the Company's shareholding, Nissan Shatai is in danger of being delisted, and as long as it remains listed, management must take into account the risk of conflicts of interest with Nissan Shatai.

From Nissan Shatai's perspective, it is still forced to provide JPY 81.9 B in deposits or loans to Nissan despite the fact that 72% of minority shareholders opposed the proposal at the AGM in 2022. Nissan Shatai also relies on the Company for 98% of its sales, but its profit margin is one of the lowest in the industry, and there is no choice but to assess that Nissan Shatai is being exploited by Nissan.

Therefore, to continue to maintain Nissan Shatai's listing would, in itself, be an act that would lower the Company's reputation as a global company.

Therefore, in order to protect the interests of the minority shareholders of Nissan Shatai, we request that the Board determine a policy for dealing with Nissan Shatai.