



Sustainability Report 2012

Sustainability Report 2012

Nissan: Enriching People's Lives

NISSAN



Contents

2	Introduction
3	CEO Interview Producing the Answers People Need
5	Fiscal 2011 Highlights
6	Nissan Power 88
8	Disaster Response at Nissan
10	Nissan's Approach to CSR
14	The Renault-Nissan Alliance
16	Corporate Governance & Internal Control
23	Environment
41	Safety
49	Quality
56	Economic Contribution
58	Employees
66	Value Chain
69	Philanthropy
75	CSR DATA
76	Nissan CSR Scorecard
81	Fiscal 2011 Financial Review
82	Performance Data
83	Business and Other Risks
86	Third-Party Comments

Our Related Websites

Corporate Information

<http://www.nissan-global.com/EN/COMPANY/>

Environmental Activities

<http://www.nissan-global.com/EN/ENVIRONMENT/>

IR Information

<http://www.nissan-global.com/EN/IR/>

Product Information (by Country)

<http://www.nissan-global.com/EN/GLOBAL/>

Product Information (Japan)

<http://www.nissan.co.jp/>

Citizenship Activities

<http://www.nissan-global.com/EN/CITIZENSHIP/>

Corporate Social Responsibility

<http://www.nissan-global.com/EN/COMPANY/CSR/>

Quality Initiatives

<http://www.nissan-global.com/EN/QUALITY/>

Safety Activities

<http://www.nissan-global.com/EN/SAFETY/>

Latest Technologies

<http://www.nissan-global.com/EN/TECHNOLOGY/>

Design Activities

<http://www.nissan-global.com/EN/DESIGN/>

Company Information Library

<http://www.nissan-global.com/EN/COMPANY/LIBRARY/>

Introduction

Guided by its corporate vision of Enriching People's Lives, Nissan aims to contribute to the sustainable development of society through its full range of global business activities in addition to providing value through its products and services. Our pioneering efforts to promote electric vehicles and to make mobility more affordable for people in emerging economies are part of our corporate social responsibility initiatives rooted in this vision.

In order to share our activities in these fields with as many people as possible, each year we publish this Sustainability Report, which presents our CSR-related thinking and activities. We believe that sharing this information broadly with stakeholders increases the transparency of our actions, as well as giving us an opportunity to improve our activities by incorporating external feedback, thereby contributing to the development of a sustainable society.

In 2006 we published our last print edition of the Sustainability Report. Out of consideration for the environment, we now publish the report exclusively online. It can be downloaded from our website as PDF files.

CORPORATE PROFILE

Date of Establishment: December 26, 1933

Consolidated Net Revenue (Fiscal 2011):
¥9.409 trillion

Number of Employees (As of March 31, 2012):
157,365

Group Structure and Business Outline:

The Nissan Group consists of Nissan Motor Co., Ltd., subsidiaries, affiliates and other associated companies. Its main business includes sales and production of vehicles, forklifts, marine products and related parts. The Nissan Group also provides various services accompanying its main business, such as logistics and sales finance.

Vision:

Nissan: Enriching People's Lives

Mission:

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

* Our stakeholders include customers, shareholders, employees, dealers and suppliers, as well as the communities where we work and operate.

Editorial Policy

Nissan publishes an annual sustainability report in order to communicate to our stakeholders the social responsibilities that we must fulfill. In this year's report we focus on the progress and results that we achieved in fiscal 2011 with regard to the eight key CSR areas we address as an automobile manufacturer, explaining them in an easily understood way. The report focuses in particular on our efforts to achieve the goals set out in Nissan Power 88, our mid-term business plan announced in June 2011.

Scope of the Report

Period Covered: The report covers fiscal 2011 (April 2011 to March 2012); content that describes efforts before or after this time period has the relevant time period indicated in the respective section.
Organization: Nissan Motor Co., Ltd., foreign subsidiaries and affiliated companies (Nissan Europe, Nissan North America etc.) that make up the Nissan Group. Where we are describing regional efforts, we refer to the specific region name in the text; when no specific region is identified, the descriptions of Nissan's activities and practices pertain to Nissan Motor Co., Ltd. in Japan.

Referenced Reporting Guidelines

GRI Guidelines, ISO26000 (The GRI overview of our disclosed information is available on our website.)

Third-Party Certificates

No globally accepted method for third-party certification of sustainability reports has yet been established. Considering this situation, in which a review would not necessarily lead to the intended assurance of credibility, we have decided not to seek third-party certification.

Forward-Looking Statements

This Sustainability Report contains forward-looking statements on Nissan's future plans and targets and related operating investment, product planning and production targets. Please note that there can be no assurance that these targets and plans will actually be achieved. Achieving them will depend on many factors, including not only Nissan's activities and development, but also the dynamics of the automobile industry worldwide, the global economy and changes in the global environment.

Mistakes and Typographical Errors

All errors discovered after the report is published will be corrected and displayed at the URL below.

<http://www.nissan-global.com/EN/COMPANY/CSR/>

Nissan Blue Citizenship Stories 2012

As a new means of communicating about Nissan's CSR, beginning in fiscal 2012 we are publishing a report entitled Nissan Blue Citizenship Stories 2012. Targeted at all of Nissan's stakeholders, including its employees, the first report was published in June 2012 and aims to describe Nissan's CSR activities more simply and accessibly to readers. The 2012 report is available on our website in both Japanese and English.



CEO Interview

Producing the Answers People Need

Fiscal 2011 was a period involving recovery from natural disaster and economic turmoil around the world. Despite this, Nissan produced solid business results and maintained its focus on its long-term goals of sustainability. President and CEO Carlos Ghosn describes how the company is continuing to make progress toward a sustainable future for its business and for the industry as a whole.



Carlos Ghosn President and Chief Executive Officer, Nissan Motor Co., Ltd.

Companies in all industries bear responsibilities to society and face challenges in fulfilling them. How should the auto industry respond to these challenges?

Given the speed with which the world is developing, new challenges are going to arise with increasing frequency. Today we face a certain set of challenges; tomorrow they will be something completely different. For example, water supplies were not a problem 20 years ago, but today we are starting to see moves toward preserving water. In years to come this will be a more critical issue. Likewise, today emissions are an issue that figures considerably in the public consciousness, just as climate change was starting to do 20 years ago. In the future the emissions issue will be seen as critical.

The industry's role is first to identify the new challenges of sustainability—challenges in areas like air, water, oil, energy and recycling. Second, we must respond. This response involves understanding the problems that exist, formulating solutions for them, developing needed technologies and processes and communicating with society. Looking at Nissan's own areas of responsibility—manufacturing and transportation—makes it clear that our challenge as an industry is to respond to the existing challenges of sustainability, identify new areas of sustainability and prepare solutions for future areas of sustainability.

What role can Nissan play in addressing the challenges of sustainability?

Nissan needs to play a leading, global role. We need to be viewed as a great corporate citizen everywhere we operate, because we are such a large contributor to the auto industry and such a large corporation—one of the 50 largest in the world. So we need to be a company with a strong sense of corporate social responsibility in our home country of Japan and in all the countries where we operate. Obviously pursuing sustainability is right for Japan, but it is also right for the United States, China, Europe, Brazil, Russia, India, Indonesia—everywhere we operate.

The responsibility we bear to society takes many forms, particularly when it comes to the technology we work on. Ensuring that our actions contribute to sustainability is an important part of this. And because our business is global in nature, when we take on an issue we can do so globally: facing challenges, participating and contributing everywhere in the world.

In terms of specifics, the company is now in the second year of the Nissan Power 88 mid-term business plan. What does this plan mean for society?

Our plan represents our pursuit of two main ideas: mobility for all and sustainable mobility. "Mobility for all" means putting autonomous transportation within reach of every single person on Earth, in the best way possible for each of them. In terms of our geographic growth, we need to be in all global markets to offer this.



We also need a presence in all market segments. This includes the low-cost segment, where today many people are riding bicycles or motorcycles. They want the safety and comfort of a car. Ours is a product that can change the life of people in emerging markets. Mobility for all has the potential of helping millions of people to grow professionally and economically; to transform the lives of their families.

"Sustainable mobility," the second idea, means ensuring that the mobility we offer is ecologically sustainable. We do this with zero-emission transportation like our Nissan LEAF electric vehicle, of course, but also with our PURE DRIVE approach to making the gasoline-powered cars in our lineup more efficient in terms of fuel consumption and emissions.

In addition to these two important ideas, we create value for society by growing the company, paying salaries, creating employment and paying dividends to our shareholders. When we make a profit, we also pay taxes, which are used to develop the countries where we operate. As we grow, it brings benefits to all our stakeholders, including customers, shareholders, employees, governments and communities.

Nissan is known for its unique partnerships, starting with its Alliance with Renault and including ties with AvtoVAZ in Russia, Dongfeng in China and Ashok Leyland in India. How do these partnerships benefit stakeholders?

Nissan's partnerships around the world are built on mutual respect as well as the pursuit of synergies. In many of these relationships we have two companies that appear to be different—one is larger than the other or one has more technology. But all our partnerships exemplify our respect for diversity. Solid results come not from one company acquiring or submitting to another. You get them when people partner and look in the same direction. In the end, we all learn how cross-cultural management and diversity can help us achieve our goals.

The benefits of these relationships are manifold. Nissan is able to provide environmental and safety technology to other markets, improving the mobility situation there. The local partners are able to maintain and grow their business presence in their home countries, boosting the economy and providing greater employment for local residents. These are win-win relationships for all the stakeholders involved.

Our approach is particularly positive because developing countries can maintain their own identities; they do not have to give up their industry to larger foreign corporations. When we partnered with AvtoVAZ, the Russians wanted to keep their Russian identity—to make sure that Lada would continue as a Russian brand. Our respect for our partners' identity made us the only credible company to fulfill their wishes. In this way our partnerships are beneficial in global terms.

What is your long-term vision for Nissan and for society's sustainable development?

Our long-term vision is Enriching People's Lives. This means transforming the lives of all our stakeholders—which, in the long run, means everybody on the planet. Our goal is to make sure that something better comes into their lives because of Nissan. This goal is a vital one. Our industry is growing swiftly: 75 million cars were sold last year globally, and this total should grow to over 95 million by the end of our mid-term plan in 2016 and to over 100 million in the future. More and more cars will be sold to still more customers. This must be done sustainably.

We should also note that there are more than 50 million people around the world, by some estimates, who earn a living from the automobile industry. They depend in particular on our industry to be a sustainable one. We have a responsibility to keep all these people proud of what they are doing. We must ensure that they recognize themselves in the products they help to create and know that they are contributing to society.

Our industry faces many challenges today, particularly in terms of sustainability. Nissan's role is to take on the responsibility of addressing these sustainability issues through its technologies and products. In areas like oil, emissions, climate change and renewable energy sources, there are a lot of questions facing humanity today. My vision for Nissan is to make ours a company that helps produce the answers we need.



Fiscal 2011 Highlights

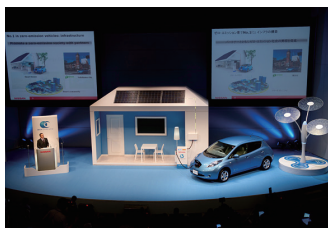
Nissan Power 88 Announced (June)

Our new mid-term business plan will see us enhance our brand power and sales power to achieve a global market share of 8% and an operating profit margin of 8% by fiscal 2016.



Nissan Green Program 2016 Announced (October)

Our latest mid-term environmental action plan, NGP2016 includes concrete goals in four areas of action and earmarks 70% of our R&D budget for environmental technologies. We also announced "Blue Citizenship" as our new CSR platform.



Comprehensive Strategy Announced for Brazil (October)

Nissan Power 88 defines enhanced production capacity in Brazil as one goal. To achieve this, we announced construction of a new plant in Rio de Janeiro in 2014, which will bring some 2,000 new jobs to the region.

Increased Production Announced for the Americas (January)

In the new year we announced construction of a new plant in Aguascalientes, Mexico. Scheduled to go online in the second half of 2013, this factory will increase our number of direct hires there by a maximum of 3,000.

Return of the Datsun Brand (March)

We announced the return of Datsun, which will join Nissan and Infiniti as our third global brand. Datsun-badged vehicles will go on sale in 2014, beginning in India, Indonesia and Russia.



2011

Jun

Jul

Aug

Sep

Oct

Nov

Dec

2012

Jan

Feb

Mar

Summer Power Conservation (July–September)

We shifted our weekends to Thursday and Friday at all our plants and offices in Japan, taking part in industrywide measures to cope with summer shortages of electricity. We exceeded the power conservation target set for industry, reducing usage by 30%.

Dealing with Thai Floods (October)

Monsoon flooding near Bangkok impacted our local operations, sales outlets and supply chain. We arranged supplies of substitute parts and got production partially back online in mid-November, minimizing the impact on our operations.

Nissan EV Named Japan Car of the Year (December)

Nissan LEAF was tapped as the Car of the Year Japan 2011–2012, making it the first 100% electric vehicle (EV) to win this award.



Eco-Friendly Car Shipper Launched (January)

The *Nichioh Maru* is our new energy-efficient marine shipping vessel for finished cars and parts. The ship's top-level environmental technologies will reduce CO₂ emissions by some 4,200 tons annually, equivalent to fuel savings of up to 1,400 tons.



Nissan Power 88

Nissan announced Nissan Power 88, its new mid-term business plan, in June 2011. The plan will accelerate the company's growth worldwide, including in new markets and segments. It covers a broad range of initiatives to take place over six years, from fiscal 2011 to 2016.

By executing this plan, Nissan will maximize and improve the sustainability of its economic business value.

The Plan's Goals

The name of the plan emphasizes key corporate goals: Nissan will renew its focus on the customer experience, from when they begin considering a purchase to when they become owners, through actions that elevate its brand power and sales power. By the end of fiscal 2016, the company aims to achieve a global market share of 8% and to increase corporate operating profit to a sustainable 8%.

The Vision Behind Nissan Power 88

Nissan Power 88 reflects our clear, global vision through fiscal 2016:

- By the time Nissan's extended new product plan is completed, the company's global portfolio will have 66 vehicles and will cover 92% of all markets and segments.
- The emphasis on sustainable mobility will continue, as we advance our zero-emission and PURE DRIVE strategies with expanded lineups of electric vehicles (EVs) and fuel-efficient vehicles. Cumulative EV sales for the Renault-Nissan Alliance will reach 1.5 million units.
- "Mobility for all" will expand with dedicated new cars and light commercial vehicles (LCVs) developed for entry-level segments and emerging markets.
- Nissan will introduce more than 90 new, advanced technologies, averaging 15 per year.
- Nissan will increase investments in its brands and retail networks to enhance customers' entire ownership experience from the moment they begin considering a purchase through their ownership of the vehicle.

Six Strategies of Nissan Power 88

Pillar 1 Strengthening Brand Power

To strengthen Nissan's brand power, the company will expand its strengths in engineering and production to the sales, marketing and customer value creation fields.

Pillar 2 Enhancing Sales Power

Sales power in the mid-term plan refers to fully grasping the needs of customers in each market and drastically raising sales volume and market share. In order to achieve this, the company will expand its number of sales outlets from the present 6,000 to 7,500 by fiscal 2016.

Pillar 3 Enhancing Quality

Nissan aims to make steady progress in improving product quality. During the Nissan Power 88 period, we aim to raise Nissan into the top group of global automakers in product quality and to elevate Infiniti to leadership status among peer luxury products by fiscal 2016.

Pillar 4 Optimizing Nissan's Zero-Emission Leadership

Nissan will take the lead as the all-time volume leader in dedicated EV sales. The Renault-Nissan Alliance is bringing seven more all-electric models to follow the successful launch of Nissan LEAF.

Pillar 5 Business Expansion

The fifth pillar of the plan relates to the company's strategies for business expansion. In 1999, Nissan's global market share was 4.6%. In 2011, Nissan achieved a record 6.4%. For fiscal 2016, Nissan is targeting 8%.

Pillar 6 Cost Leadership

Growth is not possible in any market without high cost competitiveness. The sixth pillar of the plan is cost leadership. By further increasing unit production, the company will achieve greater cost efficiencies. Nissan will examine not just development and component purchase costs but also internal costs and distribution fees, driving total costs down by 5% annually. These total manufacturing costs include everything from production and parts procurement to the logistics costs of delivery to our distribution and service centers.

The Four Foundations of Nissan Power 88

There are four foundations that support the six pillars of Nissan Power 88: People, Alliance, Processes and Products. These foundations are essential for achieving the goals in Nissan Power 88, and the company will continue to strengthen them all.

People

Nissan implemented dramatic internal reforms and revitalized the company by executing the strategy laid out in the 1999 Nissan Revival Plan. In recent years, we have demonstrated our people's power to overcome various challenges by rapidly recovering from the Great East Japan Earthquake and the Thai floods. Employees set high targets for themselves and work toward them, putting their capabilities to use in cross-functional and cross-regional ways. These characteristics are the strength of the "Nissan DNA"; we will continue to increase this strength to elevate our performance globally.

Alliance

The Renault-Nissan Alliance is already the fourth largest automobile group in the world, and the group will continue to evolve its business over the Nissan Power 88 period. The plan is to greatly increase our presence in emerging markets, including Russia and India, by putting the Alliance's synergies to work. The cross-cultural mindset that both companies have cultivated over the last 12 years is a valuable tool that will help us grow in the global market. The Alliance is an increasingly vital source of strength for the Nissan Group.

Processes

In order to achieve the expanded operations set out in Nissan Power 88, we must make our operation processes more effective and more efficient. V-up is an effective approach to establishing business processes that produce high added value. Nissan's proprietary issue-resolution method, V-up has proven its effectiveness during more than 10 years of development. Through the application of V-up, we will continue increasing the speed of our resolution of various issues.

Products

During the Nissan Power 88 period, we plan to launch 51 new car models and install more than 90 new advanced technologies in our vehicles. In addition to expanding the Nissan and Infiniti lineups, we will boost our EV offerings and define the Ultima, Teana, Qashqai and other cars as global growth models, focusing our energies in particular on markets and segments where growth and greater profits are expected. We will also broaden our lineup of global cars based on the V-platform and increase the number of these cars sold from 130,000 units in fiscal 2010 to more than 1,000,000 units in fiscal 2016.

Disaster Response at Nissan

Responding to natural disasters was a major task we faced in fiscal 2011 and came to be symbolic for our activities that year. Nissan is always seeking to strengthen its risk management systems in order to better prepare for natural disasters and other emergency situations. While maintaining close communication with our suppliers and each of our global bases, we continue to work hard to minimize risk.

Better Risk Management

When the Great East Japan Earthquake struck on March 11, 2011, Nissan set up its Global Disaster Control Headquarters in its head office in Yokohama in 15 minutes. We commenced recovery operations for each business location while confirming the safety and status of all our employees, vendors and suppliers. This speedy, focused response was made possible by the drills and simulations that we practice every year, designed to anticipate every eventuality following a natural disaster. The drills that we had practiced only three weeks before the earthquake paid off in our swift response to the unprecedented disaster.

Hundreds of workers from other plants were mobilized to help the restoration work at damaged facilities and vehicle production restarted only one month after the earthquake. The Iwaki Plant, where the damage had been most severe, declared in May that it had made a complete recovery and its production levels had returned to predisaster levels. The Global Disaster Control Headquarters, headed by the chief operating officer, supervised all operations and kept a close eye on both the recovery efforts in Japan and continuing business operations abroad. Along with prompt decision-making by management, we relied heavily on the capabilities of our *genba*, the actual sites where we accomplish our jobs, to drive recovery efforts at the global level.

On March 5, 2012, Nissan once again carried out simulations and drills defined by the Global Disaster Control Headquarters at the head office. New scenarios and subjects that came to light following March 11 were incorporated into the drills and measures were checked to ensure that they are effective and properly prepared. These checks were taken at each of three stages: prevention and preparation, initial response and recovery measures. In the future we aim to enhance the Nissan Group's resiliency by reviewing the disaster risks at our rapidly expanding overseas sites and strengthening the measures taken across our entire supply chain, including secondary and tertiary suppliers and beyond.

Issues Raised After 3/11

Anticipating the possibility of large-scale earthquakes in the Tokai, southern Kanto and other regions, Nissan has been applying seismic retrofitting and reinforcements to its buildings and facilities since 2003. This is in addition to preparing evacuation centers, evacuation routes and the necessary stockpiles for those unable to return home. However, it became clear after the Great East Japan Earthquake that we had underestimated the potential damage from a tsunami. As a result, we have reevaluated the potential danger and prepared new evacuation centers and routes where needed. Furthermore, following the widespread food shortages that occurred, we are now looking into stockpiling reserves that would be adequate for any season and for employees, their families, local residents and those who must walk home. We are conducting earthquake resistance inspections at buildings and facilities and implementing the necessary reinforcements and measures to prevent items falling.

When a disaster strikes, nothing is more important than protecting people's lives. After the March 11 earthquake we changed our safety confirmation system, basing it on web access rather than email. We have also further clarified our standards for when employees should go home or stay at home and shared this information with the entire company.

A More Resilient Supply Chain

When the floods in Thailand occurred in October 2011, many of the industrial parks near Bangkok were submerged. Japanese businesses' supply chains were severed and plants in each area of the world were forced to reduce their production levels. In Nissan's case, although its plant in Samut Prakan remained undamaged, a shortage in the supply of components made it necessary to suspend operations there. Operations resumed in November but the production shortage amounted to around 40,000 vehicles.

With the globalization of manufacturing, when the supply of components is cut off, the effect spreads through the supply chain to production bases around the world. We quickly determined which types of cars were at risk of a supply shortage from the floods at every site where Nissan operates and avoided impacting operations in the United States, Europe and China by putting countermeasures in place. In Japan, too, we managed to keep the effects to a minimum.

Based on the measures taken to sustain the supply chain following the Great East Japan Earthquake and the flooding in Thailand, we plan to introduce new procedures to other bases around the world and make them part of a new business continuity plan in fiscal 2012.

Continuous Support to the Disaster Zone

More than a year after the Great East Japan Earthquake, there are many people facing difficulty in their lives and a great deal of support is still needed in the affected regions. Following our initial relief efforts, we are continuing with operations to support the daily lives of those in the affected regions.

In November 2011, we donated a Civilian microbus to L'Oréal Japan to support their "Hairdressers for Hope" project. The bus was used as the main transport vehicle for their mobile hairdressers. This project provided inexpensive haircuts and hair washes to residents of the disaster-struck areas, as well as serving as a place for the local hairdressers to work. We also donated two Atlas F24 medium-sized trucks to the Shanti Volunteer Association for use in its Iwate Mobile Library Project. From January 2012, one of these vehicles transported the library around temporary housing developments in Rikuzentakata and Ofunato, enabling residents to borrow books and to meet and socialize with others. Nissan will continue to do what it can as an automobile manufacturer to support the people in the afflicted areas in cooperation with nonprofit organizations, nongovernmental organizations and local municipalities.

Fiscal 2011 Review

A Year of Challenges and Leadership

Toshiyuki Shiga

Chief Operating Officer
Nissan Motor Co., Ltd.



During fiscal 2011, Nissan had to overcome a number of challenges working against its business interests. The March 11 Great East Japan Earthquake dealt a heavy blow to our Iwaki and Tochigi Plants, as well as to many of our affiliates, dealerships and suppliers. All of our group employees came together as one at this time, utilizing our cross-functional and cross-regional approach to get Nissan on the track toward recovery soon after the disaster. October brought a challenge with the flooding in Thailand, but we were able to build on our experience of recovering from the earthquake and minimize the impact on our operations.

The issues we faced were not limited to natural disasters. The yen posed another significant challenge during fiscal 2011, standing at historically high levels against other currencies. All of these developments presented Nissan with difficult conditions, but we moved swiftly to put needed measures in place, making our decisions always with business continuity in mind.

Meanwhile, in June 2011 we announced our mid-term business plan, Nissan Power 88. The twin goals of this plan are to achieve a sustainable operating profit of 8% and to raise our worldwide market share to 8% by fiscal 2016. Through this plan we intend to expand our geographic reach and promote electric vehicles (EVs) and emission-reduction technology, thereby helping to create a sustainable mobility society and provide mobility for all.

Despite the many challenges Nissan faced in fiscal 2011, we maintained our momentum, making tremendous progress in all areas of our business. We achieved solid growth while setting an all-time annual record for the number of vehicles sold, and Nissan LEAF became the top-selling EV in the world. Fiscal 2012 is the second year of Nissan Power 88. We will continue to lead the way toward the sustainable mobility society of the future.

Nissan's Approach to CSR

In addition to providing the obvious benefit of growth with sustainable profits, Nissan seeks to contribute to the sustainable development of society. To this end, we listen carefully to the wide variety of our stakeholders, working with them as we pursue activities that meet society's needs.

Guided by the vision of Enriching People's Lives, Nissan seeks to contribute to sustainable social development through all its global activities. Our mission is to provide unique and innovative automotive products and services that deliver superior values to all stakeholders in alliance with Renault.

In order to achieve the objectives of our vision and mission, it is essential that we conduct business in a way that consistently aligns profitable growth with sustainable social development. For this reason, incorporating CSR concepts into our management is important. We believe that strengthening CSR initiatives will help forge relationships of trust with our customers, business partners and other stakeholders.

Balancing Profitable Growth with Sustainable Development



Our Vision Nissan: Enriching People's Lives

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

Our Business Principles The Nissan Way: "The power comes from inside"
The focus is the customer, the driving force is value creation and the measurement of success is profit.

- Our CSR Policy**
- Ethical conduct, strong corporate governance with a high degree of transparency and a clear focus on diversity are the foundation for all our activities worldwide.
 - We aim for the sustained profitable growth of the company, and at the same time contribute proactively to the sustainable development of mobility and society.
 - We will listen to, and work with, our stakeholders around the world and create trust, opportunity and long-term sustainable value.

Pillars of Activity

Nissan has defined eight key CSR areas where we focus our efforts as an automobile manufacturer. These areas are (1) Environment, (2) Safety, (3) Quality, (4) Economic Contribution, (5) Employees, (6) Value Chain, (7) Philanthropy and (8) Corporate Governance & Internal Control. Each of these areas is essential to making our company one that society trusts and needs. We further believe that by providing added value unique to Nissan, we can build a stronger relationship of trust with society.

Eight Key Areas for CSR

Corporate Governance & Internal Control Nissan aims to conduct fair, impartial and efficient business activities, having a high degree of transparency and consistency by adhering to the applicable laws and corporate rules.	Environment Nissan aims to lead a social transformation aimed at bringing about a sustainable mobility society by reducing vehicles' environmental impact throughout their life cycle and expanding the lineup of effective green products and technologies.	Safety Nissan develops innovative technology and plays an active role in safety promotion, making the automobile society safer for all.
Economic Contribution Nissan aims for sustainable, profitable growth, contributing to economic development for all of society.	NISSAN	Value Chain Nissan promotes ethical, environmentally sound actions in all stages of the supply chain.
Quality Nissan provides top-level quality in its products and services around the world.	Employees Nissan aims to form an attractive organization where diverse human resources can achieve personal growth through experience in global business.	Philanthropy Nissan carries out social contribution activities as a corporate citizen, focusing on education, environmental awareness and humanitarian relief.

Nissan's Approach to CSR

In its pursuit of CSR-based management, Nissan strives to find a balance between three key factors. First is the balance between short- and long-term perspectives. Faced with a range of challenges, we must make business decisions from a balanced viewpoint taking both short- and long-term concerns into account. Second is the balance between growth and societal development. Rather than pursuing only our own profit, we heed society's concerns and seek mutual sustainable development. And third is the balance of value provided by Nissan to all stakeholders. We take care to provide value to all categories of stakeholder, rather than prioritizing certain ones. At Nissan, we use CSR as a process-management tool in the pursuit of the balance between these three factors in our various fields of business.

Three Balances We Pursue

1. A balance between short- and long-term perspectives

2. A balance between corporate growth and societal development

3. A balance of value provided by the company to all its stakeholders

In October 2011 we redefined the collective term for Nissan's CSR activities as "Blue Citizenship." Through Blue Citizenship, Nissan aims to be a company that strives to meet the expectations of society while achieving global growth and meeting the objectives set out in its mid-term business plan, Nissan Power 88.

Please see our website for more information on our Blue Citizenship initiatives.
<http://www.nissan-global.com/EN/BLUECITIZENSHIP/>



Promotion Structure

From fiscal 2011, the CSR division came under direct control of Chief Executive Officer Carlos Ghosn. Within the organization, CSR has become a central aspect of corporate management.

We have also set up a CSR Steering Committee, composed of 20 midlevel managers of the sections involved in the key areas, as a means of controlling CSR activity across the company. Through regular meetings, the progress made in each area is monitored and new objectives are set annually. The steering committee meeting in April 2012 was attended by the executives and managers of the sections involved with the key areas, and was cochaired by the CEO and Chief Operating Officer Toshiyuki Shiga. A review of fiscal 2011 and new objectives for fiscal 2012 were reported and approved.

Nissan's CSR Scorecard

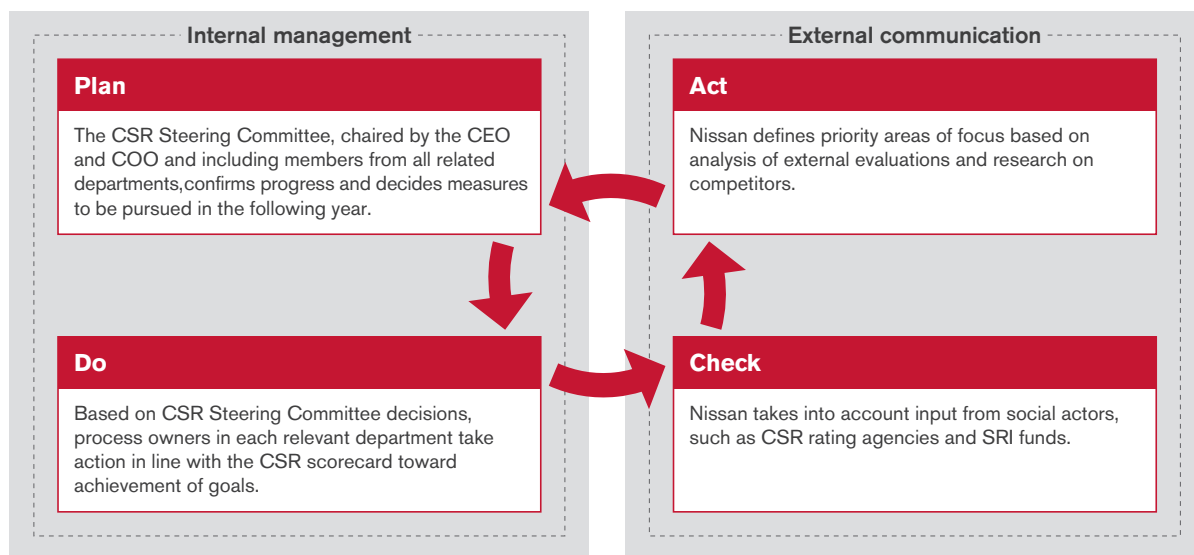
Nissan makes year-round use of the CSR scorecard as a fundamental tool for monitoring and reviewing its progress and for bringing the three balances into clearer focus. On its vertical axis we list the eight key areas to check the balance between stakeholders. The horizontal axis, meanwhile, represents the points of intersection between the direction of Nissan's growth and that of society's development. Our aim is to balance short- and long-term perspectives, based on equilibrium between the two axes. Each year we revise the scorecard in line with our progress and release it to the public. (See pp. 76–80 for our scorecard.)

Communication With Our Stakeholders

Nissan strives to conduct its business in a way that aligns corporate activities with the demands of society, incorporating social views into our business activities. In order to accept more input from our stakeholders, we listen carefully to the voices of society and seek to identify the seeds of both opportunity and risk. The framework for this plan is built around the PDCA, or "plan, do, check and act," cycle shown below.

Following the Great East Japan Earthquake in March 2011, we carried out hearings to determine the needs of local residents in affected areas and the nonprofit and nongovernmental organizations supplying relief to them. Close communications with all these parties allowed us to provide vehicles and other forms of support more effectively.

PDCA Cycle to Promote CSR at Nissan



Communicating Nissan's CSR Activities Internally

In addition to sharing information with the public via the Sustainability Reports and online, Nissan has long been committed to communication inside the company. We have enhanced this internal communication to prompt individual employees to consider their connection to CSR and translate this into concrete action. Specifically, in December 2010, we published and uploaded to our website the Nissan CSR Handbook 2010, which clearly explains the company's CSR stance. The printed version of the handbook was distributed to all Nissan employees in Japan. Nissan holds CSR Caravan study meetings at individual departments and divisions as a means of deepening awareness. Nissan's CSR Headline site, located on our WIN (Workforce Integration @ Nissan) intranet, introduces the company's own activities and provides a wide variety of CSR-related information.

Nissan as a Responsible Global Citizen

Since January 2004, Nissan Motor Co., Ltd. has participated in the United Nations Global Compact, a corporate responsibility initiative built around universal principles regarding human rights, labor, the environment and anti-corruption. The U.N. Global Compact was originally proposed by U.N. Secretary-General Kofi Annan in an address to the World Economic Forum (Davos forum) in 1999. Businesses may pledge to support its principles of their own free will.

In order to convey its progress in activities that contribute to fulfilling these 10 principles, Nissan publishes its annual Sustainability Reports on the U.N. Global Compact website.



The 10 Principles of the Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labor Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Additional information on the Global Compact is available online.
<http://www.unglobalcompact.org/>

Joining the World Business Council for Sustainable Development

Nissan is a member of the World Business Council for Sustainable Development (WBCSD), an international association of companies with a shared interest in sustainable development based on three pillars of economic growth, environmental preservation and societal fairness.

Some 200 companies from more than 35 countries and 20 major industrial sectors have joined the WBCSD. The Council pursues the following objectives in contributing to industry:

Business Leadership: to be a leading business advocate on sustainable development

Policy Development: to help develop policies that create framework conditions for the business contribution to sustainable development

The Business Case: to develop and promote the business case for sustainable development

Best Practices: to demonstrate the business contribution to sustainable development and share best practices among members

Global Outreach: to contribute to a sustainable future for developing nations and nations in transition



Additional information on the WBCSD is available online.
<http://www.wbcsd.org>

A Message from the Officer in Charge of CSR Activities

Tackling Social Challenges Through Blue Citizenship

Noriko Ikari

General Manager
CSR Department



Businesses struggled with many challenges in fiscal 2011. Although Nissan was no exception, under difficult circumstances we released a new mid-term business plan and environmental action plan, making it a productive year in terms of our CSR as well as our business results. Our CSR division came under direct management of the CEO and we undertook a diverse range of activities while strengthening global ties and continuing dialogue both inside and outside the company.

In fiscal 2011 we redefined the platform for Nissan's CSR activities as "Blue Citizenship." By informing employees of this change, it allowed us to greatly increase CSR awareness within the company. The core message of the Nissan Way is "The power comes from inside." Taking this to heart, we will continue to actively tackle a variety of social challenges in the future.

