



Sustainability Report 2005



Sustainability means to conduct business in a way that balances the three aspects of economic activity, environmental consideration and social responsibility in order to increase value for stakeholders. This concept is consistent with our objective of “creating value for all our stakeholders” established in our new business plan, NISSAN Value-Up, which began in April 2005. Activities toward sustainability create the basis for the sustained development of the company, and we will aim to achieve continuous progress and performance improvements.

In fiscal year 2004, we made progress in all areas of activity covered by the Sustainability Report issued for the first time last year. This report describes some of our major activities and achievements. In order to set a clear direction for the future, to further strengthen our activities and to promote both internal and external communication on sustainability, we assigned a corporate officer to the task in April 2005 and established a Sustainability Office inside the Communication Division.

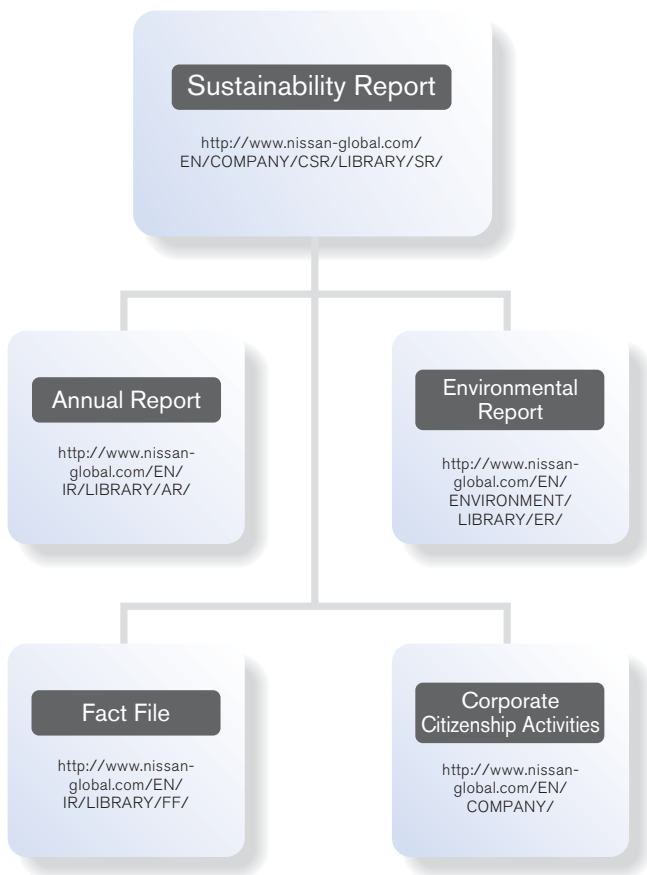
Through this report and the newly established Sustainability Office, it is our hope to engage in a continuous, constructive dialogue with our stakeholders.

Creating Value



Related Corporate Reports

This Sustainability Report describes Nissan's activities in the three aspects of sustainability: economic, environmental and social issues, emphasizing our philosophy and basic approach. For more detailed economic, environmental and social data, please see the following reports. These reports are also available on our website.



Our Websites

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

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

Environment, Design, Safety and Technology Information
<http://www.nissan-global.com/EN/PLAN/>

Product Information (by Country)
<http://www.nissan-global.com/EN/GLOBAL/>

Product Information (Japan)
<http://www.nissan.co.jp/>

Corporate Citizenship Information
<http://www.nissan-global.com/EN/COMPANY/CITIZENSHIP/>

We hope that after reading this report, you will take the time to share your comments and suggestions by completing the questionnaire in the back of the report.

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*In this report, unless a region is specifically identified, the descriptions of Nissan's activities and practices pertain to the headquarters of Nissan Motor Co., Ltd., in Japan.

Highlights

Corporate Governance

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- Nissan's management techniques are described in detail in the "Nissan Management Way VRM (Values Reference Manual)" which was published in 2004 and distributed to all department and section managers. Through our managers, the management techniques will be communicated to all employees worldwide.
- "Delegation of Authority," a clarification of the principles, procedures and rules for decision-making at Nissan was established and communicated globally.

For Our Customers

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- The new position of Project Quality Director (PQD), a person in charge of the lifetime quality of vehicles, was established. A total of six PQDs administer quality for each project from a global and cross-functional perspective.
 - The number of LV-approved dealerships was increased in Japan (LV means Life-care Vehicle). At LV-approved dealerships, Nissan welfare vehicles are on display and staff with specialist knowledge are available. The dealerships also feature the latest "barrier-free" design that allow easy access for all our customers — regardless of mobility. As of end of March 2005, more than 1800 LV advisory staff were active at more than 200 LV-approved dealerships.
- ★In the Nissan Group, welfare vehicles that support customers in a variety of mobility situations are called Life-care Vehicles (LVs).