The Renault-Nissan Alliance

Nissan has greatly increased its global footprint and achieved dramatic economies of scale through the Renault-Nissan Alliance, a unique and highly scalable strategic partnership founded in 1999. In 2011, 8.03 million cars* were sold by the Renault-Nissan Alliance, amounting to a 10.7% global share. We are marketing vehicles under the brands of Nissan, Infiniti, Renault, Renault Samsung Motors and Dacia.

* This figure includes Lada sales (AvtoVAZ of Russia).

The Alliance's Vision

Although it was initially considered a unique arrangement in the late 1990s, the Alliance quickly became a model for similar partnerships in the auto industry. The Alliance itself has entered cooperative relationships with Germany's Daimler, China's Dongfeng Motor Corp., Russia's AvtoVAZ and others, and it continues to prove itself as the industry's most enduring and successful partnership.

The Alliance is based on the rationale that substantial cross-shareholding investments compel each company to act in the financial interest of the other, while maintaining individual brand identities and independent corporate cultures. Renault currently has a 43.4% stake in Nissan, and Nissan holds a 15.0% stake in Renault. The cross-shareholding arrangement requires mutual trust and respect, as well as a transparent management system focused on speed, accountability and performance.



Please see our website for more information on the Renault-Nissan Alliance.

<http://www.nissan-global.com/EN/COMPANY/PROFILE/ALLIANCE/RENAULT01/index.html>

Alliance Objectives

The Alliance pursues a strategy of profitable growth with three objectives:

1. To be recognized by customers as being among the best three automotive groups in the quality and value of its products and services in each region and market segment
2. To be among the best three automotive groups in key technologies, each partner being a leader in specific domains of excellence
3. To consistently generate a total operating profit among the top three automotive groups in the world, by maintaining a high operating margin and steady growth

The Alliance remains committed to developing synergies through such common organizations as the Renault-Nissan Purchasing Organization (RNPO), joint working groups and shared platforms, components and industrial facilities. In its second decade of existence, the Alliance also keenly focuses on maintaining its clear lead in sustainable transportation.

Zero-Emission Leadership

The Alliance invested a total of approximately €4 billion in research, engineering, product development and manufacturing to develop the first wave of zero-emission cars—electric vehicles (EVs). Unlike other carmakers, the Alliance focused on development of a unique, purpose-built EV that could be mass-produced at affordable prices for mainstream consumers. The first tangible result of the investment was the groundbreaking Nissan LEAF, which went on sale in December 2010. In fiscal 2011, 23,000 units were sold, contributing to a cumulative total of 30,000 units since launch. This makes Nissan LEAF the best-selling EV globally. Additionally, under the Renault brand, the Kangoo Z.E., the Fluence Z.E. and the Twizy are currently being sold. We plan to launch eight models of EVs across the Alliance by 2014.

The Alliance is also working hard on the production of batteries for EVs. Production in Japan started in 2010. We also plan to use batteries produced in the United Kingdom, the United States and France. By making maximum use of the expertise we have as an automobile manufacturer, we develop and mass-produce high-quality EV batteries, making us very competitive in the EV space.

This advanced technology and total supply chain control means that the Renault-Nissan Alliance holds an unmatched position in the global automotive industry. The merits of holding this lead over other companies when entering new markets are immeasurable. This frontrunner advantage in EV development does more than

allow Nissan and Renault to raise awareness of their brands among consumers; it also lets us review real-world data. Both companies aim to sell a cumulative total of 1.5 million electric vehicles by 2016, leading the way in the automotive industry. Meanwhile, we will continue to work on fuel-cell electric vehicles and other future strategies in advanced zero-emission technology.

Strategic Cooperation with Daimler

Since the Alliance's strategic cooperation with Daimler AG was announced in April 2010, the relationship between both groups has gone from strength to strength. In the second half of 2012, we plan to introduce to market a new model in the entry-level light commercial vehicle range. The companies will jointly develop car bodies for the next-generation Smart and the Renault Twingo. These models will be brought to market in the first quarter of 2014. The 3-cylinder gasoline engine installed in the Twingo will be provided for Daimler's Smart model. A 4-cylinder diesel engine will go into the new light commercial vehicle to be jointly developed by both groups, as well as into Mercedes Benz's next-generation premium compact cars. Furthermore, from 2014 we will begin production of 4-cylinder gasoline engines for Mercedes Benz and Infiniti models at Nissan's plant in Decherd, Tennessee. The production capacity is expected to reach 250,000 engines a year.

Cooperation with Mitsubishi Motors

In September 2011, Nissan and Mitsubishi Motors agreed to extend the scope of their OEM supply agreements in the Japanese market. The latest agreements are part of the core agreement signed in December 2010 to expand cooperation between the two companies. In the summer of 2012, Nissan will start supplying the Fuga, a luxury sedan, to Mitsubishi Motors. Within fiscal 2012, Mitsubishi Motors will start supplying the Minicab MiEV, a light commercial electric vehicle, to Nissan. These new OEM projects continue from the previous supply of Nissan's NV200 Vanette compact van to Mitsubishi Motors. Along with the establishment of NMKV Co., a joint venture for the minicar business, these initiatives are intended to strengthen the competitiveness of both companies in Japan.

Corporate Governance & Internal Control



It is essential for Nissan to enhance its corporate governance policies as it fulfills its corporate social responsibilities. We strive to maintain a high level of management transparency by disclosing to stakeholders our business goals and guidelines that clearly indicate management responsibility, and by sharing information on our progress toward these goals as promptly as possible. As a company we will work to continue earning the trust of our stakeholders.

Pillars of Activity

Nissan's approach to corporate governance is founded on three cornerstones: compliance built on the high ethical standards of all employees, efforts to bolster information security and an effective and appropriate risk management system. Our offices and factories around the world work together to support educational activities, ensuring that all employees are properly trained and understand the issues involved.

1. Compliance

Compliance built on the high ethical standards of all employees is integral to promoting CSR. To foster compliance awareness throughout the company, Nissan has established specialized departments and placed officers in charge of promoting compliance policy in each region where it operates.

2. Risk Management

At Nissan, we define risk as anything that might prevent us from achieving our business goals. By detecting risk as early as possible, examining it, planning the necessary measures to address it and implementing those measures, we work to minimize the materialization of risk and the impact of damage caused should it arise.

3. Information Security

Nissan shares its Information Security Policy with group companies worldwide and implements necessary measures through the Information Security Committee, bolstering its capability to prevent information leaks and other such incidents. Furthermore, we carry out various in-house programs every year to thoroughly educate and motivate employees to uphold their responsibilities in this regard.

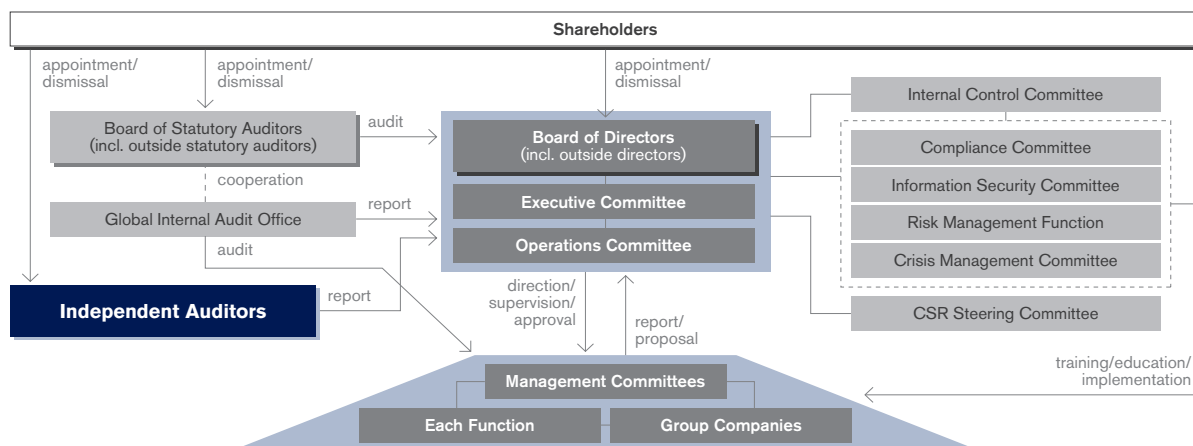
Internal Control Systems and Compliance

Internal Control Systems

Nissan places high value on transparency, both internally and externally, in its corporate management. We focus consistently on the implementation of efficient management for the purpose of achieving clear and quantifiable commitments. In line with this principle, and in accordance with Japan's Companies Act and its related regulations, the Board of Directors has decided on the Internal Control Systems to pursue these goals and on its own basic policy. The board continually monitors the implementation status of these systems and the policy, making adjustments and improvements as necessary. One board member has also been assigned to oversee the Internal Control Systems as a whole.

Nissan has adopted a system under which the Board of Statutory Auditors oversees the Board of Directors. The Statutory Auditors attend board and other key meetings, and also carry out interviews with board members to audit their activities. The Statutory Auditors regularly receive reports on the results of inspections and plans for future audits from independent accounting auditors, as well as exchange information to confirm these reports. The Statutory Auditors also receive regular reports from the Global Internal Audit Office, making use of this information for their own audits.

Nissan's Internal Governance System



Legal Compliance Framework

Nissan's CSR approach is founded on compliance with a strong sense of ethics held by each and every employee. We produced the Nissan Global Code of Conduct in 2001, outlining a set of guidelines for all employees of the Nissan Group worldwide to put steadily into practice. We also produced guidance for directors and corporate officers regarding compliance, and we hold regular seminars and educational activities to ensure strict adherence to the rules. Under the oversight of our Global Compliance Committee, we have established three regional compliance committees to form a system for preventing illegal and unethical behavior worldwide. To enhance legal and ethical compliance, we are working with coordination among all regions and bases of operation to ensure full awareness of compliance issues and engage in prevention of illegal activities.

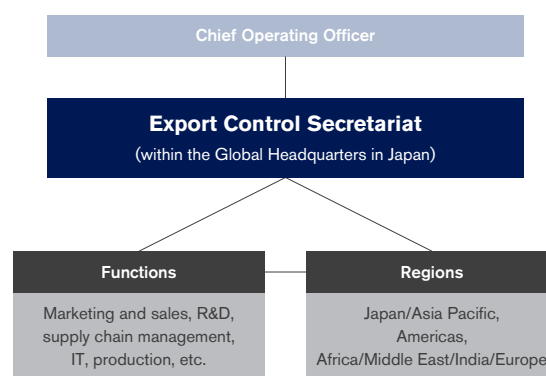
FY2012 Global Compliance Committee Organization



Security-Related Export Controls

Nissan thoroughly complies with the laws and regulations of Japan and the other countries where it does business, giving full consideration to the requirements of the international community. Part of this effort includes the company's initiatives aimed at contributing to global peace and security. Nissan has established export control rules to prevent the proliferation of weapons of mass destruction, conventional weapons and any products or technologies used for their development. In line with these rules, Nissan implements export controls under an independent system headed by the company's chief operating officer. Affiliated companies also strictly adhere to the same export control rules, thereby enhancing the entire Nissan Group's level of compliance.

Global Export Control Policy Framework



Global Compliance Education for Employees

To foster compliance awareness throughout the company, Nissan has established groups and placed officers in charge of promoting compliance policy in each region where it operates. We focus particularly on education to give all employees a correct understanding of the Code of Conduct so that they make fair, transparent judgments in the course of their duties.

To ensure full understanding of the code in Japan, all employees, including executives, take an e-learning or video training course based on the Japanese version of the Nissan Code of Conduct—"Our Promises," revised most recently in October 2010—after which they sign an agreement to abide by it. In this way we seek to ensure across-the-board understanding, making all our people more deeply aware of compliance issues.

A number of education programs to promote compliance are held regularly for employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. We are also carrying out compliance-related training in other regions based on guidelines that take into account conditions in each country. Moreover, all group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct. The Nissan Code of Conduct is reviewed every three years and was updated most recently in fiscal 2010. In August 2011, we established a global social media policy. This policy is applied to all employees worldwide including personnel at our sales and affiliated companies, and we are working to boost employee awareness of its guidelines.

Additionally, we have created sets of internal regulations globally covering the prevention of insider trading, personal information management, record management and prevention of bribery and corruption. With these regulations in place, Nissan is working to prevent compliance infractions.

Global Code of Conduct for Nissan Group

Principle

The following standards apply to all employees in Nissan Group companies (collectively herein referred to as "Nissan" or "Company"). Each member of the Company is charged with responsibility to uphold and extend this code of conduct.

Global Code of Conduct

1. Comply with All Laws and Rules

Nissan employees will abide by all laws of the country, and all regulations of the Company, in which they work.

2. Avoid Conflict of Interest

The best interests of Nissan are expected to be foremost in the minds of employees. It is prohibited to behave, act or use information in a way conflicting with Company interests.

3. Preserve Company Assets

Nissan employees are personally accountable for preserving and safeguarding Company assets. Unauthorized use or diversion of Company assets, including funds, information and intellectual property, is prohibited.

4. Be Impartial and Fair

Nissan employees must maintain impartial and fair relationships with business partners, including dealers, parts suppliers and other third parties.

5. Be Transparent and Accountable

Nissan employees shall make fair, transparent, timely and appropriate disclosure of the Company's business activities to our stakeholders, including stockholders, customers, other employees and local communities.

6. Value Diversity and Provide Equal Opportunity

We value and respect the diversity of our employees, suppliers, customers and communities. Discrimination or harassment, in any form or degree, will not be tolerated.

7. Be Environmentally Responsible

Nissan employees shall strive, within the business objectives of Nissan, to consider environmental protection when developing products and services, to promote recycling and to conserve materials and energy.

8. Be Active; Report Violations

Nissan employees are expected to carry out their work in accordance with the Code of Conduct. Employees who suspect that a violation of the Code of Conduct has occurred are obligated to report it as soon as possible, and such employees shall be protected from retaliation.



We also publish the Global Code of Conduct on our website.

http://www.nissan-global.com/EN/COMPANY/CSR/CORPORATE_GOVERNANCE/index.html

Our Stance Against Discrimination and Harassment

Item 6 of Nissan's Global Code of Conduct, "Value Diversity and Provide Equal Opportunity," is our requirement to accept, value and respect the diversity to be found among our employees, business partners, customers and communities where we do business, and to reject discrimination and harassment in all their forms, no matter how minor they may be. Nissan executives and employees must respect the human rights of others, and may not discriminate against nor harass others based on race, nationality, gender, religion, physical capability, age, place of origin or other reason; nor may they allow such a situation to go unchecked if discovered. We also work to ensure that all employees, both male and female, can work in an environment free from sexual and other forms of harassment.

Internal Reporting System for Corporate Soundness

To promote thorough understanding of compliance among all employees worldwide and to facilitate sound business practices, Nissan employs a variety of internal reporting mechanisms. These allow employees to submit opinions, questions or requests to the company, thereby improving workplaces and operations as well as fostering a compliance-oriented corporate culture. In Japan our Easy Voice System, which offers full protection to any persons offering information in accordance with Japan's Whistleblower Protection Act of April 2006, has become an integral part of operations in all Nissan Group companies in the country.

Independent Internal Audits

Nissan has established a global internal audit unit, an independent department under the direct control of the chief operating officer, to handle internal auditing tasks. Under the control of the chief internal audit officer, audit teams set up in each region carry out efficient, effective auditing of Nissan's activities on a groupwide and global basis.

Risk Management

Principles for and Approach to Corporate Risk Management

For Nissan, the term *risk* refers to any factor that may prevent the Nissan Group from achieving its business objectives. By detecting risk as early as possible, examining it, planning the necessary measures to address it and implementing those measures, we work to minimize the materialization of risk and the impact of damage caused should it arise. Risk management must be a real-world activity closely linked at all times with concrete measures. Based on its Global Risk Management Policy, Nissan carries out activities on a comprehensive, groupwide basis.

In order to respond swiftly to changes in its business environment, Nissan has set up a department in charge of risk management, which carries out annual interviews of corporate officers, carefully investigating various potential risks and revising the company's "risk map" in line with impact, frequency and control level. An executive-level committee makes decisions on risk issues that must be handled at the corporate level and designates "risk owners" to manage the risks. Under the leadership of these owners, the company designs appropriate countermeasures. Finally, the board member in charge of internal controls (currently the chief operating officer) regularly reports to the Board of Directors on progress being made.

With respect to individual business risks, each division is responsible for taking the preventive measures necessary to minimize the frequency of risk issues and their impact when they do arise as part of its ordinary business activities. The divisions also prepare emergency measures to put in place when risk factors do materialize. Nissan Group companies in Japan and overseas are strengthening communication in order to share basic processes and tools for risk management, as well as related information, throughout the group.

In addition, we have created an area on our intranet called "Companywide Risk Management." Information relating to risk management is also distributed to subsidiaries in Japan, North America, Europe and other overseas regions, and to important affiliated companies.

In October 2011, major flooding occurred in Thailand. Nissan was forced to halt operations in that area for four weeks due to the impact on the supply chain. However, using the experience we had gained after the Great East Japan Earthquake in March that year, we were able to keep our operation suspension period to a minimum and avoid undue impact on other factories. Nissan treats these events as valuable lessons. After looking back on how operations were handled, we shared the subsequent review with the entire company. New scenarios have been incorporated into the drills implemented in March 2012 by the Global Disaster Control Headquarters. We have made our drills more challenging and have checked the efficacy of the various measures we have planned with the aim of creating a more effective overall system.

The Current State of Nissan's Risk Management

Below we present some of our efforts to address Nissan's corporate risks.

1. Risks Related to Financial Markets

A. Liquidity

Liquidity is one of the fundamental risks affecting companies. The financial crisis of 2008 emphasized the importance of careful management of this risk. Nissan established a liquidity risk management policy and clear, objective guidelines for the level and type of funding needed for its business operations. Based on these, we have diversified risk in this area through a combination of well-diversified funding sources and limited reliance on short-term debt. We set targets for our liquidity in line with the liquidity risk management policy.

B. Financial markets

In financial markets, we are exposed to the risk of fluctuating commodity costs, foreign exchange rates and interest rates. As a long-term measure to address foreign exchange risk, Nissan is promoting the production of vehicles in markets where they are sold and the geographic optimization of its parts procurement. With respect to material costs, we are engaged in research to reduce the amount of rare metals used, among other steps. In the shorter term we may hedge against risk within certain ranges prescribed by internal regulations. We are also addressing interest rate risk by striking an appropriate balance between fixed and variable-rate financing.

C. Sales finance

In its sales financing operations, Nissan is exposed to interest rate fluctuations, the risk that financial receivables may not be recovered from customers or sales companies (credit risk), and risk in the form of fluctuating residual values for leased vehicles. With respect to interest rates, we calculate risk with statistical methods, controlling the interest rate maturities of both assets and liabilities to maintain the risks within acceptable levels. To address credit risk we gauge the creditworthiness of counterparties through careful assessments, implement appropriate measures for account receivable protection and maintain allowance as needed. For residual value risk, we work to define objective values in lease contracts and to maintain the value of our used vehicles, in addition to setting aside sufficient allowance to cover residual value losses.

D. Financial institutions, pension liability

Nissan maintains a certain level of assets with multiple financial institutions. To protect these assets, we have set up our own system for assessing creditworthiness, strengthening our position against the counterparties' credit risk.

We have established a pension committee consisting of members of senior management to oversee pension assets related to our retirement benefit systems. In its regular meetings, the committee makes decisions on asset management, discusses assessment of asset-managing institutions and their track records and addresses other issues.

2. Risks Related to Corporate Strategy, Competitiveness

A. Product strategies

Nissan's plans for future product lineups form the core of its future profitability and potential for sustainable growth. As part of our strategic product-planning process, we monitor a number of risk scenarios, including future shifts in global markets and demand levels, assessing their potential impact on the profitability of our entire lineup. We review these plans as necessary in order to help ensure profitable business and sustainable growth into the future.

B. Quality of products and service

One of the six pillars in Nissan's mid-term business plan, Nissan Power 88, is "Enhancing Quality." The entire group is committed to realizing this goal. For product quality, we constantly monitor our progress in quality improvement activities in each market. However, because an automobile is a very complicated, sophisticated engineering product, unexpected issues do sometimes occur and cannot be completely prevented. If a quality issue does arise once a model is in the market, we seek to understand it through analysis and take appropriate actions as necessary. We then move to thoroughly analyze the nature of the issue to avoid its occurrence in vehicles under development or in production.

In addition to rigorous quality assurance and field quality monitoring activities, Nissan has also established a framework for quality risk management. To ensure that our efforts being carried out today will continue into the future, we take a broad overview of the situation, revealing potential risks, assessing risk levels and designating officers to follow them up as called for. A Quality Risk Management Committee chaired by an executive vice president meets twice a year to discuss related issues.

C. Environment, climate change

The automotive industry is affected on a global basis by various regulations related to the environment and safety, such as those covering exhaust emissions, CO₂ and fuel efficiency, noise, recycling, etc., and related regulations are getting more stringent year by year. In this environment, one effective solution from a long-term perspective is widespread use of zero-emission vehicles. Nissan started sales of its 100% electric vehicle (EV), Nissan LEAF, in December 2010 in the United States and Japan and in March 2011 in Europe. Based on its commitment to becoming a zero-emission leader, the Renault-Nissan Alliance has been promoting zero-emission vehicles and building infrastructure, as well as forming partnerships with national and local governments and other industries.

Regarding the use of water resources, careful attention is necessary to the issues of resource depletion in certain geographical areas and further depletion in the future. Nissan recognizes the deep importance of this issue and is working to preserve water resources, such as by reducing water use and reusing water in our production processes and elsewhere.

In order to promote these environmental management approaches on a global basis, the Global Environment Management Committee (G-EMC) chaired by the chief operating officer (COO) makes decisions on general directions and presents proposals to the Executive Committee. The Global Environmental Planning Office decides concrete actions for each function and conducts effective activities to follow up on the progress based on the PDCA (plan, do, check, act) management cycle.

D. Compliance-related reputation

Nissan makes a range of efforts to foster a compliance-oriented mindset and to prevent compliance issues among its employees. We work to put various internal regulations in place globally covering such areas as the prevention of insider trading, personal information management, record management and prevention of bribery and corruption. By engaging in employee education programs and training activities on the importance of observing these internal rules and public laws, we seek to counter risks to the company's reputation.

3. Risks Affecting Business Continuity

A. Large-scale disasters

Nissan places top priority on protecting human life. When an earthquake measuring 5 or higher on the Japanese seismic intensity scale strikes one of our business locations in Japan, including suppliers and dealers, a first-response team made up of key members of the Global Disaster Control Headquarters moves swiftly to collect information. The team then calls the Global Disaster Headquarters or a Regional Disaster Headquarters at the affected site to confirm employees' safety, ascertain disaster conditions and take needed steps to keep operations running. We are also working in advance of major disasters to identify priority operations for each department in our entire organization to pursue in an emergency as part of our business continuity plan (BCP). Our suppliers join us in efforts to implement this BCP on a broad basis. The Global Disaster Headquarters and Regional Disaster Headquarters carry out drills simulating a major earthquake to make sure that all parties are able to function and take appropriate actions when the time comes. We stay prepared by revising our plans in response to issues clarified through these drills.

The drills conducted at our Global Headquarters in Yokohama in March 2012 incorporated revised scenarios building on our experience following the Great East Japan Earthquake that struck a year earlier. In addition to verifying the implementation of our disaster response measures, we considered scenarios for simultaneous earthquakes in the Tokai, Tonankai and Nankai oceanic areas, due to the high probability that such a quake will occur, making for more realistic drills.

B. New influenza strains

In response to the outbreak of H1N1-type influenza in April 2009, Nissan created a global framework to address disease issues, produced a number of response manuals, built up stocks of medicine and sanitation equipment, and created an influenza-specific BCP. Going forward, we will implement educational activities for employees aimed at avoiding contagion and the BCP will be reviewed on a continuous basis. Through these activities Nissan will be prepared for a highly virulent influenza pandemic.

C. Interruptions in production continuity

In order to minimize the impact of disaster on its production, Nissan has continuously carried out earthquake preparedness measures for its physical infrastructure (quakeproofing and reinforcement of buildings and other facilities), maintained its operations recovery manual and regularly executed BCP simulation drills. Learning from the lessons of the Great East Japan Earthquake and the floods in Thailand, we are reviewing and strengthening our activities. More specifically, we have set the period after which production is to be resumed following a large-scale disaster to two weeks, and we have clarified needed measures and produced action plans so that this can be achieved. In each business facility, the operations recovery manual has been improved with the addition of more practical content. We have begun regular audits of the manuals to confirm that they are in the proper condition to be executed as written.

In order to properly handle risk related to increasing use of components from suppliers in developing countries, we are incorporating quantity management into the existing quality checks in audits before selecting a supplier and in improvement support after selection. In this way, we are making efforts to avoid risk at an early stage.

D. Interruptions in supply continuity

In addition to evaluating the financial health of suppliers and managing our relations with them via our Supplier Risk Management Committee, we are responding to credit risks among suppliers by issuing monthly reports on risk conditions and projected expenditures that would be needed to address risk. When unforeseen conditions arise, we are prepared to launch cross-functional committees capable of swift response, and we have prepared rules governing their authority to allow them to make needed decisions quickly.

After the Great East Japan Earthquake and the floods in Thailand, Nissan provided aid materials to the affected suppliers and actively worked to restore the production chain, based on their requests. We have also included our suppliers in the plan for dealing with electricity shortages.

E. Risk financing and loss prevention

Nissan treats hazard risk with risk financing techniques that combine high self-retentions with external risk transfer via insurance globally.

In order to optimize the cost of risk, Nissan has introduced a risk management policy to retain risks up to an acceptable level on a consolidated basis. Risks whose financial impact may exceed the self-retention are transferred outside the company via insurance. Generally, risks with low impact and high frequency are predictable, and therefore retained by the company, while unpredictable risks with low frequency and high impact or shock value are covered by outside insurers. Unpredictable, catastrophic events in recent history have been significantly insured.

For the purpose of more efficient self-retention on a consolidated basis, a captive insurance company is utilized. The captive insurance company helps to reduce total cost of hazard risk and to manage risks that occur on a global and sometimes interdependent basis. Global insurance programs have been established for fixed property damage/business interruption and marine transportation. Insurers are strategic partners and meet high financial strength ratings. In addition to minimizing the cost of hazard risks, Nissan has implemented global loss prevention and loss mitigation initiatives, including investments aimed at improving employee safety and reducing accidents.

Information Security

Protecting Personal Data and Reinforcing Information Security

Nissan recognizes its social responsibility to properly handle customers' personal information, in full compliance with Japan's Personal Information Protection Act. We have set up internal systems, rules and procedures for handling personal data. All group companies in Japan are fully enforcing these processes.

Moreover, Nissan shares with group companies worldwide its Information Security Policy as its basis to reinforce overall information security. Our Information Security Committee implements measures as necessary to further strengthen information security in order to prevent information leaks and other such incidents. To thoroughly educate and motivate employees to uphold their responsibilities in this regard, we institute regular in-house educational programs every year.

➤ Please see our website for additional details on Nissan's measures to protect privacy.
http://www.nissan-global.com/EN/SITE_INFO/PRIVACY/

Area Leaders' Messages

Compliance Even More Essential in Times of Growth

Yuji Tobita

General Manager
 HR Division, Global HR Planning Department
 Global HR Planning Group



Our mid-term plan, Nissan Power 88, has set clear and ambitious growth objectives. In this sense, fiscal 2012 will be a key year in terms of business expansion. Because the Nissan Group's reputation is built on its values as an organization and the values of its employees, at Nissan we are making sure to achieve this growth while complying with all laws and local regulations applicable to our business. An example of the above is our recent implementation of a global anti-bribery policy, which applies to the entire Nissan Group and its employees.

Indeed, because we believe that compliance is a matter that concerns all employees, we are constantly aiming through global and regional compliance committee activities to be an organization where all employees are aware and respectful of the rules; that is well structured and equipped with the necessary tools to address compliance matters; and that is proactively seeking ways to eliminate potential compliance risks.

Environment



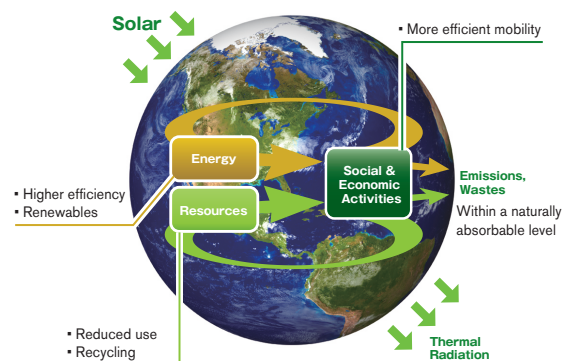
Nissan's environmental philosophy, "a Symbiosis of People, Vehicles and Nature," expresses our ideal picture of a sustainable mobility society. As part of this ideal, Nissan aims to be a sincere eco-innovator. For the sake of the planet and of generations to come, we work proactively and in good faith to address environmental challenges and to help reduce the real-world environmental impact of our products. We provide our customers with innovative products to help the development of a sustainable mobility society.

Pillars of Activity

The increasing global population and the rapid growth of the world economy have effects on the global environment, from environmental degradation and climate change to issues of supply and demand of energy, resources, water and food. Ensuring the balance of economic growth and the natural environment is a big challenge facing humankind as we continue to pursue personal and collective prosperity.

As a global automaker, Nissan takes active steps to identify the direct and indirect impacts of its business on the environment to help minimize them. Our goal is to reduce the environmental impact caused by our operations and Nissan vehicles throughout their lifecycle to a level that can be absorbed naturally by the Earth by promoting effective use and recycling of energy and resources.

Ultimate Goal and Key Issues

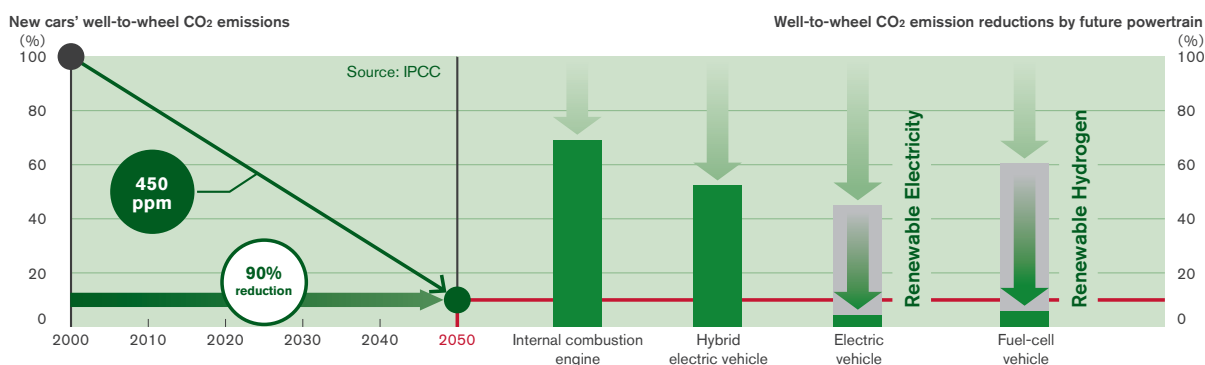


Nissan's Approach to the Environment

According to a United Nations forecast, by 2050 the global population will have grown from the present 7 billion to an estimated 9 billion, with 70% of the population living in cities. The demand for natural resources and energy will increase significantly. The automobile industry must work not only to help reduce CO₂ emissions, but also to reinvent its business structures to reduce reliance on fossil fuels.

According to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), atmospheric CO₂ will need to be stabilized at 450 parts per million or lower in order to keep average temperatures from rising more than 2 degrees Celsius on a global basis. Based on this assumption, we have calculated that "well-to-wheel" CO₂ emissions for new vehicles will need to be reduced by 90% in 2050 compared with levels in 2000. To help achieve this 90% cut, the efficiency of our internal combustion engines will need to improve in the short term. Over the long term, we need to increase the adoption of electric vehicles and fuel-cell electric vehicles and to make use of renewable energy to power these technologies while each country and region moves toward more renewable energy sources. We are advancing technological development on the basis of this future scenario.

Our CO₂ Reduction Scenario



Nissan Green Program 2016

We announced our new environmental action plan for the six years through fiscal 2016, the Nissan Green Program (NGP2016), on October 24, 2011. NGP2016 focuses on reducing the environmental impact of corporate activities and pursuing harmony between resource consumption and ecology. We aim to contribute to recycling and to promote and widen the application of green technologies that were developed in NGP2010, our previous environmental action plan. NGP2016 has four specific key actions: penetration of zero-emission vehicles; wider application of fuel-efficient vehicles; corporate carbon footprint minimization; and new natural resource usage minimization. The program includes activities in development, manufacturing, sales, service and all other departments companywide. NGP2016 is one of the critical strategies supporting Nissan Power 88, our mid-term plan that was unveiled in June 2011.

Nissan Green Program 2016 Progress

Main areas	Action plans	FY2011 progress	See page
Penetration of Zero-Emission Vehicles	1.5 million cumulative EV sales with Alliance partner Renault	Global Nissan LEAF sales: 23,000	p. 26
	Introduce four EVs including Nissan LEAF	Development underway	p. 26
	Prepare to introduce fuel-cell electric vehicle (FCEV) into market	Development underway	p. 27
	Take global leadership in supplying batteries for electric-drive	Preparations underway to produce batteries in U.S. and U.K.	p. 27
	Help create zero-emission society utilizing EVs and their derivative technologies with partners - Develop EV charge/discharge system and information network - Demonstrate smart house/community/grid, starting from Yokohama	Promoted activities such as establishing a new recharging service company for EVs & PHEVs, unveiling the "LEAF to Home" system	p. 28
	Provide "energy storage" solution with used EV batteries through 4R business	Promoted activities such as an electricity storage system for residences	p. 29
Wider Application of Fuel-Efficient Vehicles	Improve CAFE* by 35% from FY2005 (Japan, U.S., Europe, China) * Corporate average fuel economy; meet or exceed regulatory requirements	Improved CAFE by 15% from FY2005	p. 30
	Introduce top fuel-efficiency models in various classes	These models had the top fuel efficiency in their class: -Versa sedan 33 mpg (Combi mode) in U.S. -Tiida 6.2 liters/100km (Euro mode) in China	p. 30
	Introduce FF-HEV in C class and above; expand FR-HEV offerings	Development underway	p. 30
	Introduce plug-in hybrid (P-HEV)	Development underway	p. 31
	Introduce next-generation CVT globally; expand CVT sales to 20 million cumulative units (from 1992)	Global CVT vehicle sales of 2.08 million; cumulative total since 1992 of 11.08 million	p. 31
	Develop lightweight technologies with structure optimization, new materials and new manufacturing processes	Developed the world's first Ultra High Tensile Strength Steel rated at 1.2 gigapascals (GPa)	p. 31
	Contribute to CO ₂ reduction by ITS technologies Collaborate with Beijing city government to improve traffic congestion, promote eco-driving	Worked with the Beijing Municipal Commission of Transport on dynamic route guidance using IT devices	p. 31
Corporate Carbon Footprint Minimization	Reduce CO ₂ emissions of corporate activities by 20% (t-CO ₂ /vehicle, vs. FY2005)	Reduced 8.9% from FY2005	p. 32
	Reduce by 27% in all manufacturing sites (t-CO ₂ /vehicle, vs. FY2005)	Reduced 20.5% from FY2005	p. 32
	Promote activities to reduce CO ₂ emissions in inbound/outbound logistics	Promoted activities to reduce CO ₂	p. 33
	Reduce by 1%/year in offices (Japan, North America, Europe, China, t-CO ₂ /unit)	Reduced 2.6% from FY2005	p. 33
	Reduce by 1%/year in dealers (Japan, t-CO ₂ /unit)	Reduced 11.9% from FY2005	p. 33
New Natural Resource Usage Minimization	Increase recycled material usage ratio per vehicle by 25% in Japan, U.S. and Europe	Activities promoted	p. 34
	Expand closed-loop recycling scheme with business partners - Collect and recycle scrap, waste from vehicle production - Collect and recycle end-of-life vehicles (ELVs)	Started activity to collect steel and aluminum sheet scraps generated during production and recycle them back into steel and aluminum sheets for use	p. 34
	Improve ELV recovery rate - Achieve top level ELV recovery rate (Japan) - Promote proper treatment and resource recovery globally	Achieved recovery rate of 98.8% in Japan; efforts underway globally	p. 35
	Reduce scarce resource usage Reduce critical metal, rare earth usage	Development underway	p. 35
	Comply with emission regulations in each region with minimum precious metal usage		
	Reduce waste Reduce waste by 2%/year (Japan) and 1%/year (global) in manufacturing plants	Reduced by 8.4% in Japan plants and 12.3% in global plants	p. 35
	Reduce waste in logistics by expanding best-practice activities		
	Promote water-usage management and reduction in all plants	Set water use targets and began activities to reduce usage in Australia, India, China and Mexico	p. 35
	Enhance and promote environmental management throughout supply chain (consolidated companies, sales companies, suppliers)	Revised the Nissan Green Purchasing Guidelines to enhance controls on environmental impact of substances	p. 36
	Promote reduction, substitution and management of environment-impacting substances	Enhanced management on environmental impact of substances to meet REACH targets	p. 36
Environmental Management Enhancement	Reduce environmental impact of products with life cycle assessments (LCAs)	Evaluations underway using product LCAs	p. 37

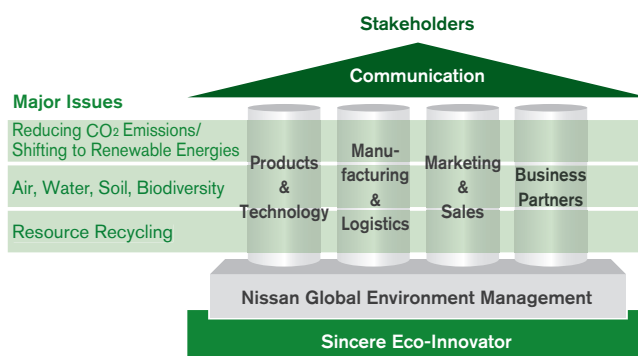
Promotion Structure

In order to implement NGP2016 fully, Nissan works within the framework of its global environmental management system to ensure maximum results. The system organically links divisions engaged in product and technical development, production, logistics, marketing and sales. Cross-functional collaboration allows us to set targets and promote implementation in all areas of our company.

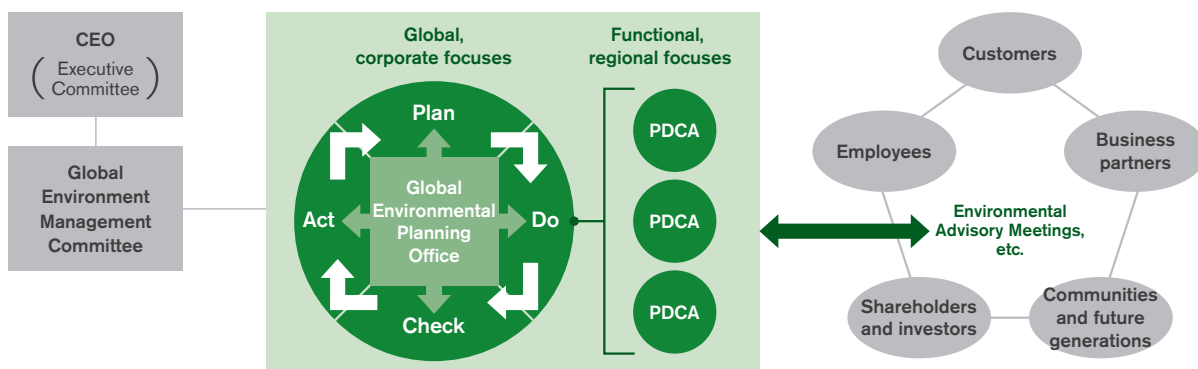
We have created specific organizational roles and responsibilities to clarify areas of activity and responsibility. Our Global Environment Management Committee (G-EMC), headed by Nissan's chief operating officer, determines overall policies and the proposals to be put before the Executive Committee. The Environmental Planning Group, attached to the Corporate Planning Department, determines which proposals will be forwarded to the G-EMC and assigns specific actions to each division. The Group is also responsible for the efficient management and operation of environmental programs based on the PDCA cycle: plan, do, check and act.

We enhance our activities by soliciting the ideas of leading environmental experts and organizations at our Environmental Advisory Meetings. We also learn about the trends of socially responsible investment funds and assessments from rating organizations. We use this information to help understand the opinions of our stakeholders and to better assess our goals and activities.

Our Framework for Global Environment Management



Nissan's Global Environment Management Organization



Fiscal 2011 Review and Future Tasks

In fiscal 2011 we announced NGP2016 and made a promising start toward reaching the goals for each of the four key actions. (See p. 24.) Our main achievements include unveiling the "LEAF to Home" system, which contributes to efficient energy use, and beginning demonstration tests of a system for recharging electric vehicles using solar power and lithium-ion batteries. We also helped to cut CO₂ emissions by installing smart meters for full control of electricity use at our plants and offices and we introduced an energy-efficient coastal car carrier. We will further bolster the environmental performance of our products and our corporate activities in order to achieve the goals of NGP2016 completely.

Nissan's CO₂ Emission Levels*¹



CO₂ emissions from consolidated plants in Japan, U.S. and Europe: 1,698 kton*³

*¹ Nissan calculations

*² Tank-to-wheel calculation

*³ Nissan receives third-party certification from PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd. For more information, please see <http://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2012/report01.pdf>

Calculated according to Nissan's internal standards (projected lifetime emissions from new cars sold in FY11)

CO₂ emissions from consolidated employee commutes in Japan, U.S. and Europe: 214 kton*³

Penetration of Zero-Emission Vehicles

1.5 Million Cumulative Alliance EV Sales by 2016

Electric vehicles (EVs) are a product showing that what is good for the public and the planet is also good business. Nissan's commitment to sustainable mobility begins by addressing concerns over climate change and supports sustainable profits for Nissan by satisfying customers' demands for more environmentally friendly vehicles. Greater movement toward renewable energy such as solar, wind and hydropower in the future is expected to further enhance this segment, as EVs will be able to use energy from a variety of sources.

Nissan LEAF sold more than 23,000 units in fiscal 2011, making it the best-selling EV in the world. We are planning the launch of seven more all-electric vehicles together with our Alliance partner Renault. Our aim is to achieve cumulative sales of 1.5 million units of Alliance EVs by 2016 globally. The Renault-Nissan Alliance will continue to lead the auto industry with the highest level of global EV sales.

Introducing Four EVs Including Nissan LEAF

We launched Nissan LEAF, our 100% electric vehicle, in Japan and the United States in December 2010 and in Europe in March 2011. As a zero-emission vehicle producing no CO₂ or other tailpipe emissions during operation, Nissan LEAF has achieved outstanding environmental performance.

Nissan LEAF is fitted with a high-capacity lithium-ion battery that allows a maximum driving range of up to 200 km on one full charge (as measured in JC08 Japan test mode). The Nissan-developed electric motor, inverter and dedicated EV platform provide powerful, smooth acceleration and excellent stability and control at all speeds. Quiet during operation, Nissan LEAF offers a unique driving experience, with advanced information technology systems that give a full range of convenient functions. The batteries that power EVs can also play a key role as energy-storage devices supporting large-scale reliance on renewable energy sources. As such, they have the potential to contribute to lowering carbon emissions throughout society as a whole, not just in the automotive sector.

With the addition of a light commercial Nissan vehicle and a luxury Infiniti model, we will have a total of four EVs on the global market by 2014.



We displayed the Infiniti LE Concept at the New York International Auto Show in 2012.

Global Accolades for Nissan LEAF

Nissan LEAF has garnered a string of awards for its high environmental performance and comprehensive approach to bringing about a sustainable, zero-emission society. Nissan LEAF was named 2011 World Car of the Year at the New York International Auto Show. In Japan, it was the winner of the 2012 RJC Car of the Year award, presented by the Automotive Researchers' & Journalists' Conference of Japan (RJC), and the Car of the Year Japan Executive Committee voted it Car of the Year Japan 2011–2012. Nissan LEAF also won the 2011–2012 Japan Automotive Hall of Fame (JAHFA) Car of the Year and 2011–2012 JAHFA Car Design of the Year awards, both presented by the selection committee of JAHFA. Our all-electric car was also awarded the Minister of Land, Infrastructure, Transport and Tourism's Prize in the 2011 Eco Products Awards.



日本カー・オブ・ザ・イヤー受賞
主催：日本カー・オブ・ザ・イヤー実行委員会



2012 RJC
カーオブザイヤー
受賞

e-NV200 Unveiled at Auto Show

Nissan unveiled the e-NV200, a 100% electric commercial vehicle based on the NV200 multi-use vehicle (marketed in Japan as the NV200 Vanette), at the 2012 North American International Auto Show held in Detroit, Michigan. The e-NV200 offers business users and families a flexible, roomy interior space with no CO₂ emissions during operation, thus ushering in the multipurpose EV of the future.



The e-NV200 achieves a driving range on a par with that of Nissan LEAF.

Commercial Viability of Fuel-Cell Electric Vehicles

Fuel-cell electric vehicles (FCEVs) are another type of zero-emission vehicle producing no CO₂ or other emissions. Powered by electricity generated from hydrogen and oxygen, they emit only water during driving. Our FCEVs make use of the lithium-ion batteries and high-power electric systems refined in our EV development, as well as the control systems from our hybrid vehicles and the high-pressure gas storage technologies from our compressed natural gas vehicles (CNGVs). In January 2011, Nissan announced efforts with 12 other companies to launch FCEVs and to develop the hydrogen supply infrastructure in Japan. Development is now progressing toward achieving these goals within this decade.

In October 2011, we released our Next Generation Fuel Cell Stack for FCEVs. This model features improvements to the membrane electrode assembly making up the fuel cells and to the separator flow channel, giving a power density 2.5 times greater than the 2005 model and, at 2.5 kW per liter, the best in the world among auto manufacturers according to our calculations. The use of platinum and the variation of parts have both been reduced to a quarter of the levels of the 2005 model, and the size has been substantially reduced to less than half that of existing models. With these improvements, we have reduced the cost of the new fuel cell stack to one sixth that of the 2005 model.

Under the agreement of strategic cooperation between the Renault-Nissan Alliance and Daimler AG, we will work to develop FCEVs.



The Next Generation Fuel Cell Stack released in 2011

Pursuing a Zero-Emission Society

The widespread use of zero-emission vehicles, which produce no CO₂ emissions during operation, is an effective way of helping to bring about a sustainable society. The auto industry must go beyond producing and selling zero-emission vehicles to help put the necessary infrastructure in place and assure that the vehicles are economical to use—goals that no company can accomplish on its own. The Renault-Nissan Alliance has made the launch and popularization of EVs a key strategy, and has committed to zero-emission leadership. In addition to boosting the development and production of EVs, we have forged more than 100 zero-emission partnerships with national and local governments, electric power companies and other partners in a range of industries to promote zero-emission mobility and to carry out discussions on the construction of the required infrastructure.

In China, for example, Nissan started a pilot program in the cities of Wuhan and Guangzhou in 2011. Various activities were aimed at contributing to the establishment of energy-efficient and environmentally friendly cities, with an eye on the eventual full-fledged rollout of EVs in the Chinese market.

We also began global proving tests of an e-NV200 prototype. For the first phase, the Japan Post Service Co. carried out a test of one vehicle in the city of Yokohama, Kanagawa Prefecture, in July 2011 to evaluate its capabilities under normal usage conditions. Similar proving tests will be carried out elsewhere in Japan and in Europe.

We are also taking part in a comprehensive range of initiatives focusing on zero-emission mobility, including the production of lithium-ion batteries, secondary use and recycling of batteries, in-house manufacture and sale of quick-charging equipment, construction of vehicle-charging infrastructure and standardization of charging methods with other manufacturers.

The spread of zero-emission vehicles will pave the way for the development of a sustainable mobility society.

Global Lithium-ion Battery Production

In Japan, lithium-ion batteries for Nissan LEAF are produced at the Automotive Energy Supply Corporation (AESC) plant in Zama, Kanagawa Prefecture, a joint venture launched by Nissan and NEC Corporation. Battery modules, each containing four battery cells, are assembled and then shipped to the Nissan Oppama facility, where 48 of them are assembled into the electric car's battery pack, which is then fitted into Nissan LEAF.

Preparations are underway to produce Nissan LEAF and the EV batteries outside Japan. In the United States, production at the Nissan plant in Smyrna, Tennessee, is scheduled to start in the second half of 2012. At full production speed, the plant will produce up to 150,000 EVs and 200,000 lithium-ion battery packs per year, creating up to 1,300 new jobs in the state.

In Europe, the Sunderland Plant in the United Kingdom will start production of lithium-ion batteries in 2012 and EVs in the first half of 2013. When operating at full capacity, production is expected to be 50,000 EVs and 60,000 lithium-ion battery packs a year. These new operations are expected to create 200 new jobs within Nissan and 600 positions in our U.K. supply chain.

“LEAF to Home” Smart Power Supply System

In August 2011, Nissan unveiled a new system that enables electricity to be supplied from the lithium-ion batteries installed in Nissan LEAF to households. Nissan LEAF can supply the electricity in its battery to a house when the car's quick-charging port is connected to the house's electricity distribution panel. This system provides completely new value made possible by the zero-emission vehicle's battery. In addition, the connector complies with the CHAdeMO Association's protocol for quick chargers, known for its versatility, safety and reliability.

With the “LEAF to Home” smart power supply system, Nissan LEAF can be used as an electricity storage device for houses in times of power outages and/or shortages. The lithium-ion batteries can store up to a maximum of 24kWh of electricity, sufficient to power an average Japanese household for about two days. Nissan believes this system will be able to supply households with a stable amount of electricity throughout the day. The system can also help to reduce the burden on the power grid by charging Nissan LEAF with electricity generated at night (often at lower cost to the consumer), or through sustainable methods such as solar power, and using it during high demand periods.



The “LEAF to Home” system in action, using the EV Power Station released by Nichikon in June 2012

Powering Yokohama Marine Tower

From November 1 to 6, 2011, Nissan took part in the “Yokohama Marine Tower–LEAF Illumination 2001” event. Drawing on our “LEAF to Home” concept, we lit up Yokohama Marine Tower with power stored in a single Nissan LEAF. The vehicle was charged with solar power from the panels installed at our Global Headquarters in Yokohama (see p. 33). By providing the considerable amount of electricity needed for this event with clean energy sources, we were able to put on a beautiful illumination show while sharing our message of eco-friendliness with event visitors.



Nissan LEAF's Disaster Response Role

In partnership with the government of the city of Sendai, Miyagi Prefecture, Nissan is carrying out trials to supply public facilities with electricity from the battery of Nissan LEAF. Sendai suffered tremendous damage during the Great East Japan Earthquake in March 2011, and EVs played an important role in the aftermath. People were able to use the electricity supply, which was restored relatively quickly, while gasoline supplies were delayed for a long time. This prompted Sendai to begin testing a system for supplying public facilities with electricity. The municipal government is promoting energy diversification and ensuring emerging energy sources as part of its efforts toward building communities in which people feel secure, and it is looking at installing the system at disaster shelters and disaster prevention centers.

New Values for EVs

At the 2011 Tokyo Motor Show, the new values of EVs that Nissan proposes—such as the Smart House of the Future, which can draw power from Nissan LEAF batteries, and the EV-based Smart Lifestyle—were on display.

• NSH-2012 Smart House of the Future

The NSH-2012 is an implementation of the “LEAF to Home” electric supply system, which uses power stored in Nissan LEAF batteries. The Smart House combines solar panels, fuel cells and Nissan LEAF batteries to maintain a steady power supply to the home independent of weather conditions. Even if there were a power outage in a disaster, solar power and Nissan LEAF batteries could continue to supply the Smart House of the Future with electricity. Similarly, smart communities could be viewed as a broader application of the “LEAF to Home” concept.



The NSH-2012

▪ Next-generation mobility with PIVO 3

PIVO 3 is a smart urban EV of the near future. With a compact body under 3 meters long and in-wheel motors with wide steering angle, this vehicle is highly maneuverable, allowing a U-turn on a road only 4 meters wide. Automated Valet Parking (AVP) could one day enable PIVO 3 to automatically drive, locate a parking space and return to its driver at the AVP exit when called by smart phone. PIVO 3's use of Intelligent Transport Systems (ITS) forge new ties among people, vehicles and society, realizing driving ease and new mobility for urban society.



PIVO 3

The Nissan New Mobility Concept

In September 2011, Nissan received authorization from Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to carry out trials on public roads of the Nissan New Mobility Concept, a 100% electric vehicle that was developed in response to rising numbers of senior citizens and single-member households, along with increasing use of automobiles for short-distance trips by up to two people. A completely new concept car, it is the first such vehicle on public roads in Japan.

Nissan participated in fiscal 2011 MLIT trials aimed at community-building using environmentally friendly vehicles. The trials were held in Nissan's home city of Yokohama and the prefectures of Aomori and Fukuoka, which are working to promote the development of vehicles suitable for senior citizens. Through trials of ideal local traffic systems and numerous surveys, we will continue working to improve vehicle usability. Nissan carries out activities like these to produce fresh ideas toward the realization of new EV uses and smooth traffic flows for society.



The Nissan New Mobility Concept

Infrastructure to Help the Spread of EVs

Nissan commenced sales of its proprietary quick-charging unit at Nissan parts dealers throughout Japan in November 2011. The new quick-charging unit retains the high performance of Nissan's current unit in approximately half the volume, allowing installation in smaller spaces.

In November 2011, Nissan and Sumitomo Corp. of America agreed to collaborate on sales and marketing activities in the U.S. market for the new quick-charging unit. The two companies have agreed to work together to popularize the new quick-charging unit to help bring about a zero-emission society.

Japan Charge Network Launched

In February 2012, Nissan, Sumitomo Corp., NEC Corp. and Showa Shell Sekiyu K.K. jointly established a new recharging service company for EVs and plug-in hybrid electric vehicles (PHEVs). The new company is called Japan Charge Network Co., Ltd.

The new company began trial service in April 2012 and now includes an infrastructure network in Kanagawa Prefecture and part of Tokyo. The next stage will be to steadily build up a nationwide recharging infrastructure that puts the convenience of users at the fore while taking into account a range of lifestyle scenarios. Auto dealers, gas stations, convenience stores, fast food restaurants and large-scale commercial complexes are seen as possible business partners where rechargers could be installed.

Joint Venture to Promote Second-life Use for Batteries

The high-performance lithium-ion batteries used in Nissan's EVs retain up to 80% of their initial capacity after five years of use under average conditions. This means these batteries still have useful roles to play even when they are no longer used in vehicles. Examining "4R" business models—ways to reuse, resell, refabricate and recycle lithium-ion batteries—allows their effective use for energy storage solutions in a range of applications, thus creating a much more efficient energy cycle of battery use.

In September 2010, Nissan and Sumitomo Corp. launched 4R Energy Corporation, a joint venture to develop secondary-use business opportunities for used EV batteries. 4R Energy Corp. is working on the



The energy storage system holds the equivalent of four Nissan LEAF batteries.

development and testing of a stationary storage battery. In July 2011, 4R Energy started testing of the storage battery in an EV charging system. In this system, electricity generated by solar cells installed at Nissan's Global Headquarters is stored in lithium-ion batteries with the capacity of four Nissan LEAFs. Seven charging stations (with a total of three quick-charge stations and 14 normal charge sockets) located on the grounds of our headquarters can fully charge the equivalent of approximately 1,800 Nissan LEAFs annually.

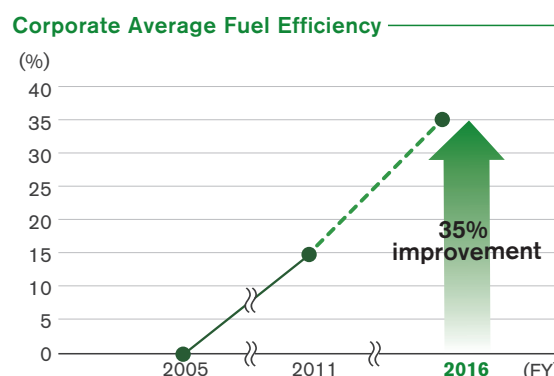
In February 2012 we announced an electricity storage system for residences using 12 KWh lithium-ion batteries from Nissan LEAF. In March 2012, Nissan and the Kanagawa Prefectural Government began joint trials of a storage system that reuses batteries from Nissan LEAFs that have been in service as taxis for a year, recharging them using solar power generation combined with an EV charger. The trials are examining the usability of the batteries as part of a stationary storage system and potential framework for secondary use of EV batteries through disassembly and assessment, followed by reprocessing for non-auto use.

In February 2012, Nissan North America, Inc. and ABB, the world's leading power and technology group, along with 4R Energy Corp. and Sumitomo Corp. of America, announced a partnership in the United States to evaluate the reuse of lithium-ion battery packs that power Nissan LEAF. The technology is currently being tested for commercial and industrial energy storage systems and backup power sources, and business applications are being evaluated.

Wider Application of Fuel-Efficient Vehicles

Improved Corporate Average Fuel Efficiency

Demand for motor vehicles is expected to continue to rise along with mature market recovery and emerging market expansion. Efforts to create sustainable mobility will require the greatest possible improvements to the fuel efficiency of gasoline-powered engines. Nissan has placed three core technologies at the heart of its efforts in this area: the lithium-ion battery, the one-motor/two-clutch parallel hybrid system and the new-generation continuously variable transmission (CVT). We will be including these core technologies in a greater range of our new vehicles. Our target for fiscal 2016 is a 35% improvement in corporate average fuel efficiency from the fiscal 2005 level (as measured by corporate average fuel efficiency standards in the Japanese, North American, European and Chinese markets). Our result in fiscal 2011 was a 15% improvement from the fiscal 2005 level.



Top-level Efficiency in Various Classes

During fiscal 2011 we introduced fuel-efficient vehicles with our new CVT, one of our three core technologies. In the small vehicle class in China we launched the Tiida, which travels 100 kilometers on 6.2 liters of gasoline (as measured in the European fuel-economy mode also used in China). In the same class in the United States, we marketed the Versa sedan, which achieved 33 mpg in the U.S. Environmental Protection Agency rating for combined fuel economy. Both models had the top fuel efficiency in their class (as of the Tiida's launch in May 2011 and the Versa's launch in August 2011).

Nissan's Hybrid Offerings

Hybrid vehicles, which run on a combination of a gasoline-powered engine and an electric motor, may allow improvement of fuel efficiency and considerable reductions in CO₂ emissions. Nissan has developed a unique hybrid system using a high-output lithium-ion battery together with a single motor for both drive and regeneration, as well as an Intelligent Dual Clutch Control system in which two clutches are linked in parallel, one to the motor and one directly to the engine and transmission. Our system is one of the simplest, lightest-weight hybrid systems available for use in passenger vehicles, providing acceleration and handling on par with a vehicle powered by a V8 engine*¹ while maintaining the fuel efficiency of a compact.*² The Intelligent Dual Clutch Control system won the Contribution Prize at the fiscal 2011 Ichimura Prizes in Industry, presented by the New Technology Development Foundation—making Nissan this year's only automobile industry recipient of this prize, which recognizes developments that have helped to advance technology in a certain industry. Our system also won the Technological Development Award from the Society of Automotive Engineers of Japan.



The 2012 Infiniti M Hybrid

The Fuga Hybrid luxury sedan that went on sale in Japan in autumn 2010 used the Intelligent Dual Clutch Control system to achieve mileage of 19.0 km/l (as measured in Japan's 10–15 mode) while delivering a direct, powerful driving experience.

The 2012 Infiniti M Hybrid includes our new Infiniti Direct Response Hybrid system to complement its 3.5-liter V6 engine. This combination power plant, which also includes a high-power lithium-ion battery and 50 kW (67 hp) motor, was named one of Ward's 10 Best Engines for the year, the only hybrid power train to make the list.

Nissan is also working on a hybrid system specially designed for use in front-wheel-drive vehicles. Just like our rear-wheel-drive system, this combines a one-motor/two-clutch parallel hybrid system with our new-generation XTRONIC CVT, producing drive power with a 2.5-liter supercharged gasoline engine and a lithium-ion battery. This compact, versatile system delivers a high-power engine and enables fuel-efficient travel in every situation, from city to highway driving. We will release new hybrid vehicles with this system onboard globally from 2013, beginning with the North American market.

*1 A maximum torque of 620 N·m is achieved with the combination of the HM34 electric motor (maximum torque 270 N·m [27.5 kgf·m]) and the VQ35HR engine (maximum torque 350 N·m [35.7 kgf·m]/5,000 rpm).

*2 Fuel efficiency is 19.0 km/l (in Japan's 10–15 mode).

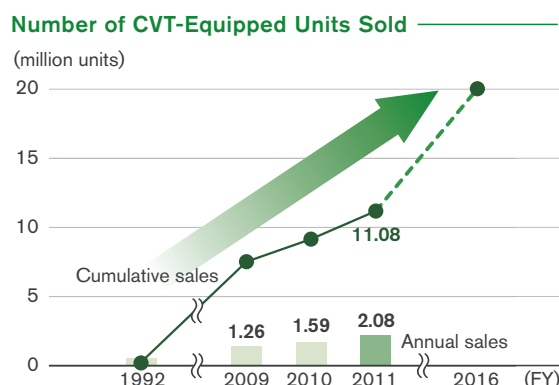
Progress in Plug-in Hybrids

Plug-in hybrid electric vehicles (HEVs) can draw power from ordinary household electrical outlets to replenish their batteries and run on motors similar to those of EVs. Nissan is currently working on plug-in HEVs with the aim of bringing them to market by 2015.

Global Rollout for Our New CVT

The continuously variable transmission (CVT) enables smooth acceleration without noticeable gear changes. It also allows selection of the optimum engine speed to match the vehicle's rate of travel, thus achieving powerful driving with lower fuel consumption. In October 2011 Nissan unveiled its new-generation XTRONIC CVT for use in cars with 2.0- to 3.5-liter engines. This addition expanded the lineup of Nissan cars with CVT technology from the 1.2- to 3.5-liter classes.

The new XTRONIC CVT features a world-leading ratio coverage of 7.0 (specific to 2.0- to 2.5-liter engine vehicles, as of October 2011) and has reduced friction by approximately 40% from previous versions. These factors have improved fuel efficiency by up to 10% (in-house measurement using U.S. Environmental Protection Agency combined mode) compared to similar vehicles with older CVTs. We are introducing this new CVT globally in 2012, beginning with the North American market, and we aim to achieve cumulative sales of CVT vehicles above the 20 million mark since our launch of the technology in 1992. In fiscal 2011 a total of 2.08 million Nissan cars with CVT technology were sold globally, for a cumulative total of 11.08 million.



Toward Lighter Vehicles

Nissan places emphasis on developing materials and optimizing body structure to reduce vehicle weight, one way to improve fuel efficiency. One of these research efforts is in the area of ultra-high tensile strength steel.

In October 2011 we announced the world's first ultra-high tensile strength steel rated at 1.2 gigapascals (GPa), which is highly formable and can be used for cold pressing structural body parts. Developed together with Nippon Steel Corporation and Kobe Steel, Ltd., this material can be made much thinner and still used with the same performance as traditional high-tensile sheet metal. We can use 15 kg less of the material per vehicle body, achieving corresponding improvements to fuel economy and driving performance. This metal is also suitable for mass parts production through cold pressing, which requires no sheet heating machinery on the line, thus keeping production costs lower. New vehicles to be announced in 2013 will use this new material in the center pillar reinforcements, side roof rails, front roof rails and other elements. Nissan cars all around the world will include this new metal.

Reducing Traffic Congestion with ITS

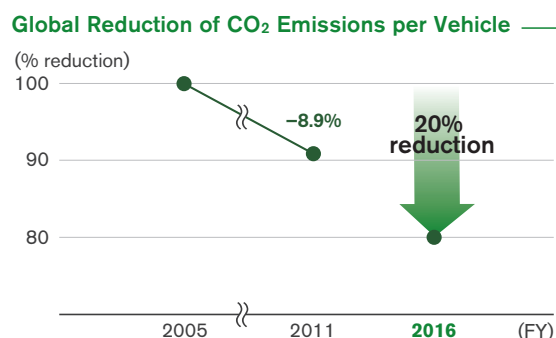
An automobile's fuel efficiency depends not just on the car's own capabilities but on the environment in which it drives and the way it is driven as well. Nissan is actively working to create societal infrastructure that will help to improve the traffic environment. Intelligent Transport Systems (ITS) are a particularly important part of our efforts, and we are collaborating with others in a variety of industries to craft solutions to tough problems like road congestion that automakers cannot tackle on their own.

In the Wangjing district of Beijing, China, we worked with the Municipal Commission of Transport beginning in January 2012 on a large-scale experiment to confirm whether dynamic route guidance using IT devices can help to disperse traffic congestion. In this experiment, a world first, we distributed navigation devices to 12,000 Wangjing residents. Over the course of eight months, these devices are providing users with dynamic route guidance, or real-time traffic information helping them to choose the best travel routes, and eco-driving support helping them to operate vehicles in more environmentally friendly ways.

Corporate Carbon Footprint Minimization

A 20% Emission Reduction in Corporate Activities

We are said to be in a carbon-constricted world, in which reducing carbon dioxide emissions is a task to be tackled by all companies. By fiscal 2016, Nissan aims to reduce the CO₂ emissions associated with its corporate activities by 20% globally from the fiscal 2005 level, as measured in tons of CO₂ (t-CO₂) per vehicle, and to become the company with the lowest CO₂ emissions in the automobile industry. To achieve this goal, we widened the scope of measurable objectives in fiscal 2011 to include logistics, offices and dealerships in addition to production sites, and strengthened controls. At present we are expanding our use of renewable energy worldwide. Our result in fiscal 2011 was an 8.9% reduction from the fiscal 2005 level.



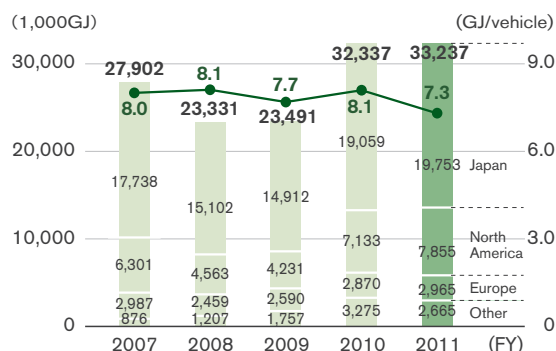
Energy Saving in Global Production

Most of the CO₂ emissions in the manufacturing process come from the consumption of energy generated with fossil fuels. We are engaging in a variety of energy-saving activities in manufacturing our vehicles.

We are promoting the use of renewable energy sources appropriate to the location of each of our global plant sites. Since 2005, we have installed 10 power-generating wind turbines on the grounds of Nissan Motor Manufacturing (UK) Ltd., which together provide about 5% of the electricity used at the entire site. In Japan, Nissan is co-sponsoring the city of Yokohama's Y-Green Partner program for wind power generation. We are also adopting solar energy: Nissan Motor Iberica, S.A. in Spain has set up solar energy panels and Nissan Mexicana, S.A. de C.V. in Mexico has installed facilities to produce hot water by solar power.

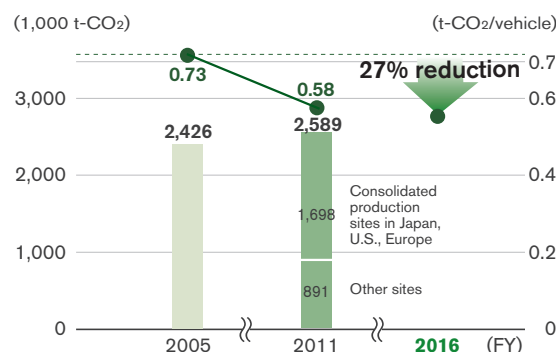
In production technology, we are introducing highly efficient equipment, improving manufacturing techniques and adopting energy-saving lighting. Our offices use finely controlled lighting and air conditioning for low-energy-use, low-loss operations. We are promoting CO₂ emission reduction activities and introducing our cutting-edge energy conservation technology from Japan in Nissan plants worldwide. Meanwhile, our plants in all countries learn and share best practices with each other. With these activities, we set a target of reducing CO₂ emissions by 27% below the fiscal 2005 level by fiscal 2016, as measured by the index of "CO₂ emissions per global vehicle" (total emissions generated from global Nissan vehicle manufacturing sites divided by the total Nissan vehicle production volume). In fiscal 2011 our CO₂ emissions per global vehicle were approximately 0.58 tons, a reduction of 20.5% from the fiscal 2005 level.

Global Energy Consumption



Note: The figures for FY2011 are for 136 companies of the Nissan Group worldwide, including consolidated companies.

Global CO₂ Emissions from Manufacturing Activities



Notes: The figures for FY2011 are for 41 companies of the Nissan Group worldwide, including consolidated companies. Figures for Japan, U.S. and Europe have received third-party certification from PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd. For more information, please see <http://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2012/report01.pdf>

International Energy Star Program Honors (North America)

The International Energy Star program to promote energy savings was started by the U.S. Environmental Protection Agency in 1992, and is currently being implemented in seven countries and regions. There are now 17,000 companies and organizations participating in the program, carrying out various energy-saving activities. Nissan has been involved in the program since 2006. In fiscal 2011 Nissan North America (NNA) was named Partner of the Year for Energy Management, an honor received for the second year running. Nissan's manufacturing plants in Smyrna and Decherd, Tennessee, and Canton, Mississippi, are Energy Star award winners for their specific energy efficient operations. NNA has increased energy efficiency by more than 30% at its three U.S. plants with thorough controls that reduce energy use and loss in operations.

More Efficient Logistics and Modal Shifts

Nissan began sending chartered trucks for pick-up and delivery of parts in 2000, a method that was uncommon among automobile manufacturers in Japan at the time. This approach has also been adopted widely at our overseas manufacturing sites, increasing the global efficiency of our operations. We have also worked together with suppliers to optimize the frequency of deliveries and transport routes and to improve packaging specifications.