With Our Shareholders

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- We announced a new three-year dividend plan starting from 2005 to help shareholders and investors make better investment decisions.
- Compared with end of March 2004, the number of individual investors had increased by nearly 40% as of end of March 2005. Compared with March 2002, the increase was about 70%

With Our Employees

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- The "Diversity Development Office (DDO)" was established to create a corporate culture and organization in which differences in gender, nationality, ethnicity, beliefs and values are not only respected but also actively used to bring added value and strengthen our company.
- Operations started at the "Nissan Learning Center Management Institute," in Hakone, Kanagawa Prefecture, Japan. Target participants for training at this institute are employees of Nissan Group companies worldwide. The facility is positioned as a global center of development for Nissan's corporate culture of learning.

With Our Suppliers

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- A seminar on corporate social responsibility (CSR) was held for our suppliers. Nissan staff and suppliers exchanged opinions on the issues facing the company and suppliers.
- A CSR related prize was added to our supplier awards program. With this prize, we expanded our supplier evaluation from dealing only with product and technical issues to include also the appraisal of management process improvements and reforms.

With Our Dealers

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- As part of our initiative to promote customer service worldwide reflecting Nissan's identity, we set the goal of being in the top group of companies in each region with regards to the quality of customer service by 2010. The evaluation will be based on customer satisfaction surveys conducted by external organizations.
- In collaboration with dealers and recycling operators, we reduced by about 245 tons the amount of waste in 2004 through our "Nissan Green Parts" program in Japan. "Nissan Green Parts" are reusable parts taken from used vehicles.

With Our Community

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- We donated 100 million Japanese yen as humanitarian aid after the earthquake and tsunami occurring off the coast of Sumatra, Indonesia in December 2004. The donation is being used not only for urgent disaster relief, but also to help rebuild the affected areas. We also collected donations from Nissan employees worldwide, and the company matched these contributions.
- Immediately after the Niigata Earthquake in northern Japan in October 2004, we provided food and other emergency supplies to the area. Five Nissan employees took volunteer leave to participate in relief activities.

For Future Generations

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- Nissan received the first "Asahi Corporate Citizenship Award" from the Asahi Newspaper. Our unique internship initiative started in 1998, the "Nissan NPO Learning Program," in which we collaborate with non-profit organizations, received positive comments from the Asahi Award.
- In the UK, we initiated a program called "Back to School with Nissan." Teachers from schools in the North East of England are invited to visit and work at our Sunderland plant to learn about Nissan management techniques and technologies. The objective of this program is to support teachers in gaining insights and knowledge which may be used in education.

Protecting the Environment

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- The introduction of CVTs (continuously variable transmission), a technology which contributes significantly to the reduction of CO₂ emissions from vehicles, was accelerated. To offer more customers the benefits of CVTs, Nissan plans to sell around one million CVT-fitted vehicles by fiscal year 2007, up from an estimated 250,000 in fiscal year 2004.
- A wind farm is being planned at our Sunderland plant in the UK. Seven 750 kW wind turbines will be set up within the plant site in the fall of 2005. When all are operational, the wind farm will supply approximately 7% of the electrical demands of the plant (equivalent to the electrical power for about 2,600 households). The project is expected to reduce CO₂ emissions from the plant by approximately 10,000 tons per year.

Improving Safety

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- We launched our new safety approach, "Safety Shield." Safety Shield classifies driving risks and accidents into six different areas, ranging from "normal driving" to "post-crash." By applying technologies tailored to avoid danger or alleviate the impact in each of these stages, the aim is to prevent the progression to an even more dangerous stage. Based on this approach, ten new safety technologies will be introduced in the next three years.
- At an office complex in Roppongi, Tokyo, a boy lost his life in a revolving door. Nissan volunteered to participate in a joint project set up after the accident because we believed that our experience in dealing with safety technology as an automobile manufacturer would be helpful in investigating the cause of this tragic occurrence. We provided engineering experience and equipment as well as conducting safety simulations using dummies from vehicle crash tests.

CEO Statement



With the completion of our NISSAN 180 business plan, it would be fair to say that the revival process of Nissan is complete. In April we began to implement our current three-year plan, which we have named NISSAN Value-Up. The name of this plan shows our intent to stay on a course of sustainable, profitable growth – we intend to keep creating value in a positive way – and it is a course we can only follow in synergy with our stakeholders.

An important word in the phrase “sustainable, profitable growth” is the word “sustainable.” At Nissan, we believe it is vital to have consistency between short-term goals and actions and long-term strategy. It is important to balance the growth of the business and the effectiveness of business in society. Balance does not mean compromise. Rather, keeping an effective balance requires us to stretch and adapt to changes in our business, in our environment and in the communities where we operate.

This report addresses the contributions we are making to sustainable development and the effects of our actions, both inside and outside our company. Major chapters of the report relate to the goals and plans we have set for each of our five main stakeholder groups: customers, shareholders, employees, business partners and society at large. Our desire is to demonstrate to every single stakeholder that being associated with Nissan is beneficial for us all.

The Nissan-Renault Alliance

Since the publication of last year's Sustainability Report, I have taken on the responsibility of serving as president and CEO of both Nissan and our Alliance partner, Renault.

Since the Alliance was established in March 1999, we have created something unique in our industry, and we have worked as partners to create a lot of value, always honoring strict principles of respect for autonomy and corporate identity.

Today, as the CEO of both companies, I am committed to preserving the original principles upon which the Alliance was built and now succeeds. In areas related to sustainability, if we choose to collaborate and can demonstrate the benefits for each company, then we will do it, but only for the sake of better performance. When we join forces, we can often aim higher, go faster and achieve more than if each company were working on its own.

Environment, Governance and Corporate Citizenship

At Nissan, our sustainability actions are focused in three primary areas: the environment, governance and corporate citizenship.

In the environmental field, our strategy is backed by investments and ongoing research in various technologies. For example, we have designed and developed our first in-house fuel cell stack and a new high-pressure hydrogen storage system, which can significantly improve the performance required of fuel cell vehicles. Nissan is a leader in marketing ultra-low emission vehicles and super ultra-low emission vehicles (SU-LEVs), and we expect 80% of our new models sold in Japan to be SU-LEVs by March 2006. We are continuing our efforts to improve diesel and internal combustion gasoline engines. We are also exploring the development of biofuels, such as the flex-fuel engines used in the Brazilian market, which run on ethanol or gasoline or any combination of both.

In 2006, Nissan will launch the Altima Hybrid in the United States market. A breakthrough model, the Altima Hybrid sedan will allow our customers to achieve the acceleration performance of V6 engines with a fuel efficiency that is higher than compact cars. The introduction of hybrid technology in one of our best-selling models is a significant development.

Our concern for the environment is not just about creating cleaner products, but making a cleaner world. How to deal with carbon dioxide emissions is an important, pervasive theme for Nissan. With our products and with our operations, whether through enhancing recycling activities, eliminating landfill waste, reducing waste emissions or preserving natural resources, we take care to reduce environmental impacts. You can read about the many environmental initiatives we are undertaking in this report or in our separate global Environmental Report.

In the field of governance, the Nissan Management Way is the common ideology that guides, inspires and connects us in everything we say and do. Our values do not change, but we recognize that management is never static. We learn and make changes constantly as our business and the business environment evolves. For example, the Nissan V-up program, a management tool used to solve problems quickly and cross-functionally, challenges us to question our practices, seek opportunities and modify behaviors to align with corporate principles and objectives. V-up started in Japan, but it has now spread worldwide, producing tangible, important results for the company and for the people who participate in it.

Overall, in terms of governance, I believe Nissan is creating a positive reference in the global arena through our commitment to operational transparency. Nissan is one of the very few companies in the world that, on a regular basis, announces clearly what we are currently doing and what we will be doing in the next few years. Not only do we announce our plan, but we commit to deliver results according to the plan's timing, sometimes as much as three years in advance.

Obviously, that kind of transparency is powerful, but it comes with a risk. If we miss a commitment, we open ourselves to criticism. On the other hand, transparency is rewarding because it builds stronger motivation among the people working in and around Nissan. Nothing is hidden. The scorecard is always clear, and this approach encourages people to give their best efforts to achieve our goals.

An example of a goal that is backed by highly motivated employees is our plan to increase the ratio of our company's female managers in Japan to 5% by the end of fiscal year 2007, tripling the number of female managers we now have. Even though that percentage seems low, it is higher than the national average among all Japanese industries, which is 2.8%, and it is the best ratio among Japanese companies in

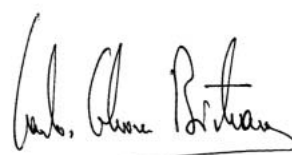
our industry, which averages less than 1%. Our Diversity Development Office, which was established in October 2004, is accelerating its efforts to make forceful and speedy progress on reform activities to promote greater diversity within Nissan worldwide.

Finally, in terms of corporate citizenship, I like to picture Nissan as a house with a garden. The house represents our core business, and, prior to Nissan's revival, it was in danger of collapse. During the revival, we had to rebuild our house, making sure it was sound, on a solid foundation and attractive from the inside out. Now that the house is restored, we can turn to the garden – to elements that surround us and for which we feel responsible. In other words, these elements include what we do to support education, to take care of our environment, or to provide humanitarian relief when necessary. The garden represents things we do to create value without expecting any immediate return. Quite often, people tend to see more of the garden than they see of the house.