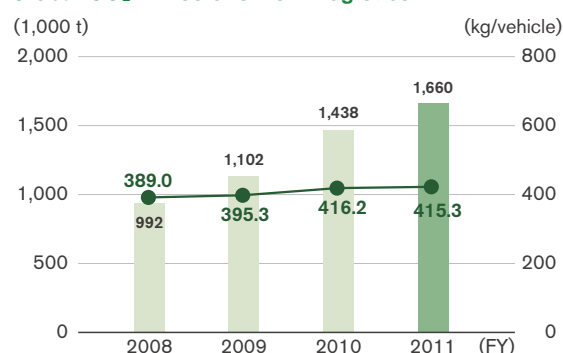
In Europe, we are conducting joint shipment of parts and completed vehicles with our Alliance partner Renault. In joint shipments by ferry across the English Channel, we have also linked up with other automakers to improve transport efficiency further.

Much effort is dedicated to devising efficient modes of packaging for the huge number of parts of different shapes and materials that go into each automobile. Through simultaneous-engineering logistics activity, we are working from the design stage to create parts and develop new vehicles with consideration for transportation efficiency, as well as to reduce the parts shipments per vehicle. We also monitor the competency levels of packaging design engineers and are cultivating their abilities through global adoption of an original Nissan program.

We have reviewed our transport methods and are undertaking a modal shift from truck to maritime and rail transport. Some 70% of our completed vehicles in Japan are transported by sea. Parts shipments from the Kanto area around Tokyo to our Kyushu Plant are nearly all by rail and ship. The Japanese Ministry of Land, Infrastructure, Transport and Tourism has recognized Nissan as an outstanding enterprise for this modal shift to sea transport.

At Nissan sites outside Japan, transport methods are selected to best match the local geographical conditions. We are also shifting from truck to rail and ship for completed vehicle transport, depending on the destination. In Mexico, we are increasing the proportion of completed vehicles that are transported domestically by rail.

Global CO₂ Emissions from Logistics



Our Energy-Efficient Car Carrier

Nissan unveiled its new energy-efficient car carrier, the *Nichioh Maru*, in January 2012. Built by Shin Kurushima Dockyard Co., Ltd., the *Nichioh Maru* will be used in the transport of completed vehicles and parts. This is the first coastal ship in Japan to be powered by an electronically controlled diesel engine, to be equipped with solar power panels and to use LED lighting in the ship's hold and living quarters. Its hull is painted with the latest low-friction coating, among other energy-efficient features.

The *Nichioh Maru* can carry up to 1,380 vehicles, and runs twice weekly on a route connecting Japan's Kanto, Kinki and Kyushu regions. Compared with existing car carriers of the same type, the vessel saves as much as 1,400 tons of fuel annually and achieves CO₂ emission reductions of about 4,200 tons.

Efforts at Our Dealerships and Offices

Nissan manages CO₂ emissions at its offices globally and at company-owned dealerships. At our Global Headquarters we started testing of a charging system for electric vehicles (EVs) that combines a solar power generation system with the high-capacity lithium-ion batteries used in Nissan LEAF in July 2011. Power generated by solar cells at our Global Headquarters is stored in storage batteries with the capacity of four Nissan LEAFs and used to charge EVs. The total electricity that can be generated and stored is the equivalent to fully charging approximately 1,800 Nissan LEAFs annually. CO₂



The solar panels installed at our Global Headquarters

emissions are also being managed at our North American, European and Chinese sites, and we aim for reductions of 1% each year from fiscal 2010 at each site in Japan, North America, Europe and China.

Many of our dealers are making efforts to save energy, including the use of highly efficient air-conditioning, insulation films, ceiling fans and LED lighting. In Japan we are undertaking activities to reduce CO₂ emissions by 1% each year.

Peak Energy Use Reduced 30% in Summer 2011 in Japan

Nissan made companywide efforts to save energy in response to power shortages experienced by Japan in the summer of 2011 as a result of nuclear power plant closures following the earthquake and tsunami disaster. In addition to switching our workers' days off, a measure adopted by the entire auto industry, we managed power use in plants and offices by installing smart meters, changed to off-peak working hours (moving early shifts forward and pushing late shifts back) and night shifts in production departments, moved working times forward in nonproduction departments, and used small, private electric generators for cogeneration. As a result we achieved peak energy use reductions of about 30%, greatly exceeding our initial target of 15% reduction in maximum energy use during peak hours. We also held a campaign to encourage employees to reduce energy use at home as well. (See p. 72.)

New Natural Resource Usage Minimization

Increasing Usage of Recycled Material to 25%

Demand for mineral resources is growing rapidly as emerging countries develop economically. Some predictions forecast that all currently known mineral resources will have been extracted by 2050 if present trends continue. Some mining sites currently in operation and new exploration sites are located in areas where local ecosystems need to be preserved, and there is concern about the environmental effects of topsoil excavation, deforestation and wastewater.

Nissan is taking measures to address these issues. We are increasing use of renewable resources and recycled materials in addition to the traditional approach of using resources more efficiently to reduce reliance on them. Our efforts with respect to recycled materials are based on the thinking that once a natural resource is extracted it should continue to be used, while maintaining quality, to minimize environmental impact. We have set a target of increasing the usage rate for recycled materials per vehicle to 25% by fiscal 2016.

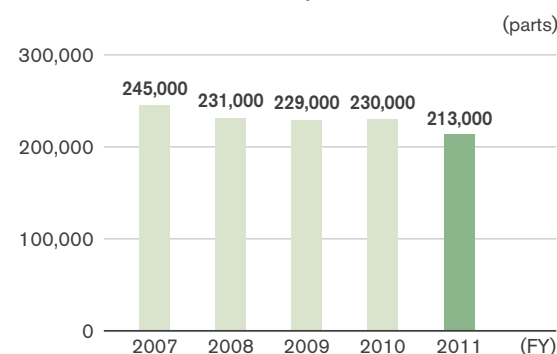
Our Closed-Loop Recycling System

Closed-loop recycling is a method of recycling waste and scrap generated during production and collection of end-of-life Nissan products and using it as material in the same type of products while maintaining its quality standards. With this method, the same material can be used repeatedly, thus greatly reducing CO₂ emissions and the environmental impact over the product lifecycle. Together with our business partners, we are putting tremendous effort into collecting and reusing steel and aluminum sheet scraps and aluminum wheels from used vehicles and reusing these resources. In Japan we are recycling plastic from finished bumper scraps at our plants and from scrap bumpers collected from dealerships. Collected scraps or bumpers will be turned into recycled plastics in a finished bumper reprocessing line set up in our Oppama Plant. Recycled plastics have already been given new life as bumpers used in Nissan LEAF and many other new vehicles.

Closed-Loop Recycling



Number of Recovered Bumpers



Raising the Recovery Rate

To optimize processing and improve the recovery rate for end-of-life vehicles (ELVs), Nissan carries out experimental studies to develop more efficient ways of dismantling its cars. To date, such research has focused on establishing methods of processing waste oil, waste liquids, lead and other substances that impact the environment. We are presently researching ways to increase the recovery rate further in order to reclaim and reuse valuable materials from ELVs. Feedback from the studies has led to improvements in dismantling techniques and has aided our product design division in choosing suitable materials and designing vehicles that are easier to dismantle. As of fiscal 2011, our own calculations showed that we had achieved a recovery rate of 98.8% in Japan.

Reducing Scarce Resource Usage

Hybrids and electric vehicles (EVs) emit less CO₂ over the lifecycle of the product than gasoline-powered vehicles, but scarce resources called rare earths are a necessary component of their motors. Mining of rare earth elements impacts the environment, and uneven distribution of these resources gives rise to concern about soaring prices. Reducing their usage is important. We have started development to reduce the usage of rare earth elements in collaboration with our suppliers.

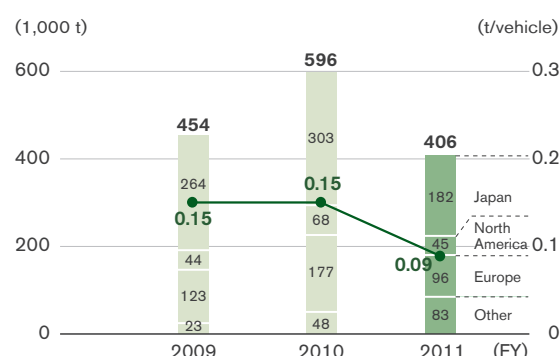
Thorough Measures for Waste Materials

Nissan actively promotes measures based on the three Rs—reduce, reuse and recycle—in its production processes whenever possible, striving to minimize the waste generated and maximize recycling efficiency by means of thorough sorting of waste. Our efforts have paid off. As of the end of fiscal 2010, we have achieved a 100% recovery rate at all of our production sites in Japan: five manufacturing plants, two operations centers and five affiliates. We are also working to bring this rate to an automotive-industry-leading level in each region of the globe.

Nissan has been making great efforts to reduce the number of wooden pallets and cardboard boxes used in import and export parts shipping, replacing them with units made from materials like steel and plastic, which can be returned for reuse. We have been using collapsible plastic and steel containers for shipping parts to and from our operational sites around the world for more than 10 years. In fiscal 2011, the adoption rate for these containers exceeded 98%. We have also been working with our Alliance partner Renault to expand the use of our globally standardized, returnable containers. Through our simultaneous design activities in the logistics stage, we consider ways to improve parts packaging methods from the development stage, thus contributing to a reduction in the packaging materials we use.

Through these efforts, we plan to reduce the amount of waste from our production factories by 2% annually in Japan and by 1% annually worldwide.

Total Waste Produced



Note: The figures for FY2011 are for 136 companies of the Nissan Group worldwide, including consolidated companies.

Sales of Nissan Green Parts

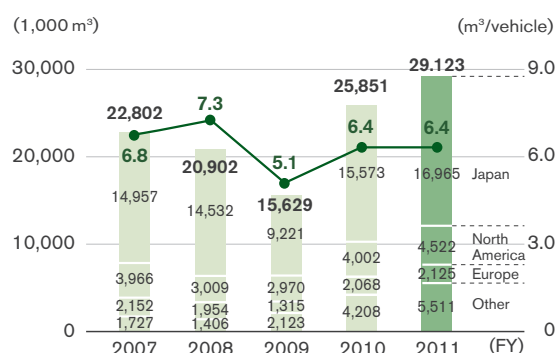
Parts with the potential for recycling include those reclaimed from ELVs as well as those replaced during repairs. In Japan, Nissan collects and thoroughly checks the quality of these secondhand parts, and those that receive a passing grade are sold through our sales outlets as Nissan Green Parts. We sell these parts in two categories: reusable parts, which are cleaned and tested for quality before sale, and rebuilt parts, which are disassembled and have components replaced as needed. Sales of these parts in fiscal 2011 reached ¥1.61 billion.

Water-Use Management

The issue of water resources is becoming ever more serious as water use increases due to the growing world population and economic development. Plants producing Nissan vehicles and parts are located all over the world, and they all use water as part of the production process. We are making efforts to manage and reduce water usage at all of our production plants.

We carry out water-use assessments on an ongoing basis at all plants. Based on a Nissan-developed index of water risks, plants are categorized into three levels.

Water Resource Use



Note: The figures for FY2011 are for 136 companies of the Nissan Group worldwide, including consolidated companies.

Level A is defined as plants that either already have a water-related issue or are expected to face one in the near future; Level B as plants with potential water problems; and Level C as plants at low water risk. We are working to put in place activities matched to the conditions at each plant. In fiscal 2011, we set water use targets for Level A plants in Australia, India, China and Mexico and began activities to reduce water use.

Environmental Management Enhancement

Improvements to Our Management System

Nissan is progressing with the introduction of environmental management systems to all its operation sites worldwide.

In January 2011 we obtained integrated ISO 14001 certification for our Global Headquarters and all of our main facilities in Japan for research and development, production and distribution, as well as for our product development processes. To confirm that this management is functioning properly, we undergo audits by third-party organizations, and we carry out our own internal audits of our environmental systems and environmental performance annually to strengthen the company's measures based on the PDCA cycle: plan, do, check and act. We have also obtained ISO 14001 certification at our main production plants outside Japan. Our policy is to extend environmental management systems with these same criteria to regions in which we are newly expanding.

We have introduced an original approach to environmental management based on ISO 14001 certification, which we call the Nissan Green Shop certification system, to our sales companies in Japan. This system is managed through internal audits conducted by the sales companies themselves every six months, in addition to regular annual reviews and certification renewal audits carried out every three years by Nissan. As of the end of March 2012, 2,800 dealership outlets of 173 sales companies, including parts and forklift dealers, have been certified under the system.

Our consolidated manufacturing affiliates have obtained ISO 14001 certification.

Shared Approach with Suppliers

The purchasing divisions of Nissan and Renault carry out supply-chain management in a manner consistent with *The Renault-Nissan Purchasing Way*, a booklet outlining policies for dealing with suppliers, and the *Renault-Nissan CSR Guidelines for Suppliers* published in 2010. In 2008 we adopted the Nissan Green Purchasing Guidelines, a set of standards for the environmental efforts of our automobile parts and material suppliers. In 2011 we revised it to enhance the controls on the environmental impact of substances. Through these purchasing guidelines we seek to share our environmental principles and action plans with our suppliers and to promote the reduction of environmental impact throughout the entire supply chain.

Environmental Education for Employees

Nissan conducts environmental education for all of its employees in Japan to promote and deepen individual awareness of environmental issues. Basic education is a part of the orientation of new employees when they join the company. Classes and seminars following Nissan's original environmental education curriculum are held to raise the awareness of managers and midlevel employees. We are also developing localized educational tools for employees at our operation sites around the world.

We announced Nissan Green Program 2016 (NGP2016) in fiscal 2011 and held presentation meetings and open round-table discussions at our offices to familiarize employees with the program's environmental targets and key activities. These meetings were established as occasions to increase awareness in all of our employees about the link between NGP2016 and their own work. We plan to expand these meetings to affiliated companies in the future.



A "town hall" style meeting on NGP2016 held at the Nissan Technical Center in February 2012

Nissan's Tough Voluntary Standards

Stricter controls on the environmental impact of substances are being implemented in countries around the world. Examples include the European ELV Directive and the European Commission's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation, which went into force in June 2007. To help minimize the potential release of formaldehyde, toluene and other volatile organic compounds (VOCs) in vehicle cabins, the Japan Automobile Manufacturers Association has launched a voluntary program that calls for all new models launched in Japan from April 2007 to meet standards set by the Japanese Ministry of Health, Labor and Welfare for concentration levels of 13 compounds in vehicle interiors.

Nissan has steadily advanced efforts to meet these requirements. In an effort to reduce the potential release of environment-impacting substances, we have established voluntary standards to meet or perform better than the environmental regulatory requirements enacted in countries where we do business. We are working on a global basis to prohibit or limit the use of four heavy metals (mercury, lead, cadmium and hexavalent chromium) and polybrominated diphenyl ether (PBDE) flame retardants in all new models (excluding OEM vehicles) launched from July 2007 onward. To meet European Union requirements, we are working to fulfill our registration and notification duties under the REACH Regulation, and are filing notification of the classification, labelling and packaging of substances and mixtures in line with the CLP Regulation. To reduce VOCs in vehicle cabins, we have adopted the voluntary targets of the Japan Automobile Manufacturers Association as Nissan's global standards and are reconsidering the parts and adhesives used in seats, door trim, floor carpets and other vehicle parts.

We are moving to strengthen our management of substances that impact the environment, with systematic reduction or replacement of those substances.

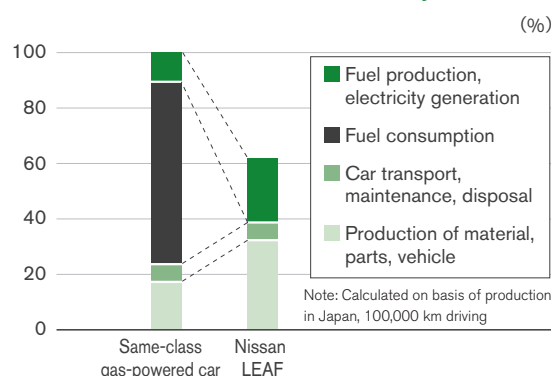
Lifecycle Assessment to Reduce Environmental Impact

Nissan uses the lifecycle assessment (LCA) method to evaluate and comprehensively assess environmental impact in all stages of the vehicle lifecycle, from resource extraction to production, transport, customer use and vehicle disposal. We also carry out LCAs for new technologies as they are introduced.

Our calculations show that Nissan LEAF reduces CO₂ emissions by up to 40% over its lifecycle compared to gasoline-powered vehicles of the same class. This assessment was certified by a third-party LCA assessment organization, the Japan Environmental Management Association for Industry.

In the future we will continue to strive to lower the vehicles' environmental impact based on new technology and more efficient manufacturing processes. We are aiming for further reductions in CO₂ emissions over the lifecycle of our new vehicles.

CO₂ Emissions Over a Vehicle's Life Cycle



Protecting the Air, Water, Soil and Biodiversity

The United Nations Millennium Ecosystem Assessment report issued in 2005 concluded that the ecosystem services evaluated had degraded over the past 50 years. Many scientists believe that humans have changed the Earth's ecosystems more rapidly and extensively than in any comparable period of time in history. Humankind depends on a number of ecosystem services, including provision of food and fresh water, climate regulation and protection from natural disasters. Industry must recognize not just its impact on ecosystems, but also its dependence on these services. Companies today face the pressing need to balance environmental preservation and economic progress as they pursue their business activities.

Using the method of Corporate Ecosystem Services Review,* Nissan has evaluated value chains such as that from extraction of material resources to vehicle production and operation. Based on the results, we identified three priority areas for us as an automobile manufacturer: energy sourcing, mineral material sourcing and water usage. Since then we have been working to position the business risks and opportunities, reevaluating and further developing our traditional environmental initiatives.

* Developed by the World Resources Institute in cooperation with the World Business Council for Sustainable Development and Meridian Institute, based on the U.N. Millennium Ecosystem Assessment.



"Ecosystem Services and the Automotive Sector" is available for download from our website:
<http://www.nissan-global.com/EN/ENVIRONMENT/SOCIAL/BIODIVERSITY/>

Top Certification for Our Nature Preservation

In November 2011, the grounds of the Nissan Technical Center and Nissan Advanced Technology Center received Excellent Stage 3 certification in the Social and Environmental Green Evaluation System (SEGES), operated by the Organization for Landscape and Urban Green Infrastructure.

SEGES is a system to assess and certify particularly outstanding efforts that contribute to society and the environment through activities to protect and cultivate greenery in company-owned natural environments. The system is recognized in the Japanese government's Third Environmental Basic Plan, the National Biodiversity Strategy 2010, the Guidelines for Private Sector Engagement in Biodiversity and elsewhere. Of the approximately 150 hectares at the two Nissan sites above, about 60 hectares are covered in woods and green space, and we maintain a walking trail open to the public. Company events are also held there to allow employees to enjoy the natural surroundings. The site has also been designated as a preservation area for rare species, such as a perennial orchid called *ebine* in Japanese, and we work actively to maintain the environment.



Part of the public walking trail maintained on our land

Toward Cleaner Exhaust Emissions

Nissan proactively sets strict goals and targets for the design and production of its vehicles. Building on our research and development, in which we have set ourselves the ultimate goal of emissions as clean as the atmosphere, we have been working to reduce exhaust emissions with the early introduction of vehicles that meet emissions regulations in each country.

Our Sentra CA, released in the United States in January 2000, was the first gasoline-powered car in the world to receive Partial Zero Emissions Vehicle (PZEV) certification in compliance with the emissions requirements of the California Air Resources Board. PZEV vehicles must meet the zero-evaporative-emission regulations as well as have an on-board diagnostic system that warns of problems with the catalytic converter or other emission-control systems.

The Bluebird Sylphy, released in Japan in August 2000, became the first vehicle to gain certification from the Ministry of Transport (now the Ministry of Land, Infrastructure, Transport and Tourism) as an Ultra-Low Emission Vehicle (U-LEV) producing 50% less nitrogen oxide (NOx) and nonmethane hydrocarbon (NMHC) than the 2005 emission standards level. In 2003, this model became Japan's first to receive SU-LEV certification as a Super Ultra-Low Emission Vehicle, with emissions at 75% less than that level.

Complying with Stringent Emission Regulations

While diesel vehicles have an advantage in terms of energy efficiency and level of CO₂ emissions, making their exhaust cleaner has been very difficult. At Nissan, we have developed technologies including a diesel particulate filter that traps and eliminates substances making up sooty exhaust, as well as NOx absorption and oxidation catalysts. These next-generation environmental technologies are used in the M9R clean diesel engine, developed through our Alliance with Renault, that comes in the X-TRAIL 20GT. This was the first vehicle to meet Japan's 2009 emissions regulations,* among the most stringent in the world. An X-TRAIL 20GT with a 6-speed automatic transmission (including manual mode) was introduced in 2010. In November 2011 we introduced an Atlas F24 1.5 ton diesel engine model, expanding Nissan's lineup of models that comply with the 2009 regulations.

* Japan's 2009 emission standards stipulate reductions of NOx by 47% and particulate matter by 64% from the levels required by the 2005 emission standards (applicable to vehicles weighing more than 1,265 kg). The 2009 Emission Regulations went into effect for new models in October 2009 and have been applied to existing models and imported cars since September 2010.



Our M9R clean diesel engine

Prevention of Air Pollution

At Nissan production plants, we thoroughly implement systems and control standards to manage air pollutants and undertake activities to reduce the amount of these substances used and emitted in our production operations. We aim for even higher levels of air pollution control than those mandated by the countries in which we operate.

In Japan, we have taken strict measures to reduce emissions of NOx and SOx pollutants from our factories, reducing the amount of these emissions to one-fourth of the levels emitted in the 1970s. Painting lines and other processes in vehicle production consume large amounts of heat. We have lowered NOx and SOx emissions by introducing low-NOx burners in the ovens and boilers that provide heat for our painting lines and by switching from heavy oil and kerosene to fuels with low SOx emissions for these ovens and boilers.

A current challenge is the reduction of VOCs, which readily evaporate and become gaseous in the atmosphere. These compounds account for approximately 90% of chemicals released in our vehicle production processes. We are working to increase the recovery of cleaning solvents and other chemicals and reduce the amounts of these substances emitted from our plants ahead of the implementation of new regulations in each country where we operate. We are also systematically switching to lines using water-based paints, which have fewer VOCs, and increasing the recycling rate for waste paint thinner in order to cut down on the total volume of these compounds that we use.

VOC emissions from the Kyushu Plant water-based paint line are now less than 20 grams per square meter of painted surface, and we are maintaining one of the best levels in the industry. Water-based paint lines have also been introduced in our Smyrna and Canton Plants in North America, our Barcelona Plant in Spain and other plants.

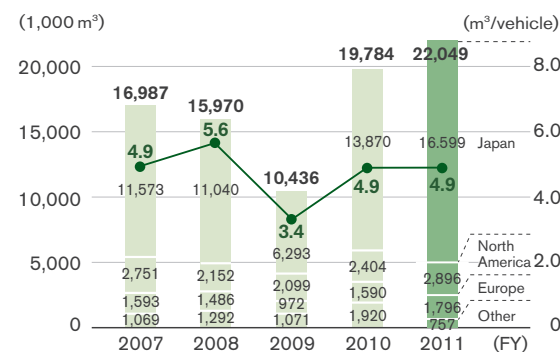
Purification of Drainage Water

We aggressively reuse water within our operations and try to reduce the total volume of water used. Wastewater undergoes high-level processing in our wastewater treatment facilities before being released into rivers or elsewhere.

In preparation for unexpected occurrences, such as the discharge of oil in rainwater, we have installed sensors to detect irregularities and a system to stop effluent from leaving our sites.

At the Oppama Plant, for example, we have installed a system to strengthen our water pollution prevention efforts. We have attached water quality sensors to the discharge ports of the wastewater treatment facility, and discharge of water outside the grounds is automatically suspended if water quality problems are detected.

Wastewater Release



Note: The figures for FY2011 are for 136 companies of the Nissan Group worldwide, including consolidated companies.

Messages from Our Stakeholders

Nissan's Leadership to a Low-Carbon Future

Daniel Sperling, Ph.D.

Director
Institute of Transportation Studies
University of California, Davis



Beginning in the 1990s, Nissan led the auto industry in testing the use of lithium-ion batteries. Early Nissan electric vehicles (EVs) like Altra EV and Hypermini provided key insights into lithium battery performance and consumer needs. In 2010, Nissan took the greatest leap in the area of EVs of any major automaker when it introduced Nissan LEAF. With Nissan LEAF, Nissan became the first major automaker to mass-produce EVs in the 21st century. The company has made massive investments in the manufacture of advanced batteries and EVs, leading the entire industry.

To develop the market, Nissan has been partnering with cities and regions around the world, providing critical initiatives to educate many groups and provide experience to interested buyers. Nissan's vision and leadership have enabled a worldwide vanguard of consumers and cities to explore the benefits of 100% battery EVs. The arrival of Nissan LEAF in California has also spurred the coordinated planning of infrastructure for plug-in vehicles. Nissan deserves credit for launching the modern EV industry. This leadership is pivotal in leading the auto industry and the transportation system to a low-carbon future.

Area Leaders' Messages

Reducing Resource and Energy Dependence

Hiromi Asahi

Deputy General Manager
Corporate Planning and Business Development Division
Corporate Planning Department, Environmental Planning Group



In fiscal 2011 we announced Nissan Green Program 2016 (NGP2016), our mid-term environmental action plan. This is the third such program in the series that began with NGP2005, launched in 2002. During these years society's interest in environmental issues has undergone change, and the Nissan Green Programs have evolved in response. With NGP2016, we have started working to reduce our dependence on the planet's energy and natural resources in addition to our activities to reduce our impact on the global environment. We have achieved all the objectives set in our previous Nissan Green Programs, and we are making concerted efforts throughout the company to do the same for the goals in NGP2016.

Safety



Nissan aims to create cars that embody the “pleasure and richness of driving” while prioritizing customers’ peace of mind through the pursuit of a high level of real-world safety. This means, of course, working to improve passenger safety in our vehicles. It also means researching and developing Intelligent Transport Systems (ITS) that help to reduce accidents and traffic congestion, as well as promoting educational activities to raise safety awareness among drivers, pedestrians and even people riding in other cars. Looking toward the realization of a safer society with more mobility, we are involved in a wide range of activities with other stakeholders.

Pillars of Activity

Helping to reduce traffic accidents requires a comprehensive approach addressing not just automobiles, but people and the traffic environment too. To help contribute to the realization of a truly safe society, Nissan uses a triple-layered approach, taking measures in the areas of vehicles, individuals and society.

1. Vehicles: Developing Safety Technologies

Based on our unique “Safety Shield” concept, we are working to develop automotive technologies from the perspective that people are at the center of the driving experience. We focus on solutions that help maintain distance from potentially dangerous conditions. We also provide technologies that aim to activate vehicle systems (for example, the brakes) when a collision is unavoidable, thereby helping to reduce injuries.

- Technologies that help the driver to maintain comfortable driving (Intelligent Pedal, Distance Control Assist, Around View Monitor, etc.)
- Technologies that help the driver to recover from dangerous conditions to safe driving (Lane Departure Prevention, 4-Wheel Active Steer, etc.)
- Technologies that help to minimize injuries when a collision is unavoidable (Zone Body construction, etc.)

2. Individuals: Our Traffic Safety Activities

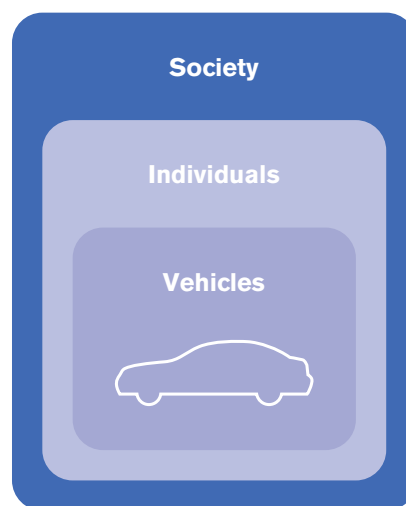
To help create a better mobility society, it is important for as many people as possible, including drivers and passengers in vehicles as well as pedestrians outside them, to share an understanding of road safety. We take part in educational activities to boost this safety awareness, measures to improve drivers’ skills behind the wheel and a range of other safety promotions.

- The Nissan Hello Safety Campaign to promote traffic safety
- The Quest for Safety Program (North America)
- The Nissan Safety and Environment Technology Tour (China)
- The Omoiyari Light Campaign to promote headlight use in early evening hours

3. Society: Working Together with Society

We believe it is possible to help create an even safer mobility society by using information from the traffic environment surrounding the vehicles on the road. Together with a wide range of governmental agencies, universities and companies, we are participating in various projects intended to promote the eventual achievement of a safer, more pleasant mobility society utilizing ITS.

- Adoption of telecommunications-based ITS technologies
- The ITS Project to research vehicle-to-infrastructure communication and pedestrian detection (Kanagawa Prefecture)
- The ASV intervehicle communication project sponsored by Japan’s Transport Ministry

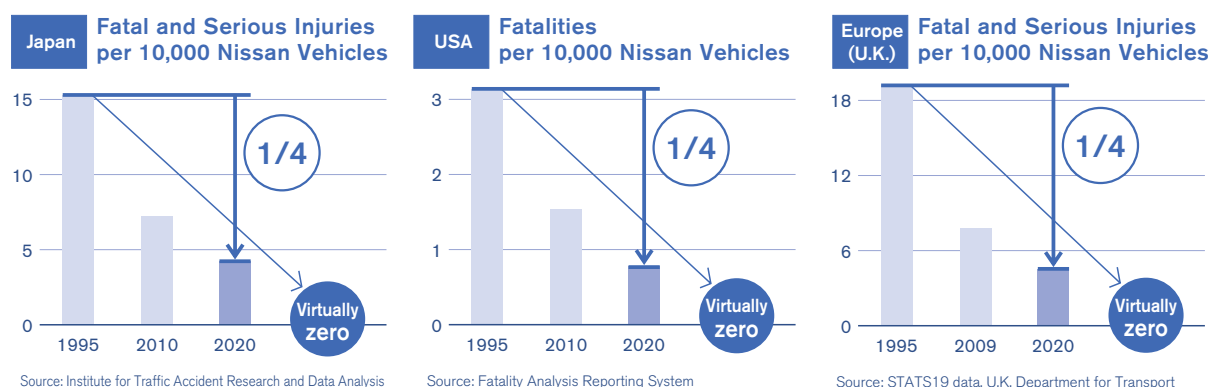


Nissan's Approach to Safety

Nissan's fundamental approach is to pursue "real world safety." In 2011 there were 4,611 deaths resulting from traffic accidents in Japan. It was the 11th straight year for this figure to decline. Around the world, though, more than 1.2 million people lose their lives each year in automobile accidents, and the World Health Organization warns that this figure could climb as high as 1.9 million by 2020 if steps are not taken.

We set a target of reducing the number of fatalities and serious injuries involving Nissan vehicles to half of the 1995 level by 2015. In Japan and the United Kingdom, this target was reached six years ahead of schedule, in 2009. Today we are engaged in activities aimed at halving this once again in Japan, the United States and the United Kingdom by 2020. As an ultimate goal, we are seeking to progress toward a world with virtually no accidents leading to death or serious injury.

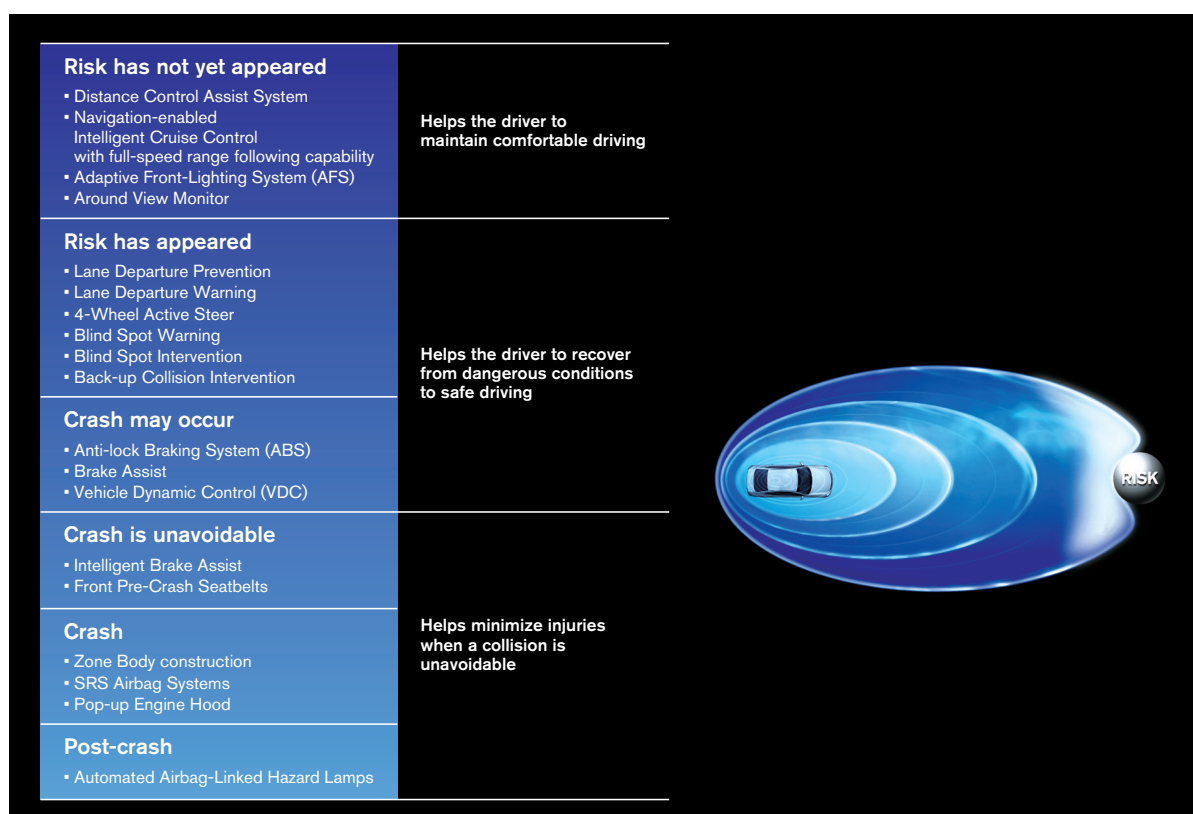
In emerging countries, meanwhile, traffic accidents remain a serious social issue, and we are striving to obtain and analyze accurate data to better understand the situation.



Developing Safety Technologies

The "Safety Shield" Concept

Nissan bases its efforts to create safer automobiles on its original "Safety Shield" concept. This defines the conditions surrounding a vehicle in terms of six phases, from "risk has not yet appeared" through "post-crash," and guides our development of technologies to help address each phase, based on the idea that cars should help protect people.