Our garden work includes responses such as the corporate pledge and employee-donation match to help disaster relief efforts following the devastating December 2004 tsunami in Asia and East Africa. Corporate citizenship is also seen in our long tradition of contributions to children's education, through the academic research grants from the Nissan Science Foundation, and many other global activities that benefit society.

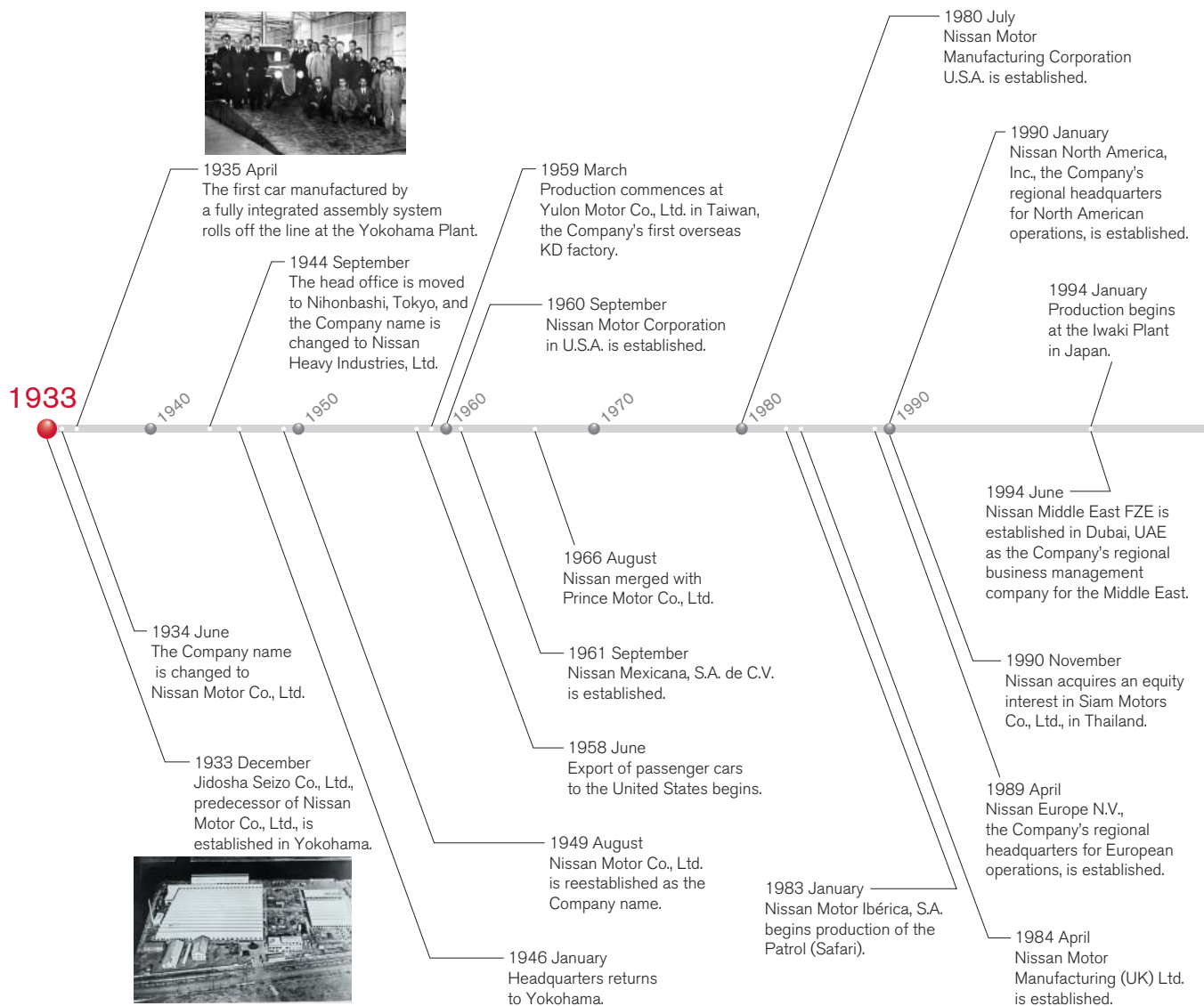
As we continue to make corporate contributions in the future, we want to make sure that our donations are used effectively. In other words, we want to be good stewards of the resources we have. We want to avoid making donations to soothe our conscience or attract attention. We have to make sure that the main objectives of our support are being served and that people are receiving and benefiting from the efforts we make.

As a company, Nissan is committed to a business strategy of creating value and profitable growth while contributing to the world in which we live and work. To benefit all our stakeholders, we are committed to sustainability, for the sake of good business and good corporate citizenship.



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

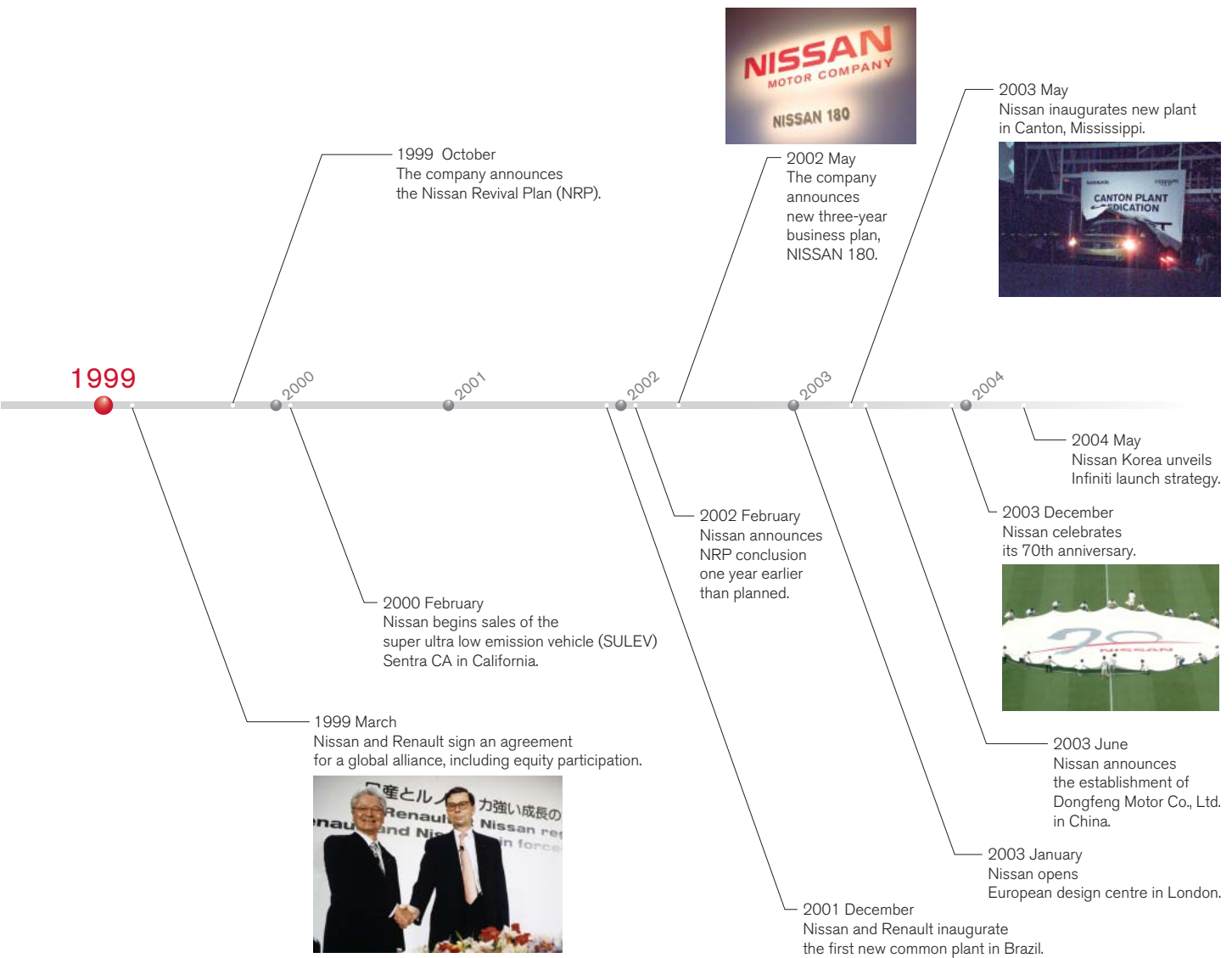
Corporate History



Corporate Profile

- **Headquarters** —————
17-1, Ginza 6-chome, Chuo-ku, Tokyo, Japan
- **Date of Establishment** —————
December 26, 1933
- **Consolidated Net Sales (FY2004)** —————
8,5763 trillion yen
- **Number of Employees (As of March 31, 2005)** —————
183,607 (all consolidated companies)

- **Group Structure / 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, suppliers as well as the communities where we work and operate.