Aiming for "Collision-Free Cars"

Even a careful driver may encounter some situations where blind spots occur, and even in zones that the driver can see, risks can arise to threaten the safety of the driver. Nissan is developing technologies to one day support the concept of "collision-free cars" as part of an all-around drive-support system that seeks to detect such risks in advance, warn the driver of them and, in emergency situations, intervene to help prevent accidents.

In our all-around drive-support system we have brought together various safety technologies, including our world-first Back-up Collision Intervention technology, which detects large objects in the path of the vehicle when the driver backs up. Other safety and convenience technologies found in some Nissan vehicles include Distance Control Assist, which helps the driver maintain distance between the car and the vehicle in front; Lane Departure Prevention, which helps the driver return the vehicle to its designated travel lane; and Blind Spot Intervention, which assists in lane changes by alerting the driver to the presence of a vehicle in the blind spot and helping him or her return the vehicle to its travel lane.



Please see our website for more information on our Adaptive Front-Lighting System (AFS) and other systems.
<http://www.nissan-global.com/EN/SAFETY/INTRODUCTION/COMFORTABLE/>

Distance Control Assist System

Nissan's Distance Control Assist System uses a radar sensor to calculate the distance between the car and the vehicle in front. Based on the gap and relative speed between the cars, the system then supports the driver's pedal operations when braking, thus helping to maintain an appropriate space between the vehicles. We first installed this system in the 2007 Fuga marketed in Japan.

We have also developed a world-first technology integrating the car's navigation system with these functions. Our new system can import data from the navigation system on upcoming curves in the road and help to apply the brakes gradually in preparation for them. When the driver continues depressing the accelerator pedal, the system provides support by lifting the pedal to assist the driver in switching to the brakes. The system also implements smooth deceleration when the accelerator pedal is lifted, helping make it easier to navigate curves. This upgraded system made its debut in the Fuga marketed in Japan in November 2009, and is available in the Infiniti M in the United States.

Lane Departure Prevention

This system helps the driver return the vehicle to its designated travel lane when the vehicle is drifting out of the lane. A camera unit installed behind the rear-view mirror detects lane markers in front of the vehicle and calculates its position relative to them. When the system judges that the car may unintentionally leave its lane, it alerts the driver with visual and audible warnings and briefly activates the brakes on one side of the vehicle to assist the driver's efforts to return to the lane center. We rolled out this system in the Skyline Crossover launched in July 2009 in Japan. In the United States, it is available in the Infiniti EX, FX, JX, M and QX.

Blind Spot Intervention

This system supports the driver's operations when initiating a lane change, helping to avoid a collision with another vehicle that may be traveling in the blind spot. Sensors installed in the rear of the car detect a vehicle in the adjacent lane, and the system alerts the driver with audible and visual warnings. Moreover, the braking mechanism of each wheel is controlled separately, and if a vehicle is detected in the blind-spot area and the vehicle is approaching the lane marker, the system generates part of the necessary yaw movement to help the driver keep the car away from the other vehicle. The Infiniti M launched in North America in March 2010 was the first to feature this technology.

Back-up Collision Intervention

When the vehicle is in reverse, such as backing out of a parking space, Back-up Collision Intervention goes to work. Sensors mounted on the rear and sides of the vehicle are used to detect vehicles and other large obstacles in the car's path. If an object is detected visual and audible warnings are provided, and then the brakes are activated momentarily to help the driver avoid a collision. This system is featured in the Infiniti JX that went on sale in the United States in March 2012.

Forward Collision Avoidance Assist Concept

This concept system supports the driver in avoiding collisions at speeds of up to 60 km/h. It uses a highly sensitive radar sensor to monitor the distance from the vehicle in front and its relative speed and supports the driver's efforts to avoid a forward collision. When the system detects an object in the vehicle path that could pose a collision danger, it actively prompts the driver to perform avoidance maneuvers by providing visual and audible warnings, as well as by pressing back on the acceleration pedal. By helping the driver to reduce speed smoothly, it may also contribute to reduced occurrence of rear-end collisions following sudden braking.

Around View Monitor

This world-first technology uses images from four cameras installed at the front, back and sides of the vehicle, combining them in a composite, bird's-eye view on the car's navigation monitor. This allows the driver to easily grasp the position of the vehicle in relation to the parking space, simplifying tasks like parallel parking or entering a garage. The system made its debut in the Elgrand released in Japan in October 2007, while the first model to carry the system in North America was the Infiniti EX35 launched in December that year.

We later added the following three functions to the system, two of them world firsts, and incorporated this upgraded version in the Skyline Crossover launched in Japan in July 2009.

1. Front/rear wide-view function

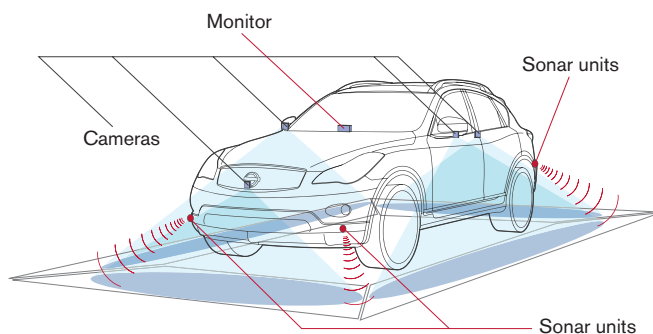
The monitor displays views covering approximately 180 degrees from both the front and rear cameras, helping the driver to check for other vehicles that may be approaching. This helps the driver navigate when the car travels through blind intersections or exits a parking space. The rear wide-view function in particular is a world first.

2. Front wide-view function linked to the navigation system

After the driver registers a location on the navigation system's map, the monitor will automatically switch to front wide-view mode when the vehicle arrives at that location and comes to a stop. This lets the driver check for approaching vehicles more smoothly, without the need to manually activate the front-view camera. We hope this world-first technology will help to enhance users' peace of mind at intersections with poor visibility.

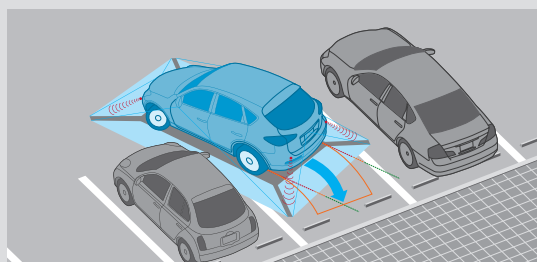
3. Parking Guide function

This new function enhances our Around View Monitor, making it easier than ever to move the car in and out of garages or parking spaces. The driver can use the touch panel on the navigation screen to get an overhead view of the vehicle in relation to its surroundings, along with audio and visual guidance on parking maneuvers.

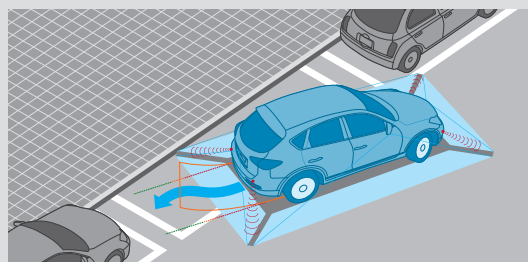


The system gives helpful views when backing into a space.

The Parking Guide system gives the driver an intuitive feel for the vehicle's position while parking.



When parallel parking, the driver can simultaneously check the car's rear, side and curbside front views.



New Safety Technologies in Fiscal 2011

Acceleration Suppression for Pedal Misapplication

This technology aims to reduce the risk of accidents involving misapplication of the brake and acceleration pedals in parking areas or similar environments. When the driver accidentally presses the accelerator instead of the brake or presses the accelerator too hard, it can result in a collision with nearby obstacles. To help prevent this sort of accident, this system takes visual data from the four Around View Monitor cameras, detects whether the vehicle is on the road or in a parking area and helps to suppress acceleration when the gas pedal is pressed all the way down and the system detects that the vehicle is in a parking area. In cases when there may be a collision with a nearby object, the system detects the obstacle with sonar and attempts to engage the brakes automatically. We aim to bring this technology to market within the next two years.

Multi-sensing System with Rear Camera

This system uses a rear-mounted camera and our Around View Monitor's image-processing technology to help alert the driver to potential dangers in the form of people, other cars and roadway position to the rear and sides of the vehicle. We will roll this system out globally over time after installing it first in the new Altima in 2012, with the following three features:

- **Blind Spot Warning**

When the driver initiates a lane change, the system's rear camera works to detect vehicles in the blind spot area, alerting the driver to their presence with an indication lamp near the door mirror and an alert sound to help the driver avoid collisions.

- **Lane Departure Warning**

This feature uses a rear camera to detect lane markers. It supports the driver by providing audible and visual warnings when the driver starts to drift out of the lane without signaling a lane change.

- **Moving Object Detection**

This system analyzes images from the vehicle's cameras. If it detects a pedestrian or other moving objects near the car, it provides visual and audible warnings to the driver. This function appeared in the Elgrand that went on sale in November 2011.

Predictive Forward Collision Warning

To help prevent forward collisions, this system uses sensors mounted in the vehicle's front to calculate the relative speed and distance to the vehicle directly ahead, as well as to the vehicle in front of that one. When the system judges that reduced speed is necessary, it alerts the driver with audible and visual warnings and by tightening the seatbelt.

Safety Technologies for Electric Vehicles

Nissan LEAF uses high-strength body construction that helps protect its lithium-ion battery in the event of a collision. Nissan LEAF also features insulation around its high-voltage parts used in such areas as the battery and the motor. Moreover, the vehicle is designed so that the high-voltage electrical system automatically shuts down in the event of a collision. Nissan LEAF is further equipped with a lithium-ion battery controller system that continuously monitors battery conditions to prevent overcharging, excessive discharging or overheating, which could lead to severely reduced capacity or malfunction.

Since EVs are extremely quiet when running, Nissan LEAF is equipped with the Approaching Vehicle Sound for Pedestrians system. The car begins emitting a sound when the driver puts the car into drive gear and releases the brake. This sound fades out when the vehicle tops 30 km/h and starts up again when the vehicle decelerates, at speeds below 25 km/h. Another warning sound is generated when the car is put in reverse.

We have also prepared a special instruction manual for use in assistance and rescue operations in the case where a mechanical problem or accident does take place.

High Safety Ratings for Nissan LEAF

The safety systems onboard Nissan LEAF have earned high marks all around the world. The electric vehicle earned a Top Safety Pick award from the U.S. Insurance Institute for Highway Safety (IIHS) in April 2011. In the following month the European New Car Assessment Programme (Euro NCAP) gave the car five stars in its comprehensive safety testing, which was followed in July by another five-star rating in the U.S. National Highway Traffic Safety Administration's New Car Assessment Program testing (NCAP). Nissan LEAF was the first 100% EV to win any of these awards.

The IIHS program rated Nissan LEAF as "Good" in front and side crash testing, as well as in a roof strength test. IIHS also rated the vehicle "Good" in its evaluation of seat/head restraints in a rear impact test and noted the presence of ESC. These results earned Nissan LEAF its Top Safety Pick rating. The Euro NCAP safety program, meanwhile, involved a grueling battery of tests for front, side and side pole impacts and whiplash from rear impacts. Nissan LEAF earned high scores in areas like protection of adult and child occupants, electronic stability control, onboard safety support systems and pedestrian protection. The 48 modules in the battery pack installed under the vehicle floor were also tested for safety in all types of collision, helping to earn Nissan LEAF its overall five-star safety rating.

The U.S. NHTSA testing for the NCAP involved front, side and side pole crash tests, as well as rollover resistance. Nissan LEAF earned its NCAP overall five-star rating under the more stringent testing standards that the NHTSA began using in 2011.

Traffic Safety Activities

Educational Programs in Japan

Traffic accidents are statistically more likely to occur during the dusk hours from 4:00 to 6:00 p.m. each day. As part of its Hello Safety Campaign, Nissan began urging drivers to turn on their headlights earlier in the evening in the Omoiyari Light Promotion, launched in 2010. During fiscal 2011 we narrowed our focus to activities in the city of Yokohama, where we held a town meeting for residents and various educational events. These efforts, together with the citizens of Yokohama, aimed to reduce the number of traffic accidents in the city. At the same time, with the slogan "A Million Cars with Headlights On Early," we organized a broad promotion campaign via social networking services, posters, radio programs and a dedicated website. Our message is starting to spread and be picked up by companies in other industries, NPOs and individuals throughout Japan.



Omoiyari Light Promotion Logo

Safety Education in Korea and the Middle East

Nissan Middle East FZE educates children about traffic safety through a dedicated website. Launched in October 2009, the site uses puzzles, pictures for coloring and other features to make learning online fun as well. The website shares easy-to-understand information with elementary school students in Arabic, English and French.

Nissan Korea Co., Ltd. launched its Nissan Kids Safety Campaign in April 2009. This campaign features similar content to that of the Middle East project and uses a website and booklets to educate children on traffic safety.

Promoting Traffic Safety in China and Indonesia

Traffic safety has become an increasingly important issue in China, which is seeing a rapid increase in the number of automobiles on the road. In 2005 Nissan (China) Investment Co. hosted its first safety program to improve drivers' skills and safety awareness in cooperation with the China Road Traffic Safety Association. In fiscal 2010 forums were held in September and October. Many customers, government officials and media representatives attended the forums, which featured programs for learning braking, cornering and other driving techniques from qualified instructors, contributing to deeper understanding of traffic safety. Programs for eco-driving skills were also included. Today these activities are implemented by the passenger automobile division of Dongfeng Motor Co., Ltd., as part of the Nissan Technology and Safety Driving Forum, a program of activities in which dealerships also participate.

The company also designed a contest to test Chinese high school students' knowledge of traffic safety and environmental protection issues. The year 2011 was the sixth for the event, which aims to increase interest and awareness of safety issues among young people, the drivers of tomorrow. In addition to taking simple quizzes on basic traffic rules, automotive safety devices and environmental issues, participating students made their own presentations on automotive and traffic safety.

In Indonesia, we started the Nissan Smart Driving program as a way to emphasize the importance of traffic safety. The program started out as a cooperative project with a lifestyle magazine designed to promote safe driving habits, but the scope of activities has since broadened to include hands-on safety workshops led by driving instructors for university students. We are now planning to roll out similar safety education activities in India and other countries.

Working Together with Society

Helping Reduce Accidents and Congestion with ITS

In 2006, Nissan launched the ITS Project in Japan's Kanagawa Prefecture. This project seeks to use Intelligent Transport Systems to create integrated networks of people, roads and vehicles, thereby helping to reduce traffic accidents and ease road congestion. The ITS Project gathers and uses information on nearby vehicles and the traffic environment in order to help reduce accidents involving other parties that can be difficult for a driver to see and react to.

We are building on the results of the ITS Project with our development of the Driving Safety Support System (DSSS). This will be an ongoing project promoted by Japan's National Police Agency and the Universal Traffic Management Society of Japan, an organization operating under its aegis. It uses the latest ITS technologies, such as optical-beacon communication tools to connect vehicles and the network of roads, with the aim of reducing traffic accidents. At intersections with reduced visibility, roadside infrastructure communicates with vehicles to deliver information to drivers via onboard navigation systems, warning them of potential dangers like crossing collisions and helping make sure they notice stop signs, signals and vehicles stopped at lights.

Helping Reduce Wrong-Way Accidents

Recently Japan has seen a number of serious accidents caused by vehicles traveling in the wrong direction on expressways. Working together with West Nippon Expressway Company (NEXCO), Nissan has developed a navigation program that uses GPS to notify drivers of vehicles driving the wrong way on an expressway. The system detects wrong-way vehicles based on GPS coordinates, maps, traveling speeds and other data. The driver of a vehicle going the wrong way receives audible and visual warnings. The Nissan Fuga Hybrid released in October 2010 is the first vehicle in the world to employ this system.

Combating Drunk Driving

Accidents involving driving under the influence of alcohol are a serious problem that blights society to this day. Nissan is actively engaged in a number of programs aimed at helping to eliminate drunk driving. In August 2007, working with the city of Kitakyushu, Fukuoka Prefecture, the Tochigi prefectural government, the town of Kaminokawa in Tochigi and the city of Atsugi in Kanagawa Prefecture, we began trials of a system to help prevent drunk driving.

Nissan has also carried out joint research with the University of Occupational and Environmental Health in Kitakyushu on the physiological, psychological and behavioral effects of alcohol on the human body. This research is aiding our development of technologies to quickly and accurately detect the errors and abnormalities in vehicle operation under the influence of alcohol. Other Nissan approaches to help reduce drunk driving include a function added to our Carwings navigation system in Japan that displays warnings against driving under the influence during the most common hours for such behavior, with the aim of increasing driver awareness of the danger of getting behind the wheel after consuming alcohol.

Messages from Our Stakeholders

Earlier Headlight Use to Reduce Accidents

Hitoshi Niwa

Assistant Manager
Traffic Safety and Neglected Bicycles Division
City of Yokohama Road and Highway Bureau



The city of Yokohama is carrying out a traffic safety program. As one part of this, we are organizing a movement to get drivers to turn on their headlights earlier in the evening to help make the roads safer. During the last year more than 14,000 accidents took place within the city limits, bringing misfortune not just to the victims but also to the responsible parties and those around them. To make accidents a thing of the past, it is important for drivers and pedestrians alike to show consideration for one another.

We are working together with everyone at Nissan in the Omoiyari Light Promotion, a form of “communication through light” aimed at preventing road accidents. Together we are pursuing the goal of a safer, even more livable Yokohama.

Area Leaders' Messages

A Comprehensive Approach to Vehicle Safety

Manabu Satou

General Manager
Technology Planning Department
Planning and Advanced Engineering Development Division



Nissan's “Safety Shield” concept is based on the idea that vehicles should help protect people. In addition to our existing suite of crash-safety technologies, we are working to advance driving support technologies that can help the driver to avoid the risk of collisions from all directions. In fiscal 2011, we brought a number of world-first advanced systems to market, including Moving Object Detection, which helps alert the driver to moving objects around the car, and Back-up Collision Intervention, which provides an alert and prompts braking when a vehicle is approaching from the side while the car backs up. Meanwhile, to help reduce traffic accidents, it is important to focus comprehensive efforts on individuals and society as well as on vehicles. We are involved in safety promotion activities around the globe, and we are now expanding our Safe Driving Forums, held in China since 2005, to other countries.

Quality



The rating of a car and the value of an auto manufacturer's brand come entirely from the customer's appraisal of quality. For Nissan, quality is a multifaceted concept encompassing every single aspect related to Nissan customers and their vehicles. The "Enhancing Quality" program is one of our strategies in pursuing the goals of Nissan Power 88, our mid-term business plan. Through our efforts in this area we aim to achieve higher quality that inspires lasting trust among our customers, leading them to choose a Nissan and make it part of their lives for a long time.

Pillars of Activity

1. Product Quality

Product quality is the fundamental quality that allows our customers to enjoy years of safe, comfortable driving. We believe it is the customers who judge product quality. We have set the goal of reaching the top level in the quality indices used by third-party organizations that most influence customers in the marketplace.

2. Perceived Quality

Perceived quality is the quality that customers feel when seeing, touching and using a vehicle. Nissan carefully analyzes and quantifies what makes people perceive something they handle to be good or attractive, seeking ways to improve quality as it is taken in by all the senses.

3. Sales and Service Quality

Sales and service quality means giving our customers the sort of care that exceeds their expectations when they purchase a car or bring it in for servicing, thereby enhancing the Nissan brand. We aim to achieve top-level customer satisfaction in Japan, the United States, Europe and nine other key markets around the world.

4. Quality of Management

Quality of management lets staff approach their work with a full understanding of company policy and confidence in it. We aim to improve our management quality by strengthening communication between management and employees to foster a sense of solidarity among all of Nissan's people.

Nissan's Approach to Quality

Comprehensive Improvement Through "Enhancing Quality"

There are many aspects to the single word "quality." We consider anything involving our vehicles to be connected with this concept, from the condition of a vehicle and the customer's impression of the showroom salespeople's service to even the creation of a working environment in which every single Nissan employee can find fulfillment.

In 2011 we announced our "Enhancing Quality" program, spelling out clear quality-related goals for Nissan and methods to achieve them by 2016. The end target is to achieve the top level in the area of quality from the customers' perspective. There are certain third-party quality indices on which customers around the world place considerable weight, and our aim is to win top-level rankings in these objective benchmarks. In our aim to become the leader in overall quality, we will continue to inspire trust and ensure satisfaction in all situations involving Nissan customers and their vehicles.

Through this comprehensive approach to quality improvement, our goals are to raise the Nissan brand into the top group of global automakers in product quality and to elevate Infiniti to leadership status among luxury brands.

Pursuing Quality in All Phases

At Nissan, we strive to move and surprise our customers by pursuing our "Enhancing Quality" activities in two phases. The first is the development and production phase, where we aim to prevent reliability issues and customer dissatisfaction before they occur; the second is the market phase, where we take action with surprising speed to address issues and dissatisfaction that do arise. This two-phase concept lies at the heart of our *monozukuri*, or craftsmanship, in the area of quality.

A Fair, Prompt Approach to Recalls

It is the primary responsibility of the manufacturer to make every effort to ensure that product incidents do not occur in the first place. Nonetheless, manufacturing cars is an extraordinarily complex process, and there are occasions in which an incident, or the possibility of one, can occur unexpectedly. Our approach is to make recalls transparent and to handle them fairly and promptly. The decision to make a recall is based on our compliance with relevant laws and our consideration of how the incident may affect the safety of our customers. When Nissan judges that a recall is necessary, it is carried out swiftly to ensure that top priority is given to customers' safety and to minimizing any disruption.

Our recall decision process has received high praise from the U.S. Department of Transportation as a model for the automotive industry, and has already been implemented at all of our operation sites worldwide.

Promotion Structure

To realize our two-phase approach to quality issues, we have established the NMQF, or Nissan Monozukuri Quality Framework. The basic concept of the NMQF is the accumulation of technologies and human skills needed to improve quality, applying them in the product development and manufacturing stages as well as in enhancing the quality of vehicles already on the road. In this way we achieve real results.

In the NMQF we focus specifically on four processes:

1. Through continuous development of new technologies, we pursue quality enhancements on an ongoing basis. We also improve our human resources through quality-related technical training and the fostering of a quality mindset.
2. Through accumulated improvements to quality-related technologies we develop standards to be applied uniformly across our offerings as we expand our group of "quality experts" through systematic training programs.
3. During product development and manufacturing, we apply our accumulated technologies and skilled personnel to get an accurate picture of market needs; to ensure initial quality, quality over time and consistency in quality; and to keep serious reliability issues from recurring or prevent them in the first place. These approaches let us achieve our goal of preventing issues and customer dissatisfaction.
4. To improve market quality, we make appropriate use of the technologies and human resources we have built up over time to quickly gain an accurate grasp of the state of quality in the market; to respond swiftly to issues that crop up; and to feed this information back into our production line processes right away. This allows us to address the issues and dissatisfaction that arise with surprising speed.

Product Quality

Better Processes to Improve Quality

Nissan has defined "Enhancing Quality" as one of the areas of focus for Nissan Power 88, its mid-term business plan. Product quality is a key component of this area. Until now we have worked to reduce reliability issues in vehicles coming off of the line. Now we have launched additional efforts to considerably reduce customer dissatisfaction and durability issues arising over the entire vehicle life, as well as "quality image breaker" issues that impact people's perception of the cars.

We track our level of product quality with both internal and third-party indices. Among the external indices, we have identified 11 "most influential indicators" in eight national markets around the world, and we are aiming to achieve top-level scores in each of them. Since these external scores are only updated once per year, we have set up internal indices along similar lines. We update these more frequently to track our progress and make quicker improvements as needed.

Reducing Customer Dissatisfaction

Dissatisfaction can arise from factors that are not mechanical problems: the customer might find the trunk difficult to shut or the navigation system too complicated to use, for instance, negatively affecting perception of the vehicle's quality. The J. D. Power and Associates Initial Quality Study released in June 2011 noted that the rear window wiper switch in many Nissan vehicles was hard to use due to differences between it and the switches in other manufacturers' vehicles. We responded to this by improving the instruction manual and giving a thorough explanation to purchasers of our vehicles; we are also considering a design-phase reworking of this switch's operation as another way to improve our products.

Addressing Durability Issues

Durability issues are those that arise from lengthy vehicle use as molded resin parts change color or deform, as surface materials are abraded, as chrome is stripped away and as material fatigue begins to lead to odd noises from the vehicle. Nissan obtains data on warranty service claims made two, three and four years after the initial sale and on problems that arise out of the warranty period. We analyze this data with a view to developing technologies that are more resistant to durability issues. We are aiming to reduce durability quality issues by at least 30% by fiscal 2016, compared to the fiscal 2010 level.

Improving Parts Quality in Leading Competitive Countries

Nissan's efforts to improve product quality start with production processes within the Nissan Group and extend across the entire supply chain, including parts procurement. In 2007 we launched activities to improve defect rates in parts delivered from suppliers in the leading competitive countries of China, Thailand and Mexico to factories in Japan, North America and Europe. By providing quality management tools to match the capabilities of each supplier and giving development support to suppliers with particularly high risk levels, we were able to reduce the defect rate in Mexico-produced parts for American plants to one-twentieth its original level by fiscal 2010. For parts produced in Thailand and China for use in Japanese plants, the defect rate fell to just one-eight-hundredth of the 2007 level. We continue our efforts to tighten our cooperative linkages with suppliers in Japan and in other parts of the globe.

Field Quality Centers

Nissan established its Field Quality Centers (FOCs) with the goal of getting a better understanding of customer demands in each region of the world and providing prompt solutions to the quality issues arising there. There are now seven FOCs in operation in Japan, Europe, the United States (two locations), Brazil, China and India.

Taking into consideration our "three gen" principle, namely *genba* (on-site activities), *genbutsu* (real parts) and *genjitsu* (facts), we try to collect as many of the problem parts and vehicles as possible at these centers. We then bring everyone together—our suppliers along with our design and production divisions—to pinpoint the cause of the problems and decide appropriate measures to be employed as quickly as possible.

We use the information gathered in the future production of vehicles, making every effort to prevent a recurrence of reliability issues or incidents.

Quick Rollouts of New Vehicle Production Structure

Nissan introduced 4G Strategies to provide consistent, high-quality products to customers around the world. We have been able to quickly build an optimum production structure for new models at each of our plants worldwide according to these 4G Strategies.

Nissan's 4G Strategies (Japan)

Global Production Engineering Center (GPEC)	The GPEC develops optimized production processes through focused trials and analysis of new vehicles. In addition to dramatically improving quality in the vehicle production preparation stage, it strives to establish quality consistency globally by spreading high quality standards to manufacturing plants in and outside Japan.
Global Training Centers (GTCs)	Manufacturing quality and productivity depend greatly on the skills of individual workers. To raise these skills to a competitive level in Nissan's plants worldwide, the GTCs carry out training through classroom lectures and skills training activities based on the Nissan Production Way. Graduates of the Master Trainer programs take part in training programs for local staff in regional training centers, effectively passing their skills on to others.
Global Packaging Design Center (GPDC)	The GPDC functions as a training center for developing logistics specialists to work at our manufacturing bases. Training includes parts packaging design, packaging testing and evaluation methods, CAD and optimum logistics cost management to maintain high quality.
Global Launching Experts (GLEs)	GLEs provide support in resolving issues related to <i>monozukuri</i> (production) that arise in the new vehicle launch phase. We are meeting our QCT (quality, cost, time) targets for each new vehicle launch thanks to the evaluations and advice from GLE core members and the support of GLE registered members.

Most Influential Indicator (MII) Survey 2011 Results

Country	Survey	Results
USA	Consumer Reports	Top reliability rating for Infiniti QX, Nissan Titan.
		"Recommended" rating for 6 Infiniti, 9 Nissan models.
		"Top Picks" selections for Nissan Altima (family sedan div.), Infiniti G37 (sport sedan div.).
	J.D. Power Initial Quality Study (IQS)	Infiniti placed 8/14; Nissan placed 13/13 overall. Nissan Frontier in 2nd place; Infiniti FX tied for 3rd; Nissan Maxima in 3rd.
	J.D. Power Automotive Performance, Execution and Layout (APEAL)	Nissan models: Armada placed 1st, Frontier 2nd, Maxima 3rd.
Japan	J.D. Power IQS	Nissan models: Serena placed 2nd, Tiida tied for 2nd.
	J.D. Power APEAL	Nissan models: Juke placed 1st, Elgrand 2nd, Cube 3rd, X-TRAIL 3rd.
China	J.D. Power IQS	Nissan models: Tiida tied for 1st, Sylphy 3rd, Teana tied for 3rd.
	J.D. Power Vehicle Dependability Study	Nissan models: Livina placed 1st, Teana tied for 1st, Qashqai 2nd, Tiida 3rd.
India	J.D. Power APEAL	Nissan Micra placed 1st.
Indonesia	J.D. Power IQS	Nissan models: X-TRAIL placed 1st, Grand Livina 3rd.
Malaysia	J.D. Power IQS	Nissan models: Sylphy placed 1st, Grand Livina 3rd.
Thailand	J.D. Power APEAL	Nissan models: Frontier Navara Calibre placed 1st (pickup double cab segment), Tiida tied for 1st, Frontier Navara Calibre 3rd (pickup extended cab segment).
	Thailand Automotive Quality Award	Nissan March took 1st prize.
South Africa	Synovate Product Satisfaction Index	Nissan models: NP200 Pickup (U90) placed 2nd, NP300 (LD22) 2nd, Navara 2nd.
Germany	ADAC	Nissan models: Qashqai and Note "very reliable" 3 years running; Micra "reliable" or "very reliable" for 3 years.
	J.D. Power Vehicle Ownership Satisfaction Study (VOSS)	Nissan ranked 16/28.
UK	What Car?	Nissan models: Note ranked "good," Qashqai and Micra "average."
Italy	Quattroruote	Nissan Qashqai ranked 1st.
France	J.D. Power VOSS	Nissan ranked 7/24 manufacturers.

Perceived Quality

Better Understanding of Customer Perceptions

Another pillar of our quality improvement approach is "perceived quality." This is the quality that customers feel when seeing, touching and using a vehicle. For example, when customers come to the showroom they open the vehicle doors, sit in the seats and check things like the texture of interior fittings. Nissan carries out thorough analysis of why customers perceive certain things as good as part of its efforts to improve quality as it appeals to all five senses. We set clear targets and methods for achieving higher levels of quality so that customers will sense an attractiveness in Nissan vehicles that cannot be found in other brands.

Deeper Understanding of Customer Feelings

The feeling of quality is a subjective matter, and fixing quantified criteria calls for very careful investigation. To date Nissan has evaluated cars using the opinions of numerous in-house product monitors and specialists with in-house training and has surveyed customers who have purchased or are considering purchasing a Nissan car in order to fix criteria for quality evaluation from the customer's point of view. We have now begun carrying out actions that reflect our understanding of customers' feelings from the stage of new model development. We are also expanding the geographic range of our surveys to deepen our knowledge of people's emotional approach to vehicles in each global market.

More Accurate Predictions of Social and Technological Trends

Customer sensibilities and social trends change rapidly from day to day. Cutting-edge technologies are constantly in development and customer needs for these technologies are a moving target. We are working to improve our ability to foresee future social and technological trends in markets around the world, addressing the rapid change seen in the markets and feeding what we have learned into our vehicles, giving them attractiveness not seen in our competitors' products.

Toward Truly High Quality

The true quality of a car cannot be experienced just through a visit to a showroom. There are aspects to quality that can only be perceived when viewing the vehicle from a bit farther away or after the car has been driven for some time. In creating our cars we give thought to the finer details that are not so readily apparent. This is part of our effort to deliver truly high quality to our customers.

Scientific Measurement of Human Comfort

In order to increase perceived quality, it is necessary to objectively understand the feelings customers experience when they look at, touch and use a vehicle. Nissan employs scientific methods to measure and analyze human perception and quantifies feelings of comfort to help create optimal designs.

For the sense of touch, for example, we analyzed the feel of various objects such as clothing, furniture and traditional handicrafts. We found that softness close to that of a finger pad feels best when pushing, and a surface texture with roughness similar to a fingerprint's ridges feels best when stroking. We are now using a new material in the armrest of the Nissan Fuga that has the softness of a finger pad and a surface texture similar to a fingerprint.

Further, the human finger has "moisture sensors" in the valleys of the fingerprint ridges. These trigger a sensation of soft, pleasant moisture when the ridge valleys are stimulated, despite the absence of wetness. Softness, meanwhile, is felt more easily when the finger comes into contact with multiple ridges at the same time. We use a premium textured material called "soft-feel grain" in the interior door handles of the Fuga. We have also applied our findings on human touch perception of moisture and softness to improve the feel of the hard plastic materials used in the vehicle interior.

Sales and Service Quality

Enhancing the Nissan Brand

Nissan comes into contact with customers on many occasions: when they purchase a vehicle, of course, but also when they bring it in for servicing, when they finish paying off the loan and when we send them information on special sales campaigns, new models and test-drive opportunities. As a means of enhancing the Nissan brand, we pursue "sales and service quality" by going beyond customer expectations in all of these areas. Through effective management of our sales and service quality at sales companies in major national markets around the world, we enhance our connections with customers, improve customer satisfaction, earn stronger support for Nissan and strengthen our brand. Our aim is to achieve top-level customer satisfaction in Japan, the United States, Europe and nine other key national markets.

We are currently working on four key initiatives aimed at boosting our sales and service quality: improving the knowledge and skills of our sales and technical staff at sales outlets; enhancing the quality of the service that we provide to all our customers; strengthening Nissan management systems to support the quality activities of dealerships and showrooms; and fostering a customer-oriented mindset among Nissan employees. These four initiatives will be pivotal to our continuous and consistent activities to maximize customer satisfaction.

Improved Knowledge and Techniques

In the area of sales quality, an important factor is the improvement salespeople show in their knowledge of the vehicles and their sales techniques. We carry out education on the new models we bring to market for trainers from our sales companies on a global basis. Future plans include joint development of training materials by participants from many of our major markets; these materials will be distributed in other markets to improve the level of our training worldwide.

For service quality, meanwhile, the key goal is to provide high-quality repair and maintenance work that only takes one visit, is soundly performed and does not require the customer to wait too long. We are working on a global basis to enhance service quality by training our people, providing accurate technical information, delivering parts promptly, improving shop tools and designing cars to be more serviceable.

Better Customer Care

In our sales outlets all over the world, we pay constant, close attention to the views of our customers. In all our dealings with them—from when they first visit a dealership and receive explanations of our vehicles to when they purchase a car and bring it in for service—we seek to improve the quality of our customer care.

Enhanced Global Management

As the network of a corporate group expands on a global scale, it can grow difficult to properly manage sales and service quality, leading to a decline in customer service. At Nissan, we focus our efforts on sharing the ideal form of this quality with our people around the world, evaluating whether business locations in each region are meeting their goals in this area and encouraging them to adopt best practices from other regions. The end goal is to strengthen our management systems. In China, for instance, we use benchmarks based on our activities in Japan, adapting the activities for implementation in the Chinese market.

Maintaining Focus on the Customer

To provide full satisfaction to all customers, it is vital to foster a customer-service mindset in each and every one of our employees. We carry out a full range of activities aimed at deepening Nissan employees' understanding of quality issues and developing this mindset within them.

The Nissan Sales and Service Way

Nissan has established the Nissan Sales and Service Way (NSSW) as a set of global guidelines helping dealers to better respond to the individual needs of customers, seeing things through their eyes to provide professional, high-value service. We conduct various activities to increase customer satisfaction and to improve our sales and service quality based on these guidelines. These activities include dealer training to improve product-related knowledge, service skills and customer care, as well as the provision of guidance to improve dealership operations in response to customer satisfaction surveys. We are also developing personnel and systems to put these improvements into place and enhance the customer focus of our job process, with care given to the voices of customers collected through our call centers and other means.

Nissan carries out these initiatives globally while keeping in mind differences in cultural conditions and customs across countries and regions. In this way we seek to provide the best customer service during the purchase and ownership experiences, as well as in other areas.

Service and Support for Customers, Dealers

Nissan has opened its National Customer Service Center (NCSC) in Japan to make qualitative improvements to the service support it offers to customers and dealerships. The NCSC consolidates our customer support hotline, dealership vehicle repair support and service technical support functions, which were previously spread over different parts of the country. The NCSC carries out tasks including providing expertise for maintenance and repair services, giving support to dealers for repairs, carrying out training in sheet-metal coating, collecting market data on incidents and acting as a center for customer inquiries. Initiatives adopted by the NCSC include collaboration with service technical support teams, digitization of product information including catalogs and the introduction of a new call-handling system. Benefits include the provision of highly precise technical data and reduced waiting times for customers with telephone inquiries, resulting in an overall improvement in the quality of our response to customer inquiries.

In conjunction with the launch of Nissan LEAF, we introduced a support system for dealers worldwide. Utilizing information technology to exchange image and voice data, as well as data from diagnostic devices, the system links dealers with Nissan's development division to enable prompt, accurate remote servicing.

Improved Service Capabilities

Nissan is making efforts to improve the technical capabilities, including basic diagnostic and repair skills, as well as the customer service skills of its after-care service staff. These skills are put to the test in the All-Nissan Service Technical Contest. The event, hosted with assistance from throughout the Nissan Group, focuses on employees working in dealership service departments.

The competition has four categories in total: Technical Staff (less than 10 years' experience) and New Technical Staff (2–3 years' experience) for those involved in diagnostic and servicing work, and Technical Advisor and Female Technical Advisor for those involved in frontline service activities. Teams and individual participants who take top honors at the nine regional competitions go on to compete at the national competition. The event brings together service staff with exceptional knowledge and experience from all around the country, giving them a chance to put their day-to-day practices to the test against those of their fellow colleagues. Such events help to increase both the technical skills and motivation of employees in service departments, thus strengthening the service structure of the Nissan Group as a whole.

Quality of Management

Support from the Top

Quality of management lets staff approach their work with a full understanding of company policy and with confidence in it. This employee understanding will help foster a sense of solidarity between them and management, leading to corporate growth. We are actively encouraging the understanding of Nissan strategies through direct communication, with initiatives that include opinion exchange sessions bringing the CEO or COO together with employees. (See p. 63.)

Providing Truly Nissan Value

A Focus on Cabin Climate

As part of our “Life on Board” concept, which guides the process of designing cars around the people who will use them, we focus in particular on efforts to make vehicle interiors more comfortable. This means creating cockpits providing an easier driving experience, comfortable cabin spaces and luxurious interior fittings. We seek to provide a new sense of value and new experiences from the time a person enters the car until he or she gets out.

For example, our “Comfortable Seat with Spinal Support” is designed for a fatigue-free sitting experience. Through considerable research and analysis on both the human body and automobiles, we achieved a design that supports the rider in an ideal position of comfort even during a lengthy drive. Our “micro-grain” technology for vehicle interiors, meanwhile, produces a high-quality texture on plastic surfaces and allows the wide dispersion of light to avoid unwanted glare. Finally, we have developed a vitamin C filter based on our “Health and Well-Being” concept. This filter supplies moisture to the skin during air conditioner operation.

Area Leaders' Messages

Moving and Surprising Our Customers

Haruyuki Konno

General Manager
Planning Group
Total Customer Satisfaction Function



In our program of “Enhancing Quality,” one of our strategies for achieving the Nissan Power 88 goals, we are taking steps to earn top-level ratings in the quality indices that customers all around the world focus on most. The results of our efforts to date are increasingly clear, with many of our cars earning high marks in Europe, China and other regional markets. We have also seen a more than 50% drop in initial quality issues in our vehicles.

Our customers will be together with our cars for a long time, and we want them to enjoy a car life free from defects or dissatisfaction. To this end we will continue to improve our quality—not just in our products but in the service we provide as well.

Economic Contribution



By achieving sustainable, profitable growth for itself, Nissan hopes to contribute to the economic development of society as a whole. Toward this end, we aim to maintain top-level performance in the global automotive market and to build a foundation for highly profitable business into the future. We also focus on speedily and accurately providing information on how we implement our strategies, vision and management plans to our shareholders, investors and other stakeholders.

Pillars of Activity

1. Creating Corporate Economic Value

To improve its profitability and corporate value, Nissan seeks to grow sales, thoroughly control costs and ensure sustained positive free cash flow. We also take steps to strengthen our balance sheet, such as by improving our net cash position in our automotive business. Toward future growth, meanwhile, we have continued investing strategically in priority business areas and markets. We will keep on working to produce healthy profits and to enhance the value we create for society.

2. Speedy, Accurate Information Disclosure

Nissan views its shareholders and investors as partners in the creation of a more sustainable society. To help them understand our business activities more accurately, we carry out IR activities rooted in the speedy, highly transparent disclosure of information on an ongoing basis. We will continue to enhance our communication efforts, allowing not just institutional investors and securities analysts but individual investors as well to make optimal investment decisions.

Nissan's Approach to Economic Activities

Under Nissan Power 88, the six-year business plan for fiscal years 2011 to 2016, we are meeting concrete milestones as we implement our strategies. The clear, global vision and strategic direction of this plan are important guides to our efforts to maximize corporate value for Nissan.

The aim of our global investor relations activities is to ensure a profound and thorough understanding of the company's objectives and strategies. Prompt, consistent and transparent information disclosure is essential. For example, as part of the quarterly financial results announcements, the IR team meets frequently with institutional investors and sell-side analysts and responds to inquiries in a timely manner. Nissan also participates in conferences held by securities companies, as well as other events to report proactively on its business. In order to further strengthen stakeholder and investor trust, Nissan IR increased the number of events and opportunities for investors to speak directly with executive management.

Under the strict control of the chief financial officer, information is disclosed accurately and in a fair, transparent manner. Through timely and fair disclosure, shareholders and investors are able to make the best-informed investment decisions. Nissan's sound IR activities ensure the trust of the marketplace, which contributes to maximizing shareholder value.

Creating Corporate Economic Value

Our Nissan Power 88 Business Plan

Nissan announced its new mid-term business plan, Nissan Power 88, in June 2011. The "power" in the title refers to the brand power and sales power that we will strive to increase by focusing on customer value. The "88" refers to two goals: achieving a global market share of 8% by fiscal 2016 and increasing operating profit to a sustainable 8%. During the six years of this plan, we intend to take a long-term strategic approach to investing in our products and technologies and in geographic expansion to achieve sustainable growth from 2016 onward.

For instance, as part of our efforts to promote sustainable mobility, we will work through our zero-emission and PURE DRIVE strategies to boost our lineups of electric vehicles (EVs) and fuel-efficient vehicles. In addition, in order to provide mobility for all, we will introduce to market new passenger and light commercial vehicles meeting the needs of emerging markets and the entry segment. (See pp. 6–7.)

Area Leaders' Messages

Toward Profitable Growth with Nissan Power 88

Keiichiro Miyanaga

General Manager
Corporate Planning Department
Corporate Planning and Business Development Division



In fiscal 2011 we announced our mid-term business plan, Nissan Power 88. This plan presents a roadmap for our achievement of profitable growth. Our aim is to accelerate our growth in global markets while we provide innovative, attractive products and services to people around the world. These are high hurdles to clear, but by strategically deploying a coherent policy we call “Hoshin Kanri” throughout the corporate organization, we can achieve our goals and play a global leadership role in creating the sustainable mobility society of tomorrow.

Investor Relations Activities

112th Shareholders Meeting

The 112th Ordinary General Meeting of Shareholders was held at the Pacifico Yokohama on June 29, 2011, and was attended by 1,005 shareholders. The agenda included a report on the number of voting rights, an audit report and an explanation of Nissan's business during fiscal 2010. This was followed by a question and answer session with the shareholders in attendance. At the end of the meeting the shareholders deliberated on three proposed items, all of which were resolved.

Communication with Stakeholders and Investors

Through a wide range of investor-relations events, Nissan actively and voluntarily discloses information on its business. At our Advanced Technology Briefing held in October 2011, we presented some of our work in environmental and safety technologies and gave participants the chance to test-drive vehicles using the next-generation XTRONIC continuously variable transmission (CVT), introduced in our lineup in 2012. We also took part in the Tokyo Motor Show Investors Conference held in November 2011 to coincide with the Tokyo automotive exhibition. There COO Toshiyuki Shiga gave a presentation on Nissan's zero-emission strategy. In December, at the Nomura Investment Forum 2011, COO Shiga addressed institutional investors from Japan and overseas on the topics of Nissan's emerging market strategies and the *monozukuri* culture of Japanese craftsmanship.

Positive External Assessment for Our IR Activities

At the 17th Annual Awards for Excellence in Corporate Disclosure presented by the Securities Analysts Association of Japan, Nissan was proud to come in first for the fifth year straight in the automobiles, auto parts and tires category. Winners of these awards are selected by analysts through a survey assessing companies' IR activities during the fiscal year; the goal is to improve levels of corporate disclosure. We were recognized for our fair disclosure policies, our voluntary disclosure on corporate governance and business activities and our executive management's proactive participation in investor relations.

Nissan also received a Best IR Award at the 16th IR Grand Prix, selected by the Japan Investor Relations Association. These awards are presented to companies that display a deep understanding of IR objectives, active IR engagement and a superior track record in the field, as seen in strong support from market professionals. We received this award for the second consecutive year—one of the top seven winners out of 304 firms in the running—in recognition of our fair disclosure policies, as well as our executives' active participation in regularly held investor meetings and explanatory seminars and our accurate understanding of investor needs.

Employees



Nissan strives to create workplaces where employees are motivated to rise to challenges and are able to work safely and comfortably, enjoying full mental and physical health. By respecting the diversity of our employees, we promote the creation of an environment in which all individuals can utilize their talents to the fullest while working in teams to achieve ambitious goals. By sharing their knowledge, based on their individual experiences and different ways of thinking, our employees are able to meet the increasingly diverse needs of our customers. This makes them the driving force for Nissan's sustained growth.

Pillars of Activity

1. Nissan's Respect for Diversity

Diversity is an important strategy at Nissan. We undertake initiatives in pursuit of our goal of achieving sustainable growth while respecting diversity.

2. Career Design Support

Nissan believes that employees should "design their own careers" and actively assists their efforts to do so.

3. A Culture of Learning

We believe that a corporate culture of learning cannot exist without the desire to create value. As an organization that grows through constant learning, Nissan supports employees' personal growth through proactive human-resource development.

4. Stronger Internal Communication

Nissan actively seeks the opinions of employees through surveys, using the results to improve management quality and employee motivation. We also ensure that information is shared with all employees around the world without delay.

5. Building Safe Workplaces

Nissan promotes practices aimed at reducing worker burdens and improving productivity. We have made promotion of employee health a top priority, establishing it as a key tenet in our companywide declaration on workplace safety.

Nissan's Approach to Employees

The Nissan Way is a code of conduct that aims to ensure continual growth. It outlines five mindsets and five actions based on the idea that "the power comes from inside," and has been made available in eight languages (Japanese, English, French, Chinese, German, Spanish, Dutch and Russian) for our employees worldwide. The Nissan Way encourages employees to adopt such mindsets as "cross-functional, cross-cultural" and "frugal," and to act in ways that include "motivate" and "challenge."

“The power comes from inside”

The focus is the customer, the driving force is value creation and the measurement of success is profit.

Mindsets

1. Cross-functional, Cross-cultural

Be open and show empathy toward different views; welcome diversity.

2. Transparent

Be clear, be simple, no vagueness and no hiding.

3. Learner

Be passionate. Learn from every opportunity; create a learning company.

4. Frugal

Achieve maximum results with minimum resources.

5. Competitive

No complacency, focus on competition and continuous benchmarking.

Actions

1. Motivate

How are you energizing yourself and others?

2. Commit and Target

Are you accountable and are you stretching enough toward your potential?

3. Perform

Are you fully focused on delivering results?

4. Measure

How do you assess performance?

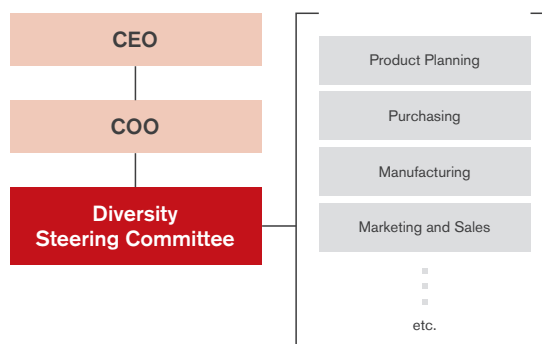
5. Challenge

How are you driving continuous and competitive progress across the company?

Promotion Structure

Fostering diversity is an important management strategy at Nissan. We established our Diversity Development Office (DDO) in Japan in October 2004 to play a principal role in this pursuit. Since then, we have been working with our offices in North America, Europe and other markets in a variety of ways to realize our common goal of achieving sustainable corporate growth while respecting diversity. Moreover, we established a Diversity Steering Committee, headed by executives representing each business division, to set the direction and establish strategies for promoting diversity throughout the company.

Organization of the Diversity Steering Committee—



Nissan's Respect for Diversity

Diversity as a Corporate Strategy

The DDO aims to leverage workplace diversity for the company's competitive advantage by focusing on ways to make full use of the talents of female employees while also actively exploring ways to create higher value through cultural diversity, utilizing the cross-cultural nature of the Alliance formed with Renault in 1999.

Nissan requires all of its people to respect the human rights of others and forbids discrimination against or harassment of others based on race, nationality, gender, religion, physical capability, age, place of origin or other reason. Nor may Nissan employees allow such a situation to go unchecked if it is discovered. (See p. 19.)



Please see our website for more information on Nissan's diversity.
<http://www.nissan-global.com/EN/COMPANY/DIVERSITY/>

Initiatives to Utilize the Talents of Women

Since fiscal 2004 the DDO has been concentrating its efforts in the following two areas as a means of better utilizing the talents of female employees.

1. Women's career development

Diversity takes on different meanings in various regions of the world. In Japan, where the ratio of women in the automobile industry workforce has traditionally been low, the participation of women, particularly in positions of responsibility, is essential to providing diverse value to our customers.

Nissan is working to create an inclusive environment that encourages active participation from all employees, regardless of gender, and supports the career development of female employees. In addition to providing personalized support to female employees through individual counseling sessions with career advisors, the DDO organizes activities geared especially to female employees, including skill-development training courses and networking events. Moreover, interviews with senior female employees who are active in a variety of fields within the company are posted on WIN (Workforce Integration @ Nissan), our corporate intranet, to offer further encouragement. As a result of such actions in Japan, the percentage of managerial roles filled by women quadrupled from 1.6% in 2004 to 6.7% in 2012.

Additionally, we are promoting ergonomic design of our equipment and work processes at our manufacturing plants to benefit female workers, who are generally smaller in stature and have less strength than men.

2. A work-life balance for employees

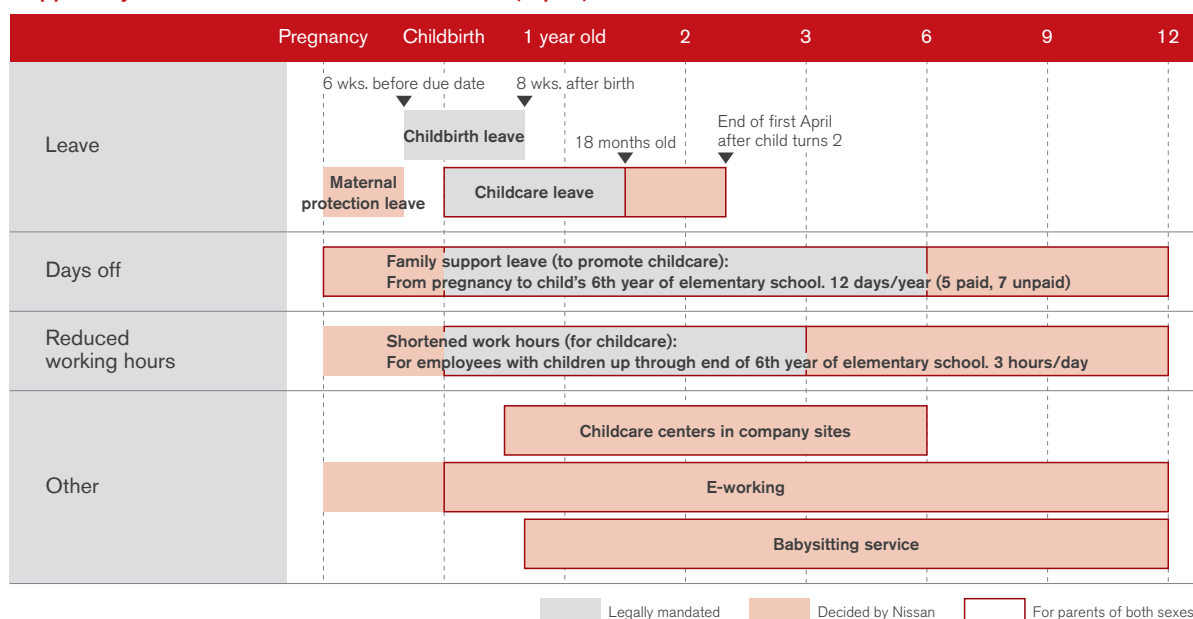
In Japan, Nissan has implemented a system offering flexible working arrangements to enable employees to effectively balance work with family responsibilities, such as childcare and nursing of elderly relatives. Arrangements to help employees of both genders strike an appropriate work-life balance include "Family Support Leave," which allows an employee to take time off for a wedding, the birth of a child, child rearing or nursing care; reduced working hours and home-based telecommuting for employees to provide childcare or nursing care; and the establishment of a daycare center, called "March Land," in our Technical Center in Atsugi, Kanagawa Prefecture. Nissan has been recognized by the Japanese government as a corporation actively promoting childcare support, successfully implementing programs to achieve the goals set forth in the action plan of the Ministry of Health, Labor and Welfare based on an April 2005 law outlining measures to support the development of future generations.

Starting in 2011, we have been holding "returnee seminars" to give specific hints and approaches to enable employees coming back to work after childcare leave to make a proactive return to work while enjoying the understanding and cooperation of those around them. Employees are able to use the internal social networking site "Work/Life Park" for sharing information to support the balance between career and childcare needs.



Nissan proudly takes part in the Work-Life Balance Promotion Project of Japan's Ministry of Health, Labor and Welfare. (Japanese website)
<http://www.mhlw.go.jp/bunya/roudoukijun/sigoto-seikatu/index.html>

Support Systems for Childbirth and Childcare (Japan)



A Firm Grounding for Cultural Diversity

Nissan recognizes the need to make full use of the strengths and abilities of its multinational, multicultural family of employees in order to develop the company's business globally. We are working to leverage the synergy created through our cross-cultural Alliance with Renault, which not only recognizes and accepts cultural differences but also utilizes such differences to the full, to make cultural diversity our strength. Our e-learning program is a course open to anyone at any time that in Japan, for example, enables Japanese people to learn skills for understanding and communicating with business partners of different

cultural backgrounds, so that they can work together to get results. We hold training sessions to cultivate a better understanding of specific countries with which we have particularly close relations, and we are working to make cultural diversity an integral part of our corporate culture.

Nissan's Diversity Mindset

Nissan has been holding diversity workshops in Japan as part of the company's managerial training program. These workshops play an integral role in promoting diversity throughout the company by helping participants understand the importance of diversity, learn how to best utilize employee diversity and think about how diversity can be useful in the company's business activities. Moreover, executives post articles on the company intranet discussing their views on diversity as well as their own personal experiences. Having such regular, personalized messages from management encourages the development of a diversity mindset among our employees.

Enhanced Diversity in the Workplace (Americas)

Nissan North America has established a regional diversity steering committee for the Americas to create accountability and provide guidance to diversity initiatives in the region. NNA also established a regional diversity office to coordinate diversity initiatives in the United States, Canada, Mexico and Brazil. Employee-driven Business Synergy Teams (BSTs) have been launched to leverage diversity to achieve business objectives, expand cross-functional interaction and assist with community outreach. The Women's BST, the first such group, was established in 2007. In 2009, this was followed by the creation of a Multicultural BST (MBST), which aims to enhance the company's consumer-relations capabilities through cross-cultural communications and awareness. Additional BSTs have been launched at our R&D facility located in Farmington Hills, Michigan, and at our Dallas-based Nissan Motor Acceptance Corporation facility.

Career Design Support

Continually Improving Human-Resource Systems

A company's employees are its most important resource. So that both Nissan and its employees can reach their full potential, we constantly work to improve our human-resource systems. The evaluation-based remuneration system used to accurately gauge employee contributions is structured in a way that motivates them to set and achieve high goals. An employee's salary is determined through a combination of performance evaluations, which measure how well the employee achieved certain goals (commitments), and competency evaluations, which measure such intangible variables as technical skill, knowledge and attitude.

Support for Self-Designed Careers

Nissan believes that employees should "design their own careers" and actively assists their efforts to do so. Employees in Japan and the Americas meet with their supervisors at least twice a year to discuss their performance and competency evaluations, as well as their career aspirations and goals.

Employees in Japan also have the chance to take on the challenge of a new position through the Shift Career System (SCS) and the Open Entry System (OES). The SCS enables employees to apply for positions in other departments and work areas that interest them regardless of whether there is a position immediately available. The OES allows them to apply for all openly advertised positions. As of February 2012, 230 employees had applied for 164 open posts during fiscal 2011, and 93 of them succeeded in getting the positions they applied for.

Fostering Specialized Skills

Helping employees develop specialized skills over the medium to long term is vital for a company to achieve sustainable growth. We introduced the Nissan Expert Leader System as a means of strengthening and fostering further development of specialized skills in a wide range of technical and nontechnical areas like purchasing and accounting. In fiscal 2011, the system's sixth year, we designated 50 employees as Expert Leaders and two management-level employees as Nissan Fellows in a total of 98 fields of specialization. The Expert Leaders and Fellows make use of their specialized knowledge to contribute to Nissan's business endeavors overall. In addition to sharing their knowledge with others via our corporate intranet and other communication tools, they contribute to the fostering of the next generation of experts by passing on their specialized skills in seminars and training courses.

A Culture of Learning

A Variety of Learning Opportunities

As an organization that continues to grow through constant learning, Nissan supports employees' personal growth with a proactive, systematic approach to human-resource development. The act of learning is one in which people stretch themselves to develop skills that create value. We believe that a corporate culture of learning cannot exist without the motivation to take part in this value creation. The Learning Navigation system on our intranet is one means of providing employees with opportunities for learning. This system lets employees search for information whenever they wish to develop specialized skills, receive training in management techniques, participate in e-learning programs or take distance-learning courses. The site is updated regularly to provide information our employees need to increase their skills and build their careers, meeting their growing thirst for knowledge.

Training Future Leaders

The Nissan Learning Center Management Institute in Hakone, Kanagawa Prefecture, aims to cultivate human resources with the specialized skills and leadership qualities needed for future development. The institute contributes to the ongoing creation of Nissan value through a number of programs, including leadership training sessions to pass on the company's accumulated experience and knowledge to the next generation and cultural diversity workshops. Moreover, the leaders of our business activities around the world who have taken part in such programs as our Nissan Way Workshops are now active in educating fellow employees in the Nissan Way—the crystallization of experience and knowledge gained through our company's revival—demonstrating our commitment to promoting a corporate culture of learning. We carry out similar leadership training programs elsewhere around the globe.

Stronger Internal Communication

Employee Surveys

Nissan carries out surveys to get employee input and suggestions for improvements, using the results to help improve the company's management quality and employee motivation. From the results of these surveys, we identify the strengths of the company as a whole and those of individual divisions, as well as areas for improvement. We then work to make improvements that will lead to the creation of a better work environment for our employees and to continued growth for the company. The results of these efforts are analyzed for the company as a whole and for each region and department. Based on these analyses, each level of management formulates and carries out action plans tailored to specific needs.

Enhancing Communication Tools

Nissan has introduced a corporate intranet system called WIN (Workforce Integration @ Nissan) as a tool to promote communication and information sharing. We continually update the system with new technologies while encouraging employees to make active use of it for internal communication and collaborative activities. We have expanded the WIN network beyond Japan, North America and Europe to include other markets and our major business partners. We also use internal newsletters and in-house video broadcasts to provide a variety of information to be shared by all employees at Nissan production sites with no time lag.

So that all our employees gain a deeper understanding of our products and the ability to convey their features and attractiveness to others more effectively, we also hold new model announcements and test drive events for employees. These are received very positively, with some participants stating that their enhanced knowledge of Nissan products has boosted their pride in the company and their work motivation. Nissan hosts guided tours of company facilities and test-drive events for employees' families, too. Combined, these efforts have been effective in creating "brand ambassadors" for Nissan.

N-Square, a Tool for Employee Exchange (Japan)

Nissan has operated N-Square, an internal social networking service for employees, in Japan since fiscal 2009. Users form communities based around various themes, improving interaction with one another and gathering information they need. There are now more than 300 communities registered in the service. Given that the need for social networking services is on the rise, Nissan plans to improve and expand them for employees.

Employee-Executive Exchange

Nissan holds opinion-exchange meetings involving executives and employees as a means of building trust through clear and transparent communication. These meetings are held frequently at Nissan's Global Headquarters in Japan as well as the company's business offices in China, the Americas and other parts of the world. These meetings give company leaders a venue to inform employees about the current situation of the company and to deliver key management messages. They also provide employees with opportunities to ask questions and voice their concerns in a direct and open manner. Their topics cover everything from business in emerging countries to environmentally friendly technologies and quality, and we plan to continue these meetings as an important channel for active communication.

Building Safe Workplaces

A Uniform Set of Global Labor Safety Standards

Nissan's human resources are the company's most valuable asset. So that all employees can use their abilities to the fullest, we make health and safety the top priorities when designing workplace functions and processes. We proactively work at all levels to identify potential issues or concerns in the workplace environment, develop measures to address them and make it easier for employees to get their jobs done. In 2010, we standardized the safety indices that previously differed among our global sites. Every quarter we monitor and report on safety performance for each area where we do business.

Yearly Disaster Prevention Drills

When the Great East Japan Earthquake struck on March 11, 2011, Nissan immediately set up a Global Disaster Control Headquarters at its headquarters in Yokohama. This unit swiftly commenced our initial response under the direction of COO Toshiyuki Shiga. The main thing that allowed us to make this rapid response was the yearly disaster prevention drill. In March 2012, one year after the disaster, a drill was held at Nissan's Global Headquarters with the participation of some 50 employees as well as staff from our Oppama Plant and from Jatco, Ltd., a transmission supplier. We carried out simulated recovery activities from initial response onward, including checking the safety of employees and staff from dealerships and suppliers and formulating a support plan after confirming the status of damage. The expertise gained from the drill has been very useful in disaster planning overseas as well. (See pp. 8–9.)

Improved Production-Line Environments

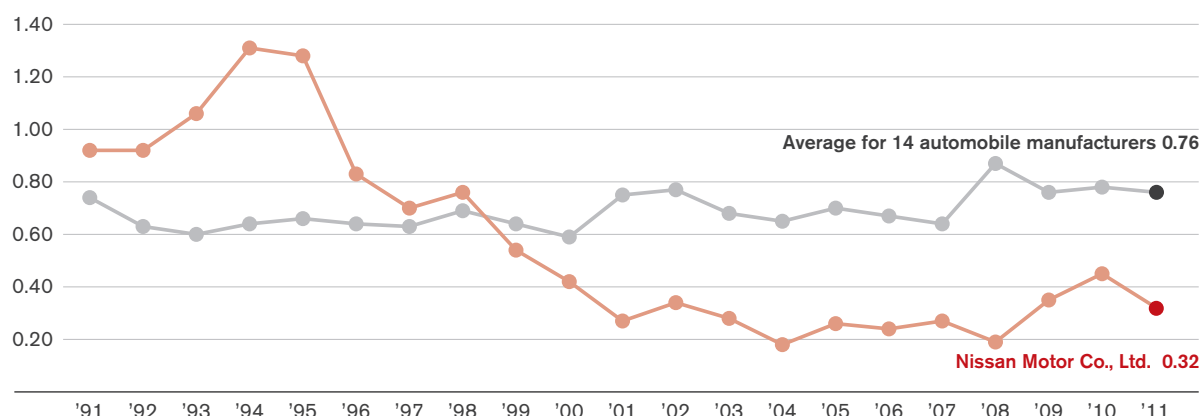
Nissan seeks to fulfill the company's mission of engaging in "human-friendly production" by continuously improving the workplace environments of its manufacturing facilities worldwide. The workplace in summer can be physically very taxing on hot days, and at times there is even the danger of heatstroke. We have therefore been proactive in installing internal cold-air ducts and ensuring there are set breaks to drink water, particularly in locations with considerable workloads. We are constantly looking at improvements to allow employees to work in a comfortable environment.

Creating Safe Workplaces

Nissan employs its own safety management diagnostic methods, as well as a risk-assessment approach to workplace management, to create a more danger-free environment and help to prevent accidents through proactive inspections of facilities to identify potential dangers. We also bring trainees together from around the world to give them practical instruction in labor safety management.

In April 2007, we added "promotion of employee health" to the existing tenets related to occupational safety in our companywide declaration on workplace safety.

Trends in Occupational Accidents (Total Accident Frequency Ratio)



Total accident frequency ratio: total accident cases ÷ total working hours × 1 million

Source: Statistics on occupational accidents in the automobile industry (The Japan Automobile Manufacturers Association, Inc.)

Global Sharing of Accident Information

Unexpected accidents can sometimes occur at manufacturing plants, resulting in employee injuries. In such cases, the most pressing issue is to make every possible endeavor to ensure that a similar accident will not occur again. We continually work to prevent accidents through probing investigations to fully uncover the causes of any accident that has occurred and by sharing what we have learned with our global production bases.

Work Safety Risk Management

Since 2011 we have been systematically carrying out risk-prediction training at our plants in Japan to ensure that individual workers are aware of the risk of accidents and to help prevent accidents. This training cultivates appreciation of danger among workers, thus reducing their risk of work accidents. While this method has been in place for some time, we are endeavoring to increase its effectiveness through repeated application.

Specialized Mental Healthcare

Nissan has put together a specialized team led by a clinical psychiatrist to care for the mental health of employees. In fiscal 2005 we introduced a mental healthcare program, EAP (Employee Assistance Program), in cooperation with external mental healthcare specialists with the aim of providing employees with consistent care covering everything from prevention and early diagnosis to treatment and recovery. Since fiscal 2007 we have extended the program to include production-line workers, giving all employees in Japan and their family members access to mental-health professionals for consultations, diagnosis and counseling. We additionally offer specialized care programs that respect employee privacy, such as the yearly "Stress Check," through which employees receive advice from a doctor via e-mail or letter. In fiscal 2011 we expanded our mental health training with items that stress bolstering the mental health of individual employees. We are currently promoting mental health care from a wide range of approaches.

Messages from Our Stakeholders

Making the Work-Life Balance a Reality

Sayuri Kurebayashi

Global Product Communications Department
Global Communications Division



Much of the work I handle is global in nature, so I'm frequently in contact with overseas offices, and our meetings can take place in the early morning hours or late at night in Japan due to time differences. Taking advantage of Nissan's systems to assist with childcare, such as reduced work hours and teleworking, allows me to work without big restrictions. The flexibility enables me to take my child to and from nursery school.

One of the things that make Nissan an attractive place to work is that nobody says "she can't go on overseas business trips because she has a child to take care of" or "this job can't be assigned to her because she is working shorter hours." Instead, we are given the choices on how we want to balance work and child-raising and systems are in place to support this. It's also thanks to the accepting attitudes of our coworkers and superiors toward using these systems that I can achieve my ideal balance of work and family responsibilities.

Area Leaders' Messages

Diversity as a Driver for New Thinking

Rika Kiritake

General Manager
Diversity Development Office



As the global economy rapidly becomes more interconnected, we have an ever greater need for staff of different nationalities and cultural backgrounds, both male and female, younger and older, to create products that meet the needs of a diverse customer base. To advance the goal of diversity, Nissan provides support for women's career development and promotes intercultural understanding among its employees. In fiscal 2011 we worked to develop female leaders to take part in our decision-making processes, such as by participating in the Women's Forum Global Meeting in Deauville, France, aimed at the development of women who are vying for senior positions.

Today the ratio of women in management positions at Nissan in Japan is four times higher than it was seven years ago. In March 2012, Nissan won second prize at the 2012 J-Win Diversity Awards, presented by the Japan Women's Innovative Network.

We are also actively hosting seminars for our employees on cultural diversity related to developing markets like China and India.

Nissan aims to make diversity a fundamental part of its entire organization, from product development through to the sales front lines. We want to be a company where our employees contribute diverse ideas and perspectives, resulting in better, more creative ideas that add more value.

Value Chain



Together with its business partners, Nissan aims to achieve sustainable growth built on a foundation of mutual trust. We strive to listen carefully to our suppliers and dealers on an equal footing and work hard together with them as partners, developing and maintaining cooperative relations that enable us to implement best practices. Our value chain today extends around the globe due to the expansion of the company's business interests. We endeavor to improve our CSR management by sharing our fundamental values and principles with our business partners, thereby promoting consistency in the CSR activities undertaken throughout the supply chain.

Pillars of Activity

1. Pursuing CSR with Suppliers

All of Nissan's suppliers are important business partners for the company. We work with them to build relationships based on the three values of trust (work fairly, impartially and professionally), respect (honor commitments, liabilities and responsibilities) and transparency (be open, frank and clear).

2. Pursuing CSR with Dealers

Nissan undertakes various measures to ensure that its approach to compliance is shared with dealerships and to enhance its internal controls. We aim to further improve our CSR management by strengthening the lines of communication with dealers.

Nissan's Approach to the Value Chain

Nissan uses a fair, impartial and completely transparent business process when selecting suppliers. We provide a wide variety of opportunities for other companies to do business with us, regardless of their nationality, size or history with us. When making selections, the relevant Nissan divisions meet to examine from a range of perspectives the proposals received from suppliers. We explain our final decision to every supplier that has taken part in the selection process.

We make every effort to maintain the highest standards of impartiality and fairness in our business transactions, abiding by the Nissan Global Code of Conduct (item 4: Be Impartial and Fair). As well as maintaining close communication in our day-to-day dealings with suppliers, we also take heed of their ideas through regular questionnaires and direct meetings, checking our business practices from an external perspective.