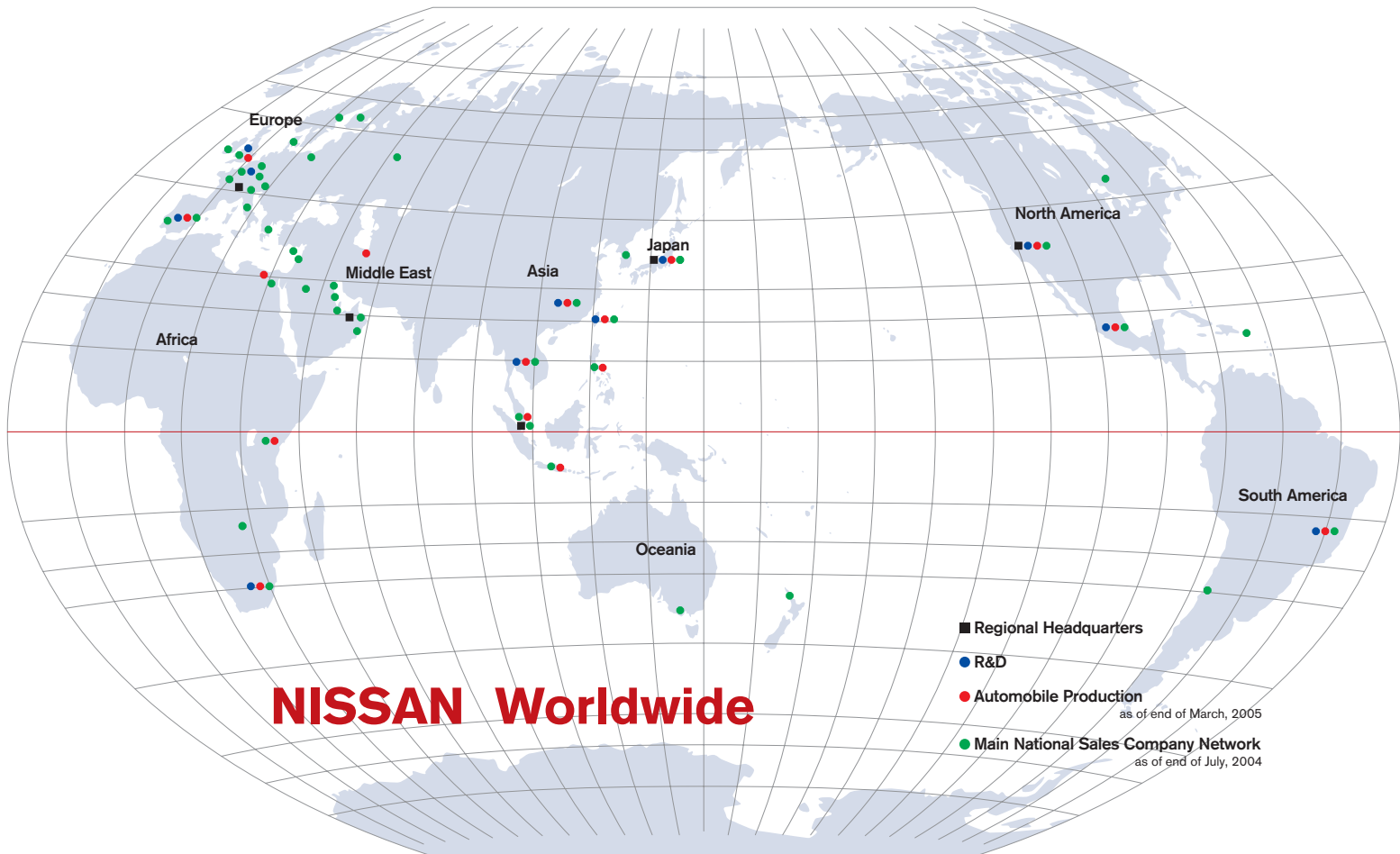
● **Guiding Principles**

- SUCCESS**
- S** Seeking Profitable Growth
 - U** Unique and Innovative: "Bold and Thoughtful"
 - C** Customer-Focused and Environmentally Friendly
 - C** Cross-Functional and Global
 - E** Earnings and Profit Driven
 - S** Speed
 - S** Stretch

Global Operational Presence

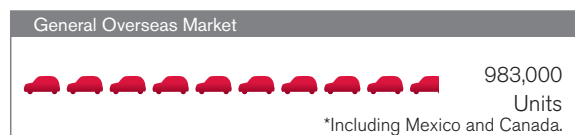
Today, Nissan has major production and office facilities in Japan, the United States, Mexico, Europe, the Middle East, South Africa, China, and the Southeast Asian countries, as well as in other regions of the world. As a

global company, Nissan will continue to focus on providing value to all our stakeholders as we work toward our vision of "Enriching People's Lives."