Nissan works hard to promote correct business practices throughout the supply chain. We have disseminated internally a leaflet on guidelines for appropriate business practices in the automobile industry, focusing on the industry's principles of procurement and important points relating to subcontracting and antimonopoly law, and we hold briefings with our suppliers on these issues.

Fiscal 2011 Review and Future Tasks

In fiscal 2011, cooperation with suppliers was an essential factor in the recovery from natural disasters like the Great East Japan Earthquake and the floods in Thailand. These efforts took the form of support for the affected suppliers and other measures that resulted in an early restart of production. Some of the major initiatives are listed below:

1. We shared information relating to production recovery with suppliers frequently and from an early stage.
2. With regard to rotating power cuts and weekend operation during the summer period, we solicited feedback from suppliers in advance in order to put together appropriate measures and support them when necessary.
3. We established a business continuity plan (BCP) for the supply chain (for both Japan and Thailand).

In fiscal 2012, Nissan plans to introduce the methodology to other overseas operations and establish similar BCPs for those regions.

With Our Suppliers

CSR Guidelines for Suppliers

Nissan and Renault have produced a booklet, *The Renault-Nissan Purchasing Way*, outlining the important values and processes to be adhered to when doing business. This booklet has been shared with the primary suppliers of Renault and Nissan since 2006. Furthermore, in 2010, we drew up the *Renault-Nissan CSR Guidelines for Suppliers* in order to effectively implement CSR practices across our globally expanding base of suppliers. This was distributed to around 7,600 primary suppliers worldwide with the aim of helping them review their business activities from a CSR viewpoint and further instill CSR activities. The guidelines explain Nissan's CSR and procurement policies in five main sections: safety and quality, human rights and labor, the environment, compliance and information disclosure. We drew up this document with reference to the CSR guidelines of the Japan Automobile Manufacturers Association, Inc. and the Japan Auto Parts Industries Association. We have worked to ensure that all suppliers, especially those starting business with us from fiscal 2010 onward, abide by these guidelines.

 The *Renault-Nissan Purchasing Way* and *Renault-Nissan CSR Guidelines for Suppliers* are available for download from our website.
http://www.nissan-global.com/EN/COMPANY/CSR/VALUE_CHAIN/

Activities to Improve Manufacturing Approaches

Nissan has been working to continually produce more competitive products through its Monozukuri Activities program, a collaboration among suppliers and Nissan that commenced in 2008. Since 2009, we have been expanding these activities through joint collaborative activities called the Thanks Activities initiative, which emphasizes trust and cooperation between Nissan and its suppliers. With the goal of working with our suppliers to become cost leaders in today's challenging market conditions, we are striving to improve product quality, cut costs and rationalize our manufacturing through measures that include increasing production volume per part, promoting localization and improving logistics.

 Please see our website for more information on the quality initiatives we undertake with suppliers.
http://www.nissan-global.com/EN/QUALITY/PRODUCTS/GLOBAL_SP/

Recognizing Supplier Contributions Worldwide

Each year Nissan recognizes the contributions of its suppliers with awards presented in each of the regions where we operate, as well as with two worldwide supplier awards, the Global Quality and Global Innovation Awards. These are presented to suppliers that have contributed to our business performance at the global level. This awards system aims to encourage suppliers in the global supply chain to embrace our management approach, which balances the economic activities of quality, cost reduction and technological development with environmental concern and social responsibility.

Global Quality Award recipients are selected by our purchasing, quality and other divisions using standard criteria applied worldwide. Global Innovation Award recipients are selected from suppliers nominated by our production, development and quality divisions in the two categories of product technology and process management. In fiscal 2011, three companies received Global Quality Awards and Global Innovation Awards went to 15 companies in the product technology category.

Global Expansion of Our Green Purchasing Guidelines

Nissan sets forth environmental standards for its suppliers of vehicle parts and materials in the Nissan Green Purchasing Guidelines, asking suppliers to cooperate by reducing their environmental impact. We released the guidelines for companies in Japan in 2001, and in 2008 we updated them and have since been expanding coverage to include Europe, Asia, and other regions worldwide. We have asked our primary suppliers to comply with the new guidelines, extending their coverage to their suppliers as well. In this way we are promoting management of environment-impacting substances and continually reducing their use throughout the whole supply chain. We updated the guidelines once more in 2010 in line with the *Renault-Nissan CSR Guidelines for Suppliers*. Briefings were held to explain the guidelines, which were later published on our website. Furthermore, following the release of the Nissan Green Program 2016 in October 2011, we put together new management processes and explained them to suppliers at meetings in November. The amended guidelines are being deployed globally.

 The Nissan Green Purchasing Guidelines are available for download from our website.
http://www.nissan-global.com/EN/COMPANY/CSR/VALUE_CHAIN/

Policy Relating to Conflict Minerals

In July 2010, the United States passed a law requiring that companies report the use of four conflict minerals mined in the Democratic Republic of Congo and other surrounding regions of conflict. In response to this, Nissan joined with other companies in the automobile manufacturing industry in moving to investigate the supply chain with the aim of conformance, burden reduction and speedier CSR implementation. Based on this decision, our CSR and purchasing departments are now preparing for the investigation, in cooperation with the industry association.

With Our Dealers

Working with Dealers for CSR Management

To promote consistency in the CSR management approaches taken by Nissan and its dealers, we carry out activities on an ongoing basis aimed at helping dealerships in Japan enhance their compliance.

As a specific measure, we organize self-inspection programs at all dealerships to enable fuller understanding of and improvements to their current compliance management status. The programs carried out during fiscal 2011 have led to increased awareness and improvements on a voluntary basis. To bolster compliance initiatives in cooperation with dealers, we held a meeting for dealership representatives in June 2011 to share information on our initiatives for fiscal 2011 and improve future activities. We aim to further improve our CSR management by ensuring that our sense of compliance is shared with dealerships and by working to build stronger internal controls.

Area Leaders' Messages

Promoting Even More Widespread CSR Activities

Takeshi Sakasai

General Manager
Purchasing Administration Department



In 2006 Nissan's purchasing department began distributing *The Renault-Nissan Purchasing Way*, a booklet that defines the values and ideals that we believe should be shared with suppliers. Given the expanding nature of our business, it is now necessary to practice CSR activities together with suppliers that spread across the globe. With our Alliance partner Renault, we created the *Renault-Nissan CSR Guidelines for Suppliers*, which we distributed to all of our primary suppliers worldwide in fiscal 2010. In fiscal 2011, recovery from the Great East Japan Earthquake and the floods in Thailand were critical tasks that involved close cooperation with suppliers. Thorough communication resulted in full support for the affected suppliers and Nissan's early restart of production. In addition to promoting more integrated CSR undertakings, we will continue to work toward building mutually beneficial partnerships with suppliers that enhance the understanding and trust between us.

Philanthropy



Nissan's vision is Enriching People's Lives. In pursuit of this vision, we seek to provide attractive products and services to our customers worldwide, at the same time fulfilling our responsibility as a corporate citizen to help realize a sustainable society. As a member of the global community, we engage in a full range of social contribution activities, taking part in the creation of a better world.

Pillars of Activity

We make unique contributions to society on a global basis as well as in local communities. Our focus is on three areas: humanitarian aid, support for education and caring for the environment. We work together with NPOs, NGOs and other organizations and promote activities that meet the needs and circumstances of each country or region while helping our employees to develop a mindset of active participation in society.

1. Humanitarian Support

Nissan provides relief assistance to areas around the world stricken by major natural disasters. Utilizing our network of group companies and operation sites worldwide, we pursue practical and effective activities, taking the conditions and needs of each country and region into account.

2. Environment

Nissan's environmental philosophy of "a Symbiosis of People, Vehicles and Nature" underpins its ongoing efforts to reduce the environmental burden in various ways. In our social contribution activities as well, we prioritize protection of the environment and undertake a variety of programs focused on raising awareness and cultivating deeper understanding of the environment.

3. Education

Nissan places great importance on the cultivation of future generations in carrying out its social contribution activities. We have established partnerships with various educational organizations and work together on meaningful activities to nurture the hearts and minds of the next generation who hold the future in their hands.



Nissan's Approach to Philanthropy

We pursue social contribution activities that are "distinctly Nissan" by sharing a common vision with all our places of business around the world. In these activities, we place great importance on the following points:

1. Fostering a spirit of volunteerism among employees

We do our best to support the social contribution activities carried out by individual employees and we encourage as many of our people as possible to get involved in the spirit of corporate citizenship, with the aim of contributing as much as possible to society through such activities.

2. Making the best use of our corporate strengths and qualities

Some of our contributions are financial in nature, but we also aim to go beyond this by making full use of the resources built up through our business activities, such as our expertise, facilities and products, to carry out sustainable activities.

3. Cooperating with specialized NPOs and NGOs

Nissan continually looks for ways to develop highly specialized programs to work with nonprofit and nongovernmental organizations in order to make its social contributions more effective and productive.

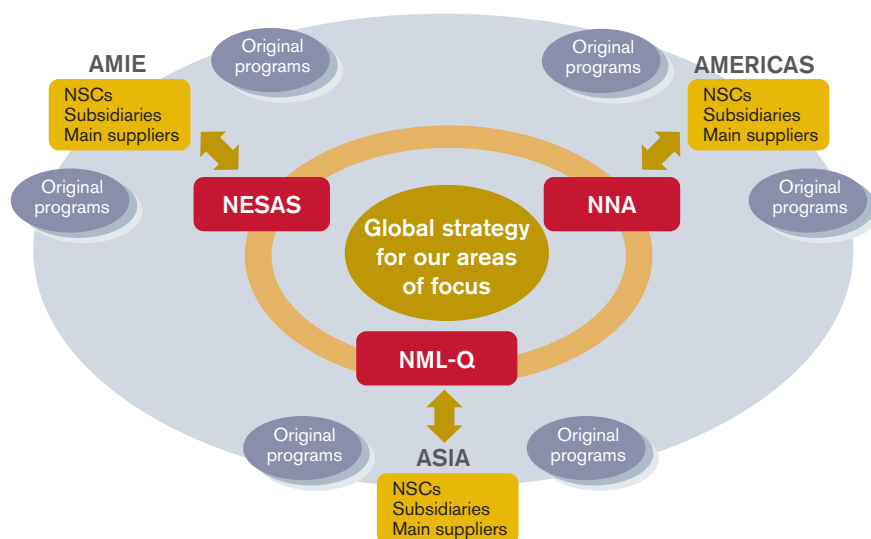
Promotion Structure

The CSR Department in Nissan's Global Headquarters serves as the “control tower” for all the company’s social contribution activities worldwide. The programs undertaken at each of our bases of operations, meanwhile, are managed by our regional offices.

For activities in Japan, the CSR Department shares information with the company divisions that plan and implement the projects, as well as with the business locations that interface with the local communities in question, and provides the necessary support. Nissan, Nissan Europe S.A.S. and Nissan North America Inc. (NNA) serve as regional centers covering Asia, AMIE (Africa, the Middle East, India and Europe) and the Americas, respectively, exchanging information with the project-implementing local companies and helping to advance the activities. We thus have a system in place for global coordination of our efforts, and we take a cross-functional, cross-regional approach to our social contribution activities as well.

The Nissan corporate intranet features a dedicated page for philanthropic activities, which we use to provide our employees with information on volunteer opportunities. In another step to foster employees' civic-mindedness, we established the Nissan Financial Support Program for Volunteer Activities in 1996.

A Global Framework for Social Contribution



Fiscal 2011 Review and Future Tasks

In fiscal 2011, Nissan's activities began with efforts to deal with the aftermath of the Great East Japan Earthquake, which struck the country's Tohoku region on March 11. On the day after the disaster we decided to make emergency assistance funds available; we followed this with donations and loans of free vehicles to assist in transportation of people and goods and a range of other services in the disaster-affected zones. Close cooperation among our plants and offices allowed us to provide Nissan-quality assistance to the people affected by the disaster. These activities also deepened the civic-mindedness of our employees and propelled additional improvements to our disaster preparedness.

In fiscal 2012 we will explore ways to further enhance our systems and frameworks related to volunteer activities. We are also considering rolling out new programs on a global scale to complement our ongoing work with Habitat for Humanity.

Humanitarian Support

Aid to Disaster-Stricken Areas

Nissan has provided assistance to regions around the world that are affected by large-scale natural disasters.

In providing aid in response to such disasters, we believe the speed of our decision-making is of key importance. We work swiftly to gather information on the damage conditions from various functional groups and business locations in our organization so that our management can undertake appropriate discussions and make decisions based on an accurate understanding of the situation.

In response to the Great East Japan Earthquake of 2011, we reached a decision on the following day, March 12, to provide ¥30 million in initial aid to the NGO Japan Platform. Four days later our preparations were in place to donate vehicles, match employee contributions to charity and implement relief assistance. The total value came to roughly ¥400 million, including donations from our overseas subsidiaries. We took our stocks of food, mineral water, blankets, surgical masks, disinfectant and other daily-use goods and sent them to the affected regions. We also donated 50 Nissan Patrol vehicles for use by United Nations organizations and other nonprofit groups active in the impacted areas and loaned at no cost 65 Nissan LEAF electric vehicles to local governments in Tohoku. In this way, we sought to take part in aid activities in a way that only Nissan could.

To make it easier for our employees to take part in the relief efforts, we coordinated with our human resource department to establish special leave to be taken for volunteer activities. Nissan employees organized 16 volunteer events taking them to the disaster zone, and 854 people dedicated a total of 1,200 worker-days to their activities there. Donations collected from Nissan employees amounted to ¥31,508,949; the company matched this amount and provided the total to the Japanese Red Cross.

In October 2011 Thailand suffered drastic flooding. We responded with support for employees impacted by the disaster, as well as providing aid to the region in the form of ¥50 million in donations and ¥1.5 million worth of relief supplies.



For more information on our post-earthquake operations and relief activities, please see our website.
<http://www.nissan-global.com/EN/CITIZENSHIP/SUPPORT-ESTJPN//>

Humanitarian Aid in Communities

Nissan works together with a number of international NGOs in its engagement in humanitarian relief work in local communities. One of these relationships is with Habitat for Humanity, which provides housing to people who have lost their homes to poverty or disaster. Our collaboration started in the wake of Hurricane Katrina, which struck the American South in 2005. Habitat for Humanity carries out its activities all around the world, providing aid to people who lack safe, clean housing and helping them get back on their feet at minimal personal expense. We fully endorse the vision behind these activities and have chosen to form a partnership with Habitat for Humanity as an ideal means of supporting our employees' involvement in their communities. During fiscal 2011 we expanded this partnership beyond North America, supporting projects in Thailand and Indonesia through the involvement of employees of our local plants and offices.

Environmental Initiative

Partnership with Fleet Forum

With the goal of helping to reduce the environmental impact of vehicles used in nonprofit and nongovernmental activities, Nissan has partnered with Fleet Forum, an NPO headquartered in Geneva. We provide Nissan LEAF electric vehicles through Fleet Forum to five UN-affiliated and other organizations for fixed periods, free of charge. During fiscal 2012 we are planning to implement this program in Britain, Italy and Switzerland.

Community Contribution Activities in Japan

On the 23rd of each month, a date that can be pronounced *ni-san* in Japanese, our facilities in Kanagawa Prefecture celebrate "Nissan Day," and our employees take part in community clean-up activities. Our people at Nissan's Global Headquarters in Yokohama, Kanagawa, have been actively involved in this cleaning since November 2009—just three months after its move to the city—as a part of our community contributions and a way to enhance environmental awareness among our employees.

Summer Power Saving Campaign

To help Japan to cope with electricity shortages in the summer of 2011, Nissan carried out a campaign urging its employees to do what they could at home to conserve power. We organized a special contest in July and August, inviting employees to report how much their electricity use had fallen from the same months in 2010 and share their conservation hints. Around 700 employees took part in the contest, and the top four finishers achieved electricity use reductions of some 60% compared to the previous year. In all, the contest resulted in power savings equivalent to the electricity used by approximately 7,800 average households in a full day.

In a related event, we organized an art contest for elementary-school-aged children of our employees. The children created paintings during their summer breaks on the theme of energy conservation in the home, portraying what their families had done to save power and what changes they had seen in their lives. Participants grew more aware of what they could do—from unplugging appliances not in use to using fans instead of air conditioning—and reported that they had also seen improved communication within their families through these activities.



One of the first prize-winning works

Educational Activities

Support for Educational Programs

Nissan puts its manufacturing knowhow to work by carrying out a number of hands-on educational programs on an ongoing basis. During fiscal 2011 we continued with our three school-visit programs for older elementary school students: the Nissan Monozukuri Caravan, Nissan Design Waku-Waku Studio and Nissan Waku-Waku Eco School.

The Nissan Monozukuri Caravan is designed to give young participants the opportunity to experience the enjoyment of *monozukuri*, or “crafting things.” In fiscal 2011 we dispatched instructors from our Oppama and Tochigi Plants to Fukushima Prefecture, which was hit hard by the March 11 earthquake and tsunami. They taught lessons to students at eight elementary schools in the cities of Fukushima and Koriyama. This program was expanded in October 2011 with its launch at the Nissan Mexicana Aguascalientes plant as “Caravana de Monozukuri.”

In the Nissan Design Waku-Waku Studio program, our professional car designers explain the vehicle-production process as well as their jobs as product designers. The Nissan Waku-Waku Eco School classes, meanwhile, are developed in cooperation with the NPO Weather Caster Network and taught on site at schools to increase environmental awareness among children. Through these three programs, in fiscal 2011 we were able to share the joy of learning on these topics with a total of 22,300 students around Japan. Since their launch in 2007, as many as 83,000 children have taken part in the programs.

An additional event, organized by the Kanagawa prefectural government to foster the workers who will shoulder Japan’s *monozukuri* activities in the future, took place at an industrial high school in the city of Kawasaki in November 2011: the WorldSkills Medalist Career Seminar. One of Nissan’s young engineers who won a Medallion for Excellence in the electronics division at the WorldSkills competition held in London that year was joined by his coach in teaching the seminar. The students paid rapt attention to the skill and speed on display in the soldering demonstration, in which the medal-winner took just 15 minutes to complete a challenging task that had taken them two days to try themselves.

Educational Efforts in Mexico

Nissan Mexicana, S.A. de C.V. has since 2001 operated the Nissan School in cooperation with the Aguascalientes state government. This education program takes place in the Aguascalientes assembly plant and aims to foster skilled workers among the region’s population. High school and college students from the area take part in Nissan School classes, receiving technical and engineering training. As of fiscal 2011 a cumulative total of 1,400 young people had gone through the program, with roughly 40% of them joining Nissan Mexicana after graduation.

The Nissan Global Foundation

The Nissan Global Foundation was founded in 1974 to provide grants for significant research and educational activities in the natural science fields. Its financial support is focused on nurturing scientists who can grasp the true nature of the subjects they study and lead sustainable development efforts, as well as on scientific research that leads to deep-reaching solutions to various issues we face. As of the end of March 2012, the foundation had provided cumulative assistance of ¥6.9 billion to approximately 2,500 projects. In fiscal 2011 the foundation forged a technical cooperation program with an academic organization in India and launched an internship program in concert with the Renault Foundation, thus laying the groundwork for it to undertake activities as global as those of Nissan itself.



Visit the Nissan Global Foundation website (Japanese only) for detailed information.
<http://www.nissan-zaidan.or.jp/>

In Support of Young Readers

In partnership with the International Institute for Children's Literature, Osaka, Nissan organizes the Nissan Children's Storybook and Picture Book Grand Prix each year. With the goal of putting high-quality books in the hands of young readers, the contest selects prizewinning works for publication and donates copies of the finished books to about 3,300 public libraries and 700 kindergartens across Japan, as well as to schools for children of Japanese citizens and Japanese-language continuation schools near our overseas business locations. To date, we have donated a cumulative total of more than 185,000 books.

The 28th Grand Prix, held in fiscal 2011, saw 2,450 works submitted for judging. During the spring break at the end of each Japanese academic year, Nissan cohosts the Joyful Storybook and Picture Book Exhibition with the National Children's Castle (Foundation for Child Well-being). This event features exhibits related to the picture books and crafts workshops. Nissan employees and students from Waseda University volunteer at this exhibition, using recycled material from cars and other sources to teach the young participants about the joy of making things with their hands.

Nissan North America (NNA), meanwhile, provides ongoing support to the Governor's Books from Birth Foundation literacy program. This foundation provides free books to children prior to their entry into grade school. Our youth literacy efforts also extend to China, where we donate books to children in poorer communities.

Community Contributions

Nissan works constantly through its business locations around Japan and its affiliated companies to contribute to local communities as a member of society.

At our Oppama Plant in Kanagawa Prefecture, we held the Nissan Cup Oppama Championship 2011, the 12th in a series of annual wheelchair marathons, in December 2011. Organized in cooperation with local community groups, this competition aims to foster awareness of sports for the disabled and help competitors improve their abilities, as well as to energize the community that hosts the race. In all some 200 athletes from throughout Japan took part.

Each year around 500 Nissan employees volunteer to prepare the course, help out at the water stations and otherwise ensure that the race goes smoothly. Donations collected by the Taiyo Fund, established by Nissan's people especially for this annual competition, go toward several organizations supporting athletics for the disabled.

Also in Kanagawa Prefecture, the Nissan Technical Center and Nissan Advanced Technology Center in the city of Atsugi contribute to the local community by promoting "Nice Wave" activities, which include neighborhood cleanups and flower-planting activities.

Messages from Our Stakeholders

Swift Assistance for Disaster Relief Efforts

Kazuhiko Yamazaki

United Nations World Food Programme
Great East Japan Earthquake Emergency
Support Operations Coordinator



The World Food Programme's mission is to eradicate hunger and poverty. It is the only food aid institution in the United Nations. In response to the Great East Japan Earthquake, the WFP engaged in numerous emergency support projects in close coordination with the central and local governments, regional disaster response headquarters, nonprofit organizations and others. Nissan provided two of its Patrol vehicles, which did a tremendous job of transporting personnel and equipment. In the early days after the quake, some roads were covered in rubble, making it difficult for ordinary vehicles to pass through. The power and durability of the Nissan Patrols allowed us to cover ground without concern.

Thanks to the speed and mobility these vehicles gave us immediately after the earthquake, we were able to carry out our activities efficiently. Nissan's offering was a huge contribution to the activities of the WFP and other organizations. By extension, I think that this also sent a strong message of encouragement to people in the affected regions.

Area Leaders' Messages

Putting Our Disaster Relief Experience to Work

Yuushi Komota

Manager
CSR Department



During fiscal 2011 we had to deal with the aftermath of the Great East Japan Earthquake. But there were many more disasters to respond to, including the floods in Thailand, a food crisis in the Horn of Africa, and the typhoon that struck the Kinki region of Japan. I extend my sincere sympathies to all of those affected. Although the accumulation of risk management practices was successful in minimizing the impact to Nissan's operations, the experiences gained this year have taught us that it will be difficult for individuals, society and corporations like Nissan, which are supported by society, to make sustainable progress without giving deeper thought to the impact of natural disasters and their aftermath. As the department responsible for managing Nissan's philanthropic activities, we will be re-examining existing practices, standards and processes with a view to being prepared for future risks.

CSR DATA

- 76 Nissan CSR Scorecard
- 81 Fiscal 2011 Financial Review
- 82 Performance Data








Nissan CSR Scorecard

The CSR Steering Committee uses our CSR scorecard as a tool to manage, review and validate our progress in each of eight key areas we have defined for CSR activities. The table below shows some of the values behind Nissan's present activities in these areas and the indices used in the scorecard to gauge our performance.

FY2011 target achievement rate:  Achieved  Mostly Achieved  Not Achieved  Not Calculated

Eight Key Areas	Major Activity or Value		Scope of Application	Indicators of Progress	FY2009 (Result)	FY2010 (Result)	FY2011 (Target)	FY2011 (Result)	FY2012 (Target)	Long-Term Vision
Corporate Governance & Internal Control Nissan aims to conduct fair, impartial and efficient business activities, having a high degree of transparency and consistency by adhering to the applicable laws and corporate rules.	Establishment/ effective management of internal control system	Compliance/ Code of Conduct	Consolidated companies	Establishment/ global development of compliance promoting organizations and codes of conduct	Introduced internal reporting systems in each region	<ul style="list-style-type: none"> Clarified key tasks in each region and formulated action plans to advance activities to prevent noncompliance Disclosed Nissan's Global Code of Conduct to outside parties worldwide 	<ul style="list-style-type: none"> Construct a system for clarifying compliance-related risks and for priority management Enhance problem-solving and follow-up capabilities by strengthening PDCA cycle (craft medium-term plan in each region for FY2011-13) 	<ul style="list-style-type: none"> Clarified compliance-related risks and confirmed action plans for each region in the Global Compliance Committee; regularly followed up progress thereafter Formulated medium-term regional action plans (FY2011-13) Launched anti-bribery activities in line with expanding scope of Nissan's business; defined global policy, reached decision to implement related training 	<ul style="list-style-type: none"> Further enhance improvement activities based on PDCA cycle and prevent compliance infractions Set global anti-bribery policy and implement training activities 	A fully functioning framework (process) for the prevention of conduct violations
		Risk Management		Establishment/ global development of an effective risk management system	<ul style="list-style-type: none"> Dealt with outbreak of H1N1 influenza and formulated BCP to prepare for higher absence ratio Recognized new risks emerging from recent financial crisis as corporate risk; appointed risk owners to investigate management methods and strengthen controls 	<ul style="list-style-type: none"> Promoted common understanding among Global Headquarters and regional headquarters in the Americas and Europe regarding fundamental processes of risk management; exchanged related information with Renault Explained risk management initiatives in the Annual Report and Sustainability Report 	<ul style="list-style-type: none"> Review our response to the Great East Japan Earthquake and reflect results in the BCP Continue and enhance disclosure of information on our risk management activities Continue and enhance benchmarking activities together with Renault 	<ul style="list-style-type: none"> Reviewed responses to Great East Japan Earthquake for each function; reflected results in the BCP and shared the findings throughout the company; verified progress through further simulation training, enhancing level of readiness Disclosed information on risk management activities via Annual Report and Sustainability Report, adding items and updating content of disclosure Re-implemented benchmarking activities following Renault's shift to new system 	<ul style="list-style-type: none"> Carry out risk management activities to support successful achievement of mid-term business plan goals Continue disclosing information and updating its content 	Contribute to raising corporate value with a global risk management system; obtain better external understanding through appropriate information disclosure
		Information Security		Addressing personal data protection issues and establishment of stable information security	<ul style="list-style-type: none"> Continuously monitored and improved status of compliance with measures to protect personal data at Nissan Motor Co. and sales companies Produced annual plan and implemented PDCA cycle for information security management at each major affiliate 	<ul style="list-style-type: none"> Continually monitored compliance with policies to safeguard personal information at Nissan Motor Co. and its sales companies; verified levels had been maintained or improved Globally implemented an annual plan for information security management and confirmed its progress; verified levels had been maintained or improved 	Maintain/raise level of information security management	<ul style="list-style-type: none"> Continued monitoring compliance with personal information safeguarding policies at Nissan Motor and its sales companies, confirming that level was maintained or improved Globally implemented, tracked progress in annual information security management plan, confirming that level was maintained or improved Implemented process for monitoring information security incidents that occurred outside of Nissan and confirmed that similar issues could not take place within the company 	Maintain/raise level of information security management	Contribute to pursuing stable corporate activities and social responsibility by globally implementing PDCA cycles on information security

FY2011 target achievement rate: Achieved Mostly Achieved Not Achieved Not Calculated

Eight Key Areas	Major Activity or Value	Scope of Application	Indicators of Progress	FY2009 (Result)	FY2010 (Result)	FY2011 (Target)	FY2011 (Result)		FY2012 (Target)	Long-Term Vision
Economic Contribution	Implementation and promotion of Nissan Power 88	Consolidated companies	Consolidated operating profit ratio	4.1%	6.1%	4.9% (forecast)	5.8%		6.8% (forecast)	Achieve sustainable, profitable growth by advancing a sustainable mobility society; continue providing value to all stakeholders over the long term
Nissan aims for sustainable, profitable growth, contributing to economic development for all of society.			Global market share	5.5%	5.8%	6.1% (forecast)	6.4%		6.7% (forecast)	
		Company stock	Nissan Motor Co., Ltd.	Dividend	¥0/share	¥10/share	¥20/share	¥20/share		
Quality	Score of external indicator that is most influential to customers	Global	[North America] <i>Consumer Reports</i> J.D. Power IQS/VDS	Achieved nearly all FY2009 targets	Achieved nearly all FY2010 targets	Improve rankings in respective KPIs	Achieved nearly all FY2011 targets		Improve rankings in respective KPIs	Under quality improvement goals of Nissan Power 88, make Infiniti a leading luxury brand and make Nissan a leading global automotive brand by FY2016
Nissan provides top-level quality in its products and services around the world.	[Europe] U.K.: <i>What Car?</i> Germany: <i>ADAC</i> Italy: <i>Quattroruote</i>		U.K.: Qashqai and Note earned high marks in <i>What Car?</i> Italy: Qashqai earned high marks in <i>Quattroruote</i> Germany: Qashqai and Note earned reputation for high reliability in <i>ADAC</i>	▪ U.K.: Qashqai and Note earned high marks in <i>What Car?</i> ▪ Italy: Qashqai earned high marks in <i>Quattroruote</i> ▪ Germany: Qashqai and Note earned reputation for high reliability in <i>ADAC</i>	U.K.: Qashqai and Note earned high marks in <i>What Car?</i> Germany: Qashqai and Micra won high reliability marks in <i>ADAC</i>					
	[Other] China: J.D. Power IQS/VDS South Africa: Pied Piper PSI Brazil: <i>Quatro Rodas</i> India: J.D. Power IQS		China JDP/IQS: 4 models earned top 3 rankings South Africa PSI: 4 models in top ranking	China JDP/IQS: 3 models earned top 3 rankings	China: 3 models in top 3 rankings for J.D. Power IQS, 4 models in top 3 for J.D. Power VDS South Africa PSI: 3 models in top 3 rankings					
	Achievement of Sales and Service Quality objectives, resulting in the highest levels of customer loyalty and service retention	Global	Customer satisfaction survey results relating to Sales and Service Quality in focus countries (Nissan and Infiniti)	Maintained position in all countries where Top-Level Quality had previously been achieved; continued to improve position in all other countries in the focus group through initiatives, activities aimed at milestones for Top-Level Sales and Service Quality	Improvements carried out according to plan toward achievement of Top-Level Quality objectives	Continue Sales and Service Quality improvement through achievement of Top-Level Quality objectives in focus countries	Maintained Top-Level Quality in those focus markets where already attained; improved rankings in other markets by implementing "kaizen" actions.		Continue Sales and Service Quality improvement in focus markets toward Top-Level Quality achievement	Achieve Top-Level Quality in all focus markets by FY2016

Note: Please see the detailed information on the NGP2016 activities on p. 24.