- R&D : 11 countries / areas
- Design : Seven design centers in four countries / areas (Japan, USA, UK, Taiwan)
- Retail sales by region in fiscal year 2004

- Automobile Production Plants : 16 countries / areas
- Sales Network : More than 160 countries / approximately 10,000 dealers

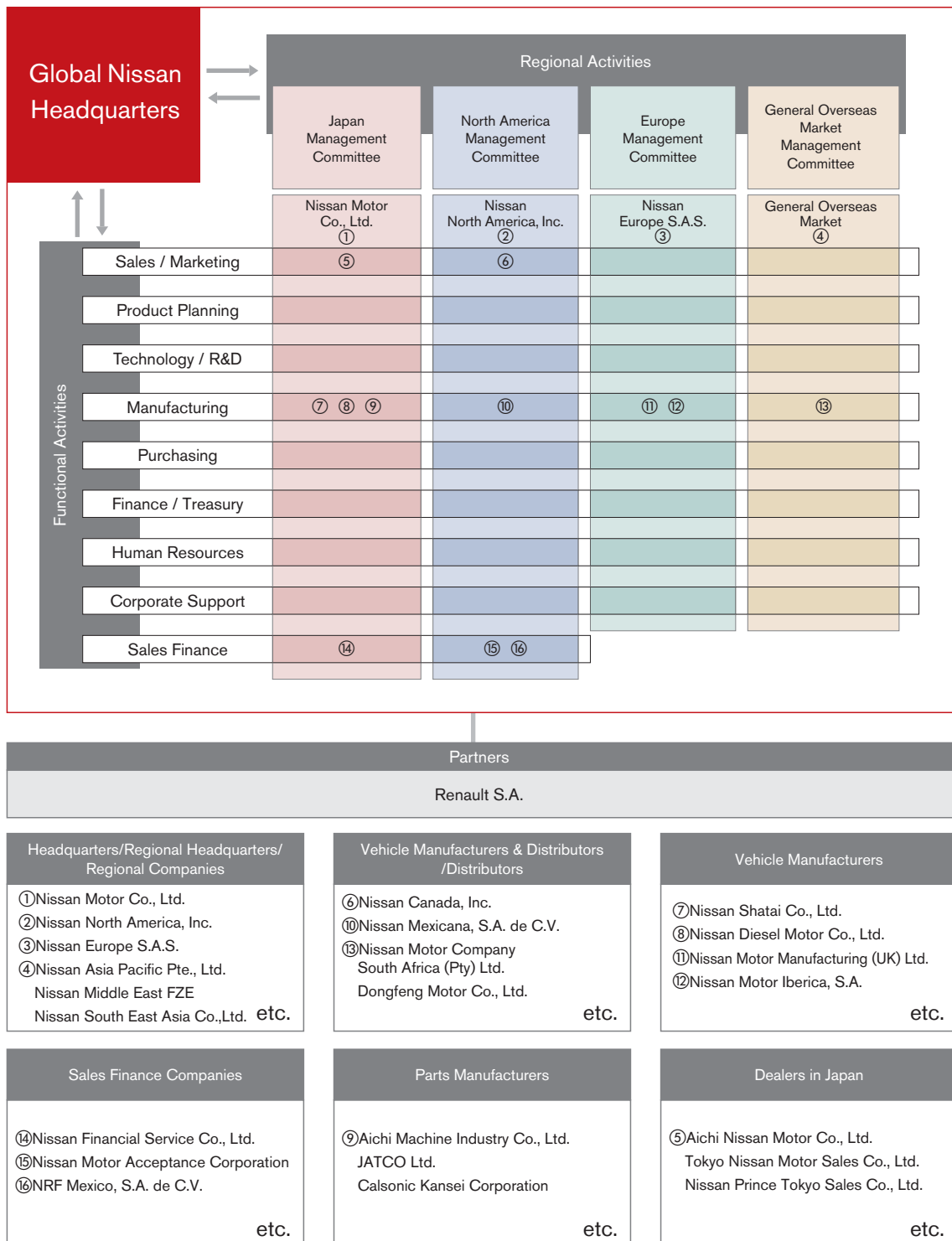


Nissan Group Operations

The Nissan Group's organization aims to integrate regional activities with global functional activities. Four management committees for Japan, North America, Europe and General Overseas Markets supervise regional activities, while each functional department, including research, development, purchasing, and production, are in

charge of global, functional coordination.

Nissan's Global Headquarters takes a cross-organizational approach adding value to regional and functional activities while coordinating our global operations.



NISSAN *Value-Up*



Even before its completion, NISSAN 180 has surpassed many of its original goals. It has brought Nissan into a new era of sustained profitable growth. Perhaps more importantly, the successes it has created has instilled a renewed sense of pride in Nissan employees, and increased confidence for the future.