Eight Key Areas	Major Activity or Value		Scope of Application	Indicators of Progress	FY2011 (Result)	FY2016 (Target)	Long-Term Vision	
<div>Environment</div> <p>Nissan aims to lead a social transformation aimed at bringing about a sustainable mobility society by reducing vehicles' environmental impact throughout their life cycle and expanding the lineup of effective green products and technologies.</p>	Implementation and promotion of Nissan Green Program 2016 (NGP2016)	Penetration of zero-emission vehicles	Global	Number of zero-emission vehicles sold	23,000 Nissan LEAF units sold	Cumulative sales with Alliance partner Renault of 1.5 million EVs by FY2016, securing leadership in zero-emission mobility	90% reduction in CO ₂ emissions from new vehicles from FY2005	Reduce environmental impact and resource usage of Nissan corporate activities and vehicles to within the Earth's natural ability to absorb
				Number of new EV models introduced	(Nissan LEAF introduced already in FY2010)	4 models released		
				Promotion of activities toward realization of zero-emission society	Efforts underway, including development of "LEAF to Home" system, road tests of Nissan New Mobility Concept ultracompact EV	Realization of zero-emission society		
		Wider application of fuel-efficient vehicles	Global	Corporate average fuel efficiency (CAFE) (Japanese, North American, European, Chinese markets)	15% improvement from FY2005	35% improvement in CAFE from FY2005 (Japanese, North American, European, Chinese markets)		
				Number of models launched with class-leading fuel efficiency	Tiida (China), Versa Sedan (U.S.)	Global rollout		
				Cumulative number of hybrid models launched	Development underway of front-wheel drive hybrid vehicles, plug-in hybrid electric vehicles (PHEVs)	Global rollout		
				Number of CVT-equipped units sold (beginning 1992)	11.08 million cumulative sales	20 million cumulative sales		
		Corporate carbon footprint minimization	Global	Rate of CO ₂ emission reduction for corporate activities (production, logistics, offices, sales companies; t-CO ₂ /unit, from FY2005) • Plants (t-CO ₂ /unit, from FY2005) • Offices (Japan, North America, Europe, China; output level basis) • Sales companies (Japan; output level basis)	8.9% reduction • 20.5% reduction • 2.6% reduction • 11.9% reduction	20% reduction • 27% reduction • 1% annual reduction (FY2010 as base) • 1% annual reduction (FY2010 as base)	80% reduction from FY2005 (t-CO ₂ /unit)	
		New natural resource usage minimization	Global	Recycled material use ratio per vehicle	Efforts underway, including reuse of steel and aluminum plate scraps generated during manufacturing in new plate metal	Improve recycled material use ratio to 25%	Reduce ratio of new natural resources per vehicle by 70% from FY2010	
			Japan	Resource recovery rate	98.8%	Top-level recovery rate		
			Global	Waste reduction percentage at plants	Japan: 8.4% reduction Global: 12.3% reduction	Japan: 2% annual reduction (compared to business as usual) Global: 1% annual reduction (compared to business as usual)		
				Number of facilities with water-resource management	4 facilities (Australia, India, China, Mexico)	All production facilities		

FY2011 target achievement rate:  Achieved  Mostly Achieved  Not Achieved  Not Calculated

Eight Key Areas	Major Activity or Value	Scope of Application	Indicators of Progress	FY2009 (Result)	FY2010 (Result)	FY2011 (Target)	FY2011 (Result)		FY2012 (Target)	Long-Term Vision
Safety	Establishment of quantitative reduction targets for Nissan-related traffic deaths, etc., real-world analysis of accidents to build safer cars and implementation of driver-education programs	Japan, U.S., U.K.	Reduction from 1995 levels in Nissan-related traffic deaths and injuries (Figures are available approx. two years later due to calculation based on publicly released data)	Japan: 53% U.S.: 48% U.K.: 56%	Japan: 54% (Data not collected for U.S., U.K.)	Develop and boost use of safety-related technologies based on Nissan Safety Shield approach to reduce fatal and serious injuries from previous FY, progressing toward ultimate goal	Figures to be calculated once data is released	—	Develop and boost use of safety-related technologies based on Nissan Safety Shield approach to reduce fatal and serious injuries from previous FY, progressing toward ultimate goal	Aim for ultimate goal of zero fatalities and serious injuries involving Nissan vehicles
Nissan develops innovative technology and plays an active role in safety promotion, making the automobile society safer for all.										
Employees	Build a learning-oriented corporate culture	Nissan Motor Co., Ltd.	Trainee satisfaction: Based on surveys of employees undergoing annual training courses. Scores (on a scale of 1 to 5) are the lowest of the averages for each course	4.5 or higher	4.5	Implement education programs to enhance competency; maintain/increase satisfaction of attendees	4.2 or higher	◎	Implement education programs to enhance competency; maintain/increase satisfaction of attendees	Create a learning-oriented corporate culture and a setup allowing individual employees to achieve personal growth
Nissan aims to form an attractive organization where diverse human resources can achieve personal growth through experience in global business.	Enhance management quality, employee motivation based on employee attitude surveys	Global	Improved scores for management quality, employee motivation; share of positive responses to questions in employee attitude surveys	Surveys not implemented in FY2009	Quality of management: 50% Employee motivation: 57%	Promote activities to enhance quality of management and revise corporate culture based on employee attitude surveys; raise scores on quality of management/ employee motivation	Surveys not implemented in FY2011	—	Promote activities to enhance quality of management and revise corporate culture based on employee attitude surveys; raise scores on quality of management/ employee motivation	Improve quality of management and create an organization that inspires and enhances employee engagement
	Support for self-initiated career development	Nissan Motor Co., Ltd.	Number of successful applicants under Open Entry (employees can apply for advertised position openings) and Shift Career (employees can apply to the department or occupation of their choice, regardless of availability) Systems	94 (Open Entry and Shift Career Systems)	103 (Open Entry and Shift Career Systems)	Further advance assignment of employees to relevant positions via Open Entry/Shift Career Systems	99 (Open Entry and Shift Career Systems)	◎	Further advance assignment of employees to relevant positions via Open Entry/Shift Career Systems	Provide support for career development that emphasizes employees' self-initiative
	Creating safe and worry-free workplaces	Nissan Motor Co., Ltd.	Frequency of labor accidents (injuries or deaths per 1 million worker-hours)	0.37	0.43	0.27	0.35	△	0.27	Build and maintain safe, worry-free workplaces
			Intensity of labor accidents (Intensity=total working hours lost/total working hours x 1,000)	0	0	No serious accidents	0	○	No serious accidents	
	Promotion of diversity through active development, engagement with women	Global	Share of women in middle management and management positions	Japan (Nissan Motor): 5% Americas: 10% Europe: 13%	Japan (Nissan Motor): 6.1% Americas: 12% Europe: 14%	Global: 10%	Global:10% Japan (Nissan Motor): 6.7% Americas: 12% Europe: 15%	◎	Global:10.5%	Provide greater value to customers through diversity
			Employee survey score on diversity	Surveys not implemented in FY2009	Global: 50%	Maintain/upgrade scores	Surveys not implemented in FY2011	—	Maintain/upgrade scores	
	Promotion of diversity through cross-cultural recruitment	Nissan Motor Co., Ltd.	Share of non-Japanese employees	1%	1.0% (as of April 2010)	Maintain/upgrade share of non-Japanese employees	1%	◎	Maintain/upgrade share of non-Japanese employees	

FY2010 target achievement rate:  Achieved  Mostly Achieved  Not Achieved  Not Calculated

Eight Key Areas	Major Activity or Value	Scope of Application	Indicators of Progress	FY2009 (Result)	FY2010 (Result)	FY2011 (Target)	FY2011 (Result)		FY2012 (Target)	Long-Term Vision
Value Chain Nissan promotes ethical, environmentally sound actions in all stages of the supply chain.	Reduce the environmental impact of products through green procurement activities	All primary suppliers to Renault-Nissan Purchasing Organization (RNPO; responsible for 100% of total Renault-Nissan procurement by value, April 2009)	Extent to which values and codes of conduct are shared with suppliers	Created "CSR Guidelines for Suppliers" with Renault in line with the CSR procurement activities of the Japan Automobile Manufacturers Association, and prepared to send them out	<ul style="list-style-type: none">Worked with Renault to distribute "CSR Guidelines for Suppliers" from purchasing departments at operational sites to suppliers (from June)Carried out MPA revisions incorporating penalties for compliance infractions (from July)	Boost CSR understanding among suppliers with video and other presentations on Nissan CSR activities and examples at Nisshokai and other supplier meetings	<ul style="list-style-type: none">Recovery from the Great East Japan Earthquake and Thai flooding carried out with suppliers as vital activities; these were implemented and evaluated as CSR for contributing to society through support for suppliers in affected areas, prompt relaunch of productionMain approaches included:<ul style="list-style-type: none">1. Swift sharing of information related to production recovery2. Steps to deal with planned blackouts, shift to weekend operations in summer months3. Creation of BCPs for supply chains (Japan and Thailand)Rules created in FY2010 defining penalties for supplier compliance infractions applied to cases that arose	◎	<ul style="list-style-type: none">Begin formulation of BCPs for overseas locations (other than Japan, Thailand) from the first half of FY2012Implement survey of steps taken to address conflict mineral usage, with the goal of deepening CSR penetration through the supply chainContinued steps to address supplier infractions	Continually support suppliers' efforts to enhance their systems for CSR activities
	Reduce the environmental impact of products through green procurement activities	All primary suppliers around the world	Ascertaining compliance with Japan's green procurement guideline for environment-impacting substances in purchased parts, and promotion of such activities with regard to global guideline	Held meetings with Thai suppliers to explain "Nissan Green Purchasing Guidelines"	Globally published "Nissan Green Purchasing Guidelines" on the website; initiated their deployment in North America	Create framework for promoting reduced supplier use of environment-impacting substances	New management processes created in line with NGP2016, explained at supplier meetings in November; began global deployment of revised "Nissan Green Purchasing Guidelines" (enhancement of management of environment-impacting substances in Europe)	◎	Implementation and improvement of steps under new management processes	Reduce Nissan's environmental impact throughout the life cycle by establishing structures for suppliers; enhance management scope by extending activities to the whole value chain
	Promotion of CSR activities at sales companies	Sales Companies (Japan)	Regular sharing of information with sales companies and support for voluntary activities	Started introduction of a compliance self-assessment program at sales companies in Japan; at meetings of sales company executives in September 2009 and March 2010, shared information on latest compliance developments, offering support for sales company efforts	Further enhanced awareness of compliance through implementation of companywide self-assessment program	Continue implementing self-assessment program; hold regular events to exchange information (e.g. company representative meetings)	<ul style="list-style-type: none">Efforts to firmly establish compliance self-assessment program helped boost compliance awareness from FY2010 levelsRepresentative meeting in June urged greater care with personal information protection, leading to enhanced measures and stronger information management at each company	◎	Implement self-assessment program revised based on recent compliance trends to further boost awareness; hold regular events to exchange information (e.g. company representative meetings)	Provide support to help cement voluntary efforts at sales companies
Philanthropy Nissan carries out social contribution activities as a corporate citizen, focusing on education, environmental awareness and humanitarian relief.	Clarification of Nissan's philanthropy policy, reinforcement of in-house organization and enhancement of philanthropic activities	Global	Clarification of Nissan's philanthropy policy and establishment of an in-house promotion organization	Continued to investigate global programs, but did not implement in FY2009. "The Science of Survival" was discontinued in June 2009 due to organizer's reasons	Launched joint projects with Habitat for Humanity, beginning in March 2010 in India and in March 2011 in Indonesia and Thailand	<ul style="list-style-type: none">Enhance the 3 regional systems (Asia, AMIE, Americas) and strengthen managementDevelop new programs to assist "base of pyramid"Engage in dialogue with stakeholders twice per year as part of philanthropic activities	<ul style="list-style-type: none">Designated officers to head CSR, philanthropic efforts at 3 main bases, including Global Headquarters; created system for global promotion and cooperationSigned global agreement with Habitat for Humanity, an NGO Nissan North America has partnered with since 2006; set FY2012 course for stronger participation in poverty reliefHeld talks with 10 NPOs active in the March 11 disaster zone to provide maximum support possible targeting high-need areasHeld a town meeting in Yokohama in connection with Omoiyari Light Promotion safety campaign; carried out dialogue with wide range of experts, other stakeholders	◎	<ul style="list-style-type: none">Review March 11 disaster relief and advance measures to create environment conducive to employee participation in volunteer effortsWork on systems allowing swift decisions on form of relief efforts following disastersDevelop existing programs to enable more global activities delivering value more widely	Continually implement unique philanthropic programs centered on "support for education," "environmental awareness" and "humanitarian relief," balancing global perspectives with the most appropriate activities for each region

Fiscal 2011 Financial Review

For fiscal 2011, Nissan's financial results on a consolidated basis were as follows: net revenues were ¥9.409 trillion, operating profit was ¥545.8 billion and net income was ¥341.4 billion. Nissan had positive automotive free cash flow of ¥379.5 billion, giving the company a net cash position of ¥619.8 billion at the close of the fiscal year.

Global demand for automobiles in fiscal 2011 climbed 4.2% from the previous year to reach 75.7 million units. Nissan's global sales for the year marked a record high, climbing 15.8% to 4,845,000 units. This climb in sales outpaced demand growth to give Nissan an overall global market share of 6.4%, up 0.6 points from the previous year.

In Japan, Nissan sold 655,000 units, up 9.2% from the previous year, resulting in a 13.8% market share, up 0.8 points from fiscal 2010.

In the Chinese market, Nissan sold 1,247,000 units, up 21.9% year on year. Market share in China climbed 1.1 points to 7.3%. In the United States sales rose 11.8% to 1,080,000 units, a 0.2-point rise to an 8.2% market share. In Mexico, Nissan extended its market share by 2.2 points to 25.3%, maintaining its leading position in the industry there with sales of 235,300 units, up 20.7% from fiscal 2010. Sales in Europe, including Russia, rose by 17.5% year on year to reach 713,000 units, representing 3.9% of the market.

In all other markets, including Africa, Latin America and the ASEAN economies, we sold 826,000 units, up 16.4% from fiscal 2010. Sales were particularly strong in Brazil, where they climbed 94.8% year on year to reach 81,000 units. We also saw strong growth in Indonesia, with sales up 41.8% to 60,400 units, and in India, where sales more than doubled from fiscal 2010 to 31,300 units.

In fiscal 2011 Nissan achieved record-high levels of vehicle sales and growth. Despite the stiff headwinds of natural disaster and unfavorable foreign exchange rates, we once again proved our ability to overcome crisis. Nissan stands well prepared to further accelerate its growth in the future.

Fiscal 2011 Financial Performance (billion yen)

	FY2010	FY2011	Change
Consolidated net revenue	8,773.1	9,409.0	635.9
Consolidated operating profit	537.5	545.8	8.3
Non-operating loss/profit	0.3	-10.7	-11.0
Ordinary profit	537.8	535.1	-2.7
Net extraordinary loss	-57.7	-5.8	51.9
Net income	319.2	341.4	22.2
CAPEX	312.0	406.4	94.4
R&D	399.3	428.0	28.7
Depreciation	372.1	334.4	-37.7

FOREX for FY2011: ¥79.1/\$ ¥109.0/€
(The average rates for the fiscal year ending March 31, 2012)

Performance Data

	FY2009	FY2010	FY2011
No. of employees (consolidated)	169,298	155,099	157,365
No. of individual investors	273,000	264,940	265,168
Corporate tax	−¥26.5 billion	¥140.7 billion	¥106.5 billion
R&D expenditures (% of sales)	¥385.5 billion (5.1%)	¥399.3 billion (4.6%)	¥428.0 billion (4.5%)
Capital investment (% of sales)	¥273.6 billion (3.6%)	¥312.0 billion (3.6%)	¥406.4 billion (4.3%)
Donations for disaster relief	¥12.0 million (by Nissan Motor Co., Ltd. for 2010 Chile earthquake, etc.) \$117,000 (by Nissan North America, Inc. for 2010 Haiti earthquake, etc.)	Over ¥430 million (by Nissan Motor Co., Ltd., Nissan North America, Nissan Europe S.A.S., etc. for Great East Japan Earthquake) About ¥6.8 million (by Nissan [China] Investment Co., Ltd. for Yushu earthquake) \$100,000 (by Nissan North America for 2010 Haiti earthquake)	¥11.9 million (by Nissan Motor Co., Ltd. for Great East Japan Earthquake) ¥10.0 million (by Nissan Motor Co., Ltd. for Typhoon No. 12) ¥55.1 million (by Nissan Motor Co., Ltd. and Nissan Thailand for 2011 Thailand floods) ¥10 million (Nissan Europe S.A.S., for Horn of Africa crisis)
Nissan Motor Co., Ltd. data	No. of employees*1 Average age (years) Average service (years) Average annual salary*2 Disabled employment ratio No. of employees taking parental leave No. of employees taking nursing care leave No. of unionized employees	30,277 41.8 20.1 ¥6,271,632 approx. 2.1% 161 9 27,271	28,403 42.4 20.7 ¥6,847,796 2.0% 195 15 26,790
			24,240 42.8 18.3 ¥7,058,538 1.95% 192 9 26,851

*1 A major reason for the decrease of 4,163 persons during FY2010–FY2011 was the employment transfer resulting from the establishment of Nissan Motor Kyushu Co., Ltd.

*2 Average annual salary for employees not in managerial positions; includes bonuses and overtime pay.

No. of Employees (as of end of March 2012)

Japan	69,141
North America	24,702
Europe	14,725
Asia	46,516
GOM	2,281
Total (consolidated)*	157,365

* Includes 34,775 nonpermanent workers. The number of employees engaged in sales finance business was 2,129, including 111 part-time workers.

Union Information

Nissan Motor Co., Ltd.'s employees are affiliated with the All Nissan Motor Workers' Union, for which the governing body is the All Nissan and General Workers Unions, and the Japanese Trade Union Confederation (Rengo) through the Confederation of Japan Automobile Workers' Unions. The labor-management relations of the company are stable, and the number of union workers was 26,851 including Nissan Motor Kyushu Co., Ltd. as of March 31, 2012.

At most domestic group companies, employees are affiliated with their respective trade unions on a company basis, and the governing body is the All Nissan and General Workers Unions.

At foreign group companies, employees are affiliated with their respective trade unions. In Mexico, for example, workers are affiliated with a domestic trade union for which the governing body is the Confederation of Mexican Workers (CTM) or independent trade unions, whereas most employees in the United Kingdom are affiliated with the Unite the Union, Nissan Motor Manufacturing (UK) Ltd., Branch. Local employees of other group companies are affiliated with different types of trade unions according to the labor environment in each country.

Global Network (Numbers/locations as of June 2012)

R&D:

12 countries/areas (Japan, USA, U.K., Taiwan, China, Thailand, India, South Africa, Mexico, Brazil, Spain, Vietnam)

Design:

4 countries (Japan, USA, U.K., China; total of 5 design centers)

Automobile Production Plants:

20 countries/areas (Japan, USA, U.K., Spain, Taiwan, China, Thailand, Philippines, Malaysia, Indonesia, Mexico, Brazil, Iran, South Africa, Kenya, Egypt, Pakistan, Russia, Vietnam, India)

Sales by Model (Top 5)

Japan (units)

Model	FY2011 (Apr. 2011–Mar. 2012)
Serena	93,755
Moco	65,365
Note	56,555
March	51,492
Roox	50,404



Serena

U.S. (units)

Model	FY2011 (Apr. 2011–Mar. 2012)
Altima	295,790
Rogue	129,818
Sentra	106,766
Versa	104,590
Maxima	61,942



Altima

Europe (units)

Model	FY2011 (Apr. 2011–Mar. 2012)
Qashqai	205,089
Juke	135,554
Micra	76,713
Qashqai+2	51,040
Note	45,897



Qashqai

Business and Other Risks

Information on risks involved in business operations has been disclosed in the Yukashoken-Hokokusho for the year ended March 31, 2011, as follows. Any future forecasts included in the following descriptions are based on the estimated or judgment of Nissan as of June 28, 2011.

1. Rapid changes in the global economy and economic climate

(1) Economic factors

The demand for products and services provided by the Group is strongly affected by the economic conditions in each country or market in which they are offered for sale. Although the Group strives to predict change in economic climate and demand precisely and to take necessary measures in the major markets like Japan, China, the United States of America, Mexico, Europe and Asia, in case of greater-than-anticipated downturn, such as global economic crisis, it could have a significant effect on the Group's financial position and business performance.

(2) Situation regarding resources and energy

The demand for products and services provided by the Group largely varies depending on rapid changes in the situation surrounding various resources and energy as represented by the hike of crude oil prices. If gasoline prices continue to rise, consumer demand is forecast to shift to products with better fuel consumption and overall demand could decline in case of further hikes in gasoline prices. Any greater-than-anticipated fluctuations in such resources or the energy situation could have a significant effect on the Group's financial position and results of operations due to deterioration in operating performance and/or opportunity loss.

2. Rapid changes and moves in the automotive market

The automobile industry is currently experiencing intensified market competition worldwide. To win given such intense competition, the Group maximizes its efforts in all aspects of technology development, product development and marketing strategy to timely provide products that address customer needs. Nevertheless, the failure to timely address customer needs or improper responses to environmental and/or market changes could have a significant effect on the Group's financial position and business performance.

Demand might decrease or change due to the progress of negative factors such as a decline in population, the aging society and a dwindling birthrate in a mature market, whereas demand might considerably increase in emerging markets. These changes or trends might generate favorable results for the Group with a rise in business opportunities but could result in an adverse effect on the Group's financial position and results of operations due to an excessive dependency on certain products and/or regions unless appropriate forward-looking steps are undertaken.

3. Risks related to the financial market

(1) Fluctuation in foreign currency exchange rates

The Group's products, finished cars, are produced in 18 countries and regions, and are sold in more than 160 countries.

The Group's procurement activities for raw materials, parts/components and services are conducted in many countries. As the consolidated financial statements of the Group are calculated and presented in Japanese yen, the appreciation of the yen against other currencies adversely affects the Group's financial results of operations, in general. In contrast, the depreciation of the yen against other currencies favorably affects the Group's financial results of operations. Any sharp appreciation of the currencies of countries where the Group manufactures vehicles could lead to increases in production costs that would adversely affect the Group's competitiveness.

(2) Hedging of currency and interest rate risks

The rise in market interest rates and/or in the cost of capital procurement due to the Company's decreased rating by credit rating agencies could have a significant effect on the Group's financial position and business performance.

The Group may utilize derivative transactions for the purpose of hedging its exposure to risks such as fluctuations in the foreign exchange rates of its receivables and payables denominated in foreign currencies, the interest rates of interest-bearing debt and fluctuations in commodity prices. Although the Group can hedge against these risks by using derivatives transactions, the Group might miss potential gains that could result from seizing the market opportunities to profit from such fluctuation in exchange rates and interest rates. In addition, the Group manages its exposure to credit risk by limiting its counterparties to financial institutions with high credit ratings. However, a default by any one of these counterparties could have an adverse effect on the Group's financial position and business performance.

(3) Financial Asset Price Risk

The Group may hold marketable securities for certain reasons including strategic holding, relationship management and cash management, in which there are risks of price fluctuation. Therefore the Group's financial position and business performance can be affected by the price fluctuation in the stock and bond markets.

(4) Liquidity risk

The Company endeavors to raise funds from appropriate sources with measures such as an accumulation of net cash, the conclusion of loan commitment agreements and the diversification of funding sources and geographies for fund-raising by formulating relevant internal rules so that the Group can ensure an appropriate level of liquidity even if any environmental change beyond expectations occurs in the financial market. However, this factor could entail a greater-than-anticipated level of risk that might hinder the smooth execution of the initially planned financing, thereby having a significant effect on the Group's financial position and business performance.

(5) Sales financing business risk

Sales financing is an integral part of the Group's business. The Global Sales Financing Business Unit was established at the Company. This dedicated internal department provides strong support to its automotive sales, while maintaining high profitability and a sound and stable financial condition through strict risk management policies. However, the sales financing companies inevitably have high exposure to interest-rate risk, residual value risk and credit risk. Accordingly, these risk factors could entail a greater-than-anticipated level of risk, which could adversely affect the Group's financial position and business performance.

(6) Counterparty credit risk

The Group does business with a variety of local counterparties including suppliers and sales companies in different regions around the world. The Group manages its own counterparty credit risk by conducting a comprehensive annual assessment of suppliers' financial condition based on their financial information. Nonetheless, should unprecedented conditions such as bankruptcies be triggered by a global economic crisis, the resulting production interruption and/or troubles on any other production activity at the procurement side and any significant default by a counterparty at the sales side would adversely affect the Group's financial position and business performance.

(7) Employee retirement benefit expenses and obligations

The amounts of retirement benefit obligation and related expenses of the Group, which are provided for retirement benefits of employees of the Group companies, are calculated using various actuarial assumptions including the discount rate applied, the projected rate of return on plan assets and other factors. If the Group's actual results differ from those assumptions or if any of the assumptions change, the resulting effects will be accumulated and recognized systematically over future periods. The cumulative effect could adversely affect the recognition of expenses and liabilities recorded in future periods.

4. Risks related to business strategies and maintenance of competitive edge

(1) Risks involved in international activities and overseas expansion

The Group's products, finished cars, are produced in 18 countries and regions, and are sold in more than 160 countries. It is possible that the Group's global manufacturing and marketing activities will be extended to other countries and regions. The Group forecasts and sufficiently evaluates a wide variety of risks inherent in conducting business in overseas markets, including the factors noted below. Nevertheless, each of these factors could entail unpredictable risks or a greater-than-anticipated level of risk at any place in our overseas presence without achieving the planned rate of capacity utilization and/or profitability, which could have significant effects on the Group's financial position and business performance.

- Unfavorable political or economic factors
- Legal or regulatory changes
- Changes in corporate income tax, customs duties and/or other tax system
- Labor disputes including strikes
- Difficulties in recruiting and retaining talented human resources
- Social turmoil due to terrorism, war, coup, large-scale natural disaster, epidemic disease or other destabilizing factors

(2) Research and development

The Group's technology must be useful, pragmatic and user friendly. To this end, the Group anticipates the nature and scope of the market demand and then prioritizes and invests in the development of new technologies. However, any sudden and greater-than-anticipated changes in its business environment or in customer preferences or a relative decline in its competitive edge in development could impact negatively on customer acceptance of these new technologies, which could have a significant effect on the Group's business performance.

(3) Collaboration with other corporations

The Group may collaborate with other corporations that have excellent technologies to effectively acquire higher competitiveness within the short term. However, the anticipated results might not be achieved depending on the market environment of the business field concerned and/or changes in technological trends and the progress of collaborative activities with allied partners, which could adversely affect the Group's business performance.

(4) Quality of products and services

To provide products and services of superior quality, the Group endeavors to ensure and enhance maximum quality through detailed management systems from the standpoint of research and development, manufacturing and services.

However, the adoption of new technology to propose higher added value might cause unexpected quality issues after sales of a product start even if it has been repeatedly tested prior to its launch with maximum care. Although the Group has insurance policies to assure the source of funding product liability claims to a certain extent, this does not necessarily mean that all damages are fully covered. If the Group were to implement significant recalls in volume and amount for the benefit of customers' safety, the Group would incur significant additional expenses that could adversely affect its financial position and business performance.

(5) Environmental and safety-related restrictions and corporate social responsibility (CSR)

The automobile industry worldwide is influenced by a broad spectrum of regulations governing the emission levels of exhaust fumes, CO₂/fuel economy guidelines, noise level limitations, recycling-related restrictions and safety standards. These regulations have become increasingly stringent. Indeed, compliance with such regulations is obvious to industrial corporations, and it is becoming common to comply with autonomous guidelines and stricter objectives are required in an increasing number of fields as part of CSR. Although the Company is actively committed inside and outside of the Group to several continuous environmental activities based on Nissan Green Program 2016, the medium-term environmental action plan, the burden of ongoing development and investments has been increasing to ensure and/or maintain an advantageous position against competitors. As a consequence, a further rise in these costs could have an impact on the Group's financial position and business performance.

(6) Critical lawsuits and claims

It is possible that the Group could encounter a variety of claims or lawsuits with counterparties and/or third parties in the course of conducting business. With respect to various lawsuits and claims that the Company and the Group might encounter, the possibility exists that the Company's assertion may not be accepted or that the outcome may be significantly different from that anticipated. As a result, any such judgment verdict or settlement could adversely affect the Group's financial position and business performance.

(7) Intellectual property rights

The Group owns a wide variety of proprietary technologies and has the expertise to differentiate the Group's products making them unique from those of its competitors. These assets have proven their value in the growth of the Group's business and will continue to be of value in the future. The Group strives to protect its intellectual property assets.

However, in certain markets, the Group may encounter difficulty in fully protecting the proprietary rights to its own technologies.

The Company established the Intellectual Property Rights Management Department to protect intellectual property rights in such markets, strengthen activities to protect Nissan's intellectual property rights, accumulate new intellectual property rights and perform various activities to protect and create the Brands. However, cases may arise where the Group finds itself unable to prohibit others from abusing or infringing on its intellectual property rights by imitating and manufacturing or selling similar vehicles.

(8) Recruitment and retaining of talented human resources

The Company considers human resources to be the most important corporate assets. The Company therefore focuses its efforts on recruiting talented people globally, enhancing the development of human resources and implementing fairer and more transparent performance evaluation systems. However, industrial competition to secure talented people is intense. Should appropriate recruitment and/or retaining of such desirable human resources not go according to plan, such an unsuccessful personnel development strategy could adversely affect and reduce the competitiveness of the Group on a long-term basis.

(9) Compliance and reputation

The Group always takes appropriate preventive measures and conducts regular audits with regard to compliance of laws and regulations including necessary information security measures for the protection of personal and confidential information. Furthermore, the Group has strived to streamline the relevant systems to rapidly cope with any possible detection of compliance-related incidents to prevent their adverse effects on trust in and/or the reputation of the Company. Nevertheless, in view of increasing expectations relative to CSR in contemporary society, delayed, insufficient and/or improper responses on compliance-related issues could adversely affect the confidence and/or reputation of the Group, thereby adversely affecting the Group's results of operations through, for example, a possible decline in sales resulting from a damaged reputation.

5. Continuation of business

(1) Large-scale natural disasters

The Group's corporate headquarters and many of its manufacturing facilities are located in Japan, where the statistically proven probability of earthquakes is higher than in many other countries. The Group has developed basic guidelines on earthquake risk management, and has organized a global task force (the COO is the head) to direct disaster prevention and recovery activities. In addition, the Group has been strengthening its manufacturing facilities with anti-seismic reinforcement. However, if a severe earthquake were to hit one of the Group's key facilities causing a halt in production, this would adversely affect the Group's financial position and results of operations.

The Group addresses preventive measures and the improvement of emergency response systems to prepare for risks other than earthquakes, including fires, typhoons, floods and epidemics of new types of influenza. Nevertheless, if any of these risk factors occurs or spreads on an unprecedented scale, such risk could adversely affect the Group's financial position and business performance.

In the wake of the Great East Japan Earthquake that occurred in March 2011, various unforeseen risks emerged as listed below.

- The risk that plant operations could be restricted, to a significant extent, because a scheduled power failure is forcibly implemented or a long-term power shortage continues.
- The risk that plant employees and/or suppliers could not restore operations or operate facilities within areas of limited or no access, in which people cannot restore or operate facilities based on an evacuation directive to restrict or prohibit entry due to radioactive pollution from a nuclear power generation plant.
- The risk that the acceptance of parts and/or products could be rejected or postponed by customers because of radioactive pollution, as well as the risk of sluggish sales due to harmful rumors.
- The risk of tsunamis, for which damage projections (e.g., the height of a tsunami and the scope of the expected devastated areas) are now much more severe than previously anticipated, in the event of any significant earthquakes such as a Nankai Trough earthquake.

The Group is currently studying and addressing effective countermeasures to solve these problems. However, these risks often cannot be handled by the Company alone and may entail certain costs to implement actions, and therefore could have an impact on the Group's financial position and business performance.



(2) Purchase of raw materials and parts

The Group purchases raw materials, parts/components and services from many suppliers by reason of its business structure. In recent years, the use of rare metals, of which production volume is extremely small and production mines are limited to several restricted areas of a few countries, has been increasing, in association with the implementation of new technologies. The unpredictable fluctuation of market conditions resulting from a drastic change in the supply-demand balance or a radical change in the political situation of a production country could entail a greater-than-anticipated level of risk in the stable procurement of necessary raw materials, parts/components or services on an ongoing basis, which could adversely affect the Group's financial position and business performance.

(3) Dependency on specific suppliers

If procurement of higher technology or higher quality is pursued at more competitive pricing, actual orders might sometimes concentrate on only one or a small limited number of suppliers. Although the Company has reviewed its supply chains, including secondary and tertiary suppliers, and addressed their reinforcement measures, a possible suspension of supply due to any unforeseen accident or any delay or deficit in supply could lead to the forced suspension of the Group's production plants, thereby adversely affecting the Group's financial position and business performance.

(4) Computer information system

Almost all the Group's business activities are supported by computerized information systems. As information systems have become increasingly complicated and sophisticated, the Group takes a variety of measures to ensure security and improve their reliability. However, any possible shutdown of overall systems due to the occurrence of any greater-than-anticipated disaster or by the intrusion of a wrongful computer virus would make it difficult for the Company to continue operations, thereby adversely affecting the Group's financial position and business performance.

Third-Party Comments



Toshihiko Goto

Chief Executive
Sustainability Forum Japan

Toshihiko Goto

I must begin with words of praise for Nissan. In the wake of the Great East Japan Earthquake, the way its business continuity plan (BCP) has functioned and the company's efforts to revise and expand this BCP—not to mention the variety of relief activities it has carried out—have been splendid.

Looking over the entirety of Nissan's CSR activities in fiscal 2011, while there have been some instances where the company took on new challenges, such as with Nissan Green Program 2016 (NGP2016), for the most part there have been no externally visible changes to its traditional approach to the issues. However, the comments from the company's leader in this report give a palpable sense that the content of Nissan's thinking on and approaches to sustainability has grown more profound. There is a clear recognition here that the issues we face today may tomorrow take on entirely new aspects and develop into crisis situations, and Nissan has stated that it will resolutely address the material issues that humanity must deal with, but that the general populace may have yet to recognize fully.

Nissan has also defined four foundations for Nissan Power 88, its mid-term business plan: People, Alliance, Processes and Products. These foundations tie in admirably to things generally classified as a company's intangible assets—aspects related to its organizations, people and innovation—and inform all the efforts toward achieving Nissan Power 88's goals. I expect that with NGP2016 as an underlying strategy and the Blue Citizenship platform and the CSR scorecard as tools for implementing it, Nissan will take all necessary steps to achieve this end through the PDCA (plan, do, check and act) cycle.

Evaluating the Eight CSR Focus Areas

All of the eight fields Nissan has chosen as its CSR focus areas are important, but let me first examine that of the value chain. Generally speaking, a comprehensive approach to the supply chain in particular among the value chain's components is something that all companies have traditionally held. This approach usually reached only to the tier 1 suppliers, though, going no further down the chain. The *Renault-Nissan CSR Guidelines for Suppliers* have been crafted with suppliers on all links of the chain in mind, but more information would be welcome on how precisely the company will promote this inclusive approach in areas other than green procurement. Since the publication of ISO26000, the international standard for CSR, the process of due diligence with respect to suppliers—in short, CSR auditing—has taken on greater importance. This, too, represents a change in the issues that must be addressed. While there is likely no need to implement a new auditing process for every supplier in tier 1, there is a need for a framework going beyond what has existed in the past.

In the environment chapter, the report gives a clear presentation of Nissan's thinking on zero-emission vehicles, instilling confidence that the company will take energetic steps toward its long-range goals for 2050. The report fails to present a data overview of the material flows covering all environmental inputs and outputs; it is hoped this will be included in future editions.

Nissan's marvelous approaches in the fields of safety and quality are easily grasped in the report. However, given the rapid aging of societies that will take place on a global basis in the near future, it is unclear how adeptly average drivers will be able to make use of Nissan's various elemental technologies. The company must be giving some thought to the possibility of automated vehicles requiring no manual operation. Explanations along these lines would also be welcome in the report. During the transitory period to this new phase of automotive mobility, there may also be a need for the company to carry out training of its sales employees to prepare them to help customers understand the vehicles' functions at the time of sale.

The section on employees presents the company's admirable philosophy on worker issues: "the power comes from inside." Many of the company's broad range of actions likely had their start in steps taken by a single individual; it would be most interesting to see some examples showcased in the report as a means of making CSR an even more deeply ingrained part of the company's activities.

Issues to Address in Future Reports

The Sustainability Report is written for many different stakeholders, and its readership is diverse as a result. Specialist terminology could be fleshed out with explanatory material, such as in footnotes, to improve readability. At the same time, though, moves are afoot to release integrated reports for investors. The European Union has noted that integrated reporting represents an important goal for the medium and long term, with steps to be taken no sooner than 2015; this means there is no need to rush. Given this fundamental European stance, though, at some point Nissan will need to begin exploring integrated reporting in the context of its Alliance with Renault, perhaps separately from the Sustainability Report.

This year's Sustainability Report is a substantial volume; there is a need to simplify its content where possible. The report explains the diverse measures in which Nissan is engaged, and its qualitative nature is to a certain extent unavoidable. The report would benefit, though, from the addition of quantitative data on the company's goals and results. A more thorough section at the end of the report gathering and presenting this data would be ideal. In the future I hope to see Nissan evaluate its Sustainability Report's completeness by showing how thoroughly it satisfies external guidelines.

Nissan and Socially Responsible Investment

Today investors are paying more attention than ever to the concept of socially responsible investment (SRI), evaluating corporations from environmental and social perspectives in addition to financial fundamentals. Nissan is proud to be listed as part of the FTSE4Good Index Series, DJSI Asia/Pacific and Global 100 (as of August 2012).



FTSE4Good Index Series

This SRI index is managed by the FTSE Group, an independent company co-owned by the Financial Times and the London Stock Exchange.



Dow Jones Sustainability Asia/Pacific Index

The Dow Jones Sustainability Indexes (DJSI) are the longest-running global sustainability benchmarks. SAM partners with S&P Dow Jones Indices in the publication of the DJSI. Launched in 2009, the DJSI Asia Pacific tracks the performance of the top 20% of companies in the Asia-Pacific region that lead the field in terms of sustainability.



Global 100

Conducted since 2005 by the Canadian publisher Corporate Knights Inc., Global 100 is a corporate evaluation scheme focusing on sustainability. The survey reviews some 3,500 major firms in various industries, selecting 100 of them as the "most sustainable corporations in the world" based on their environmental, social and governance initiatives.

For further information, please contact:

Nissan Motor Co., Ltd.

CSR Department
1-1, Takashima 1-chome, Nishi-ku, Yokohama-shi, Kanagawa 220-8686, Japan
phone: +81(0)45-523-5523 fax: +81(0)45-523-5771
E-mail: NISSAN_SR@mail.nissan.co.jp

Publication date: August 9, 2012

Cover: Zero-emission concept car TOWNPOD