Today, Nissan looks to the future with an even more ambitious plan: NISSAN Value-Up. This three-year plan, like the Nissan Revival Plan and NISSAN 180 before it, carries a clear message of its intentions, backed by strong commitments to achieving them. NISSAN Value-Up has been implemented since April 2005, with three commitments:

- to maintain the top level of operating profit margin among global automakers for each of three years of the plan;
- to achieve global sales of 4.2 million units, measured in fiscal year 2008; and
- to achieve a 20% return on invested capital on average over the course of the plan, excluding cash on hand.

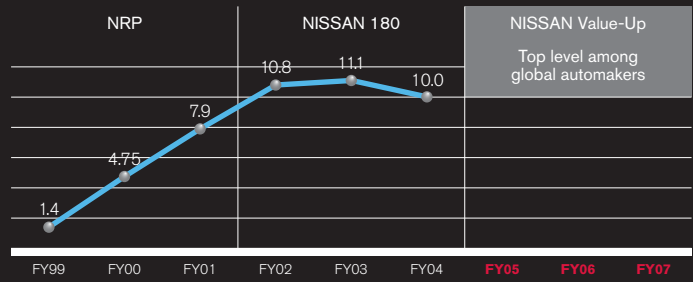
Under the plan, Nissan will expand its worldwide presence, and Infiniti will be launched as a global tier-one luxury brand. Through the end of fiscal year 2007, 28 all-new Nissan and Infiniti models will be launched globally.

Within this framework for action in this plan, we will create more value for more stakeholders in more world markets than ever before.

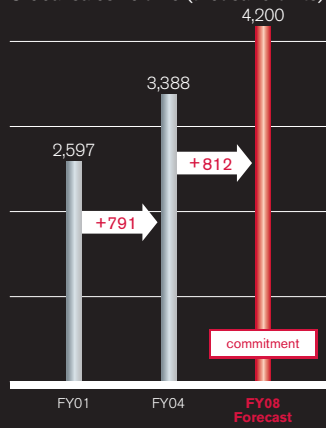
NISSAN Value-Up Commitments

- Profit commitment
Top level operating profit margin among global automakers in FY05-FY07
- Volume commitment
4.2 million sales in FY08
- Return on invested capital
20% average ROIC over the plan

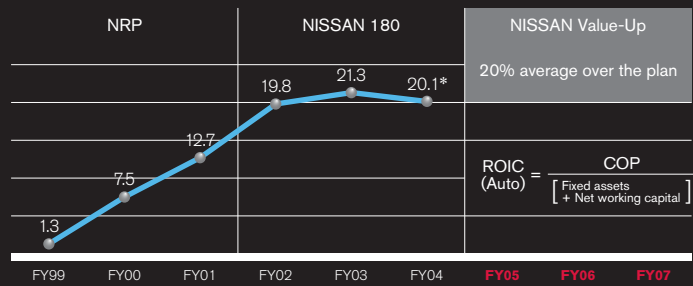
Consolidated operating profit margin (%)



Global sales volume (thousand units)

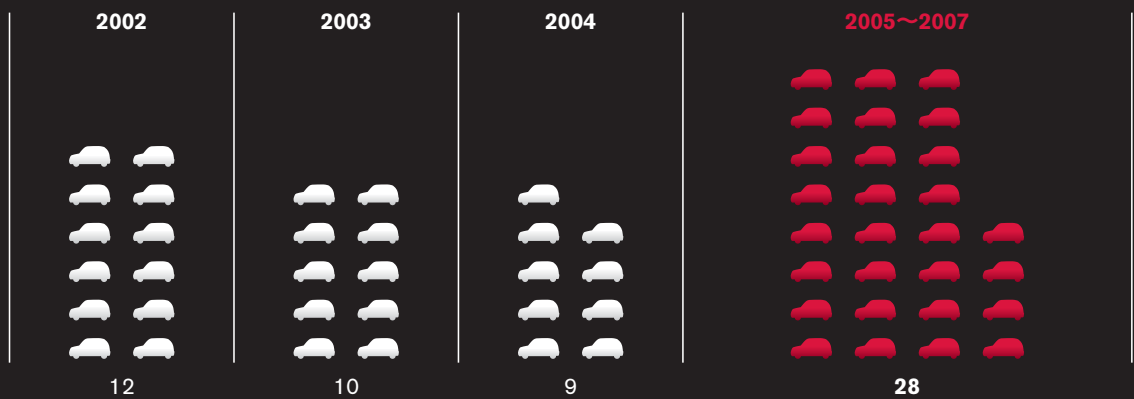


Return on invested capital (Auto) (%)



*Same scope of consolidation as P&L, excluding change of cash compared to FY03

Model Launch Schedule, Fiscal Years 2002-2007



Corporate Governance

The philosophy and systems behind Nissan

Nissan is committed to meeting its corporate targets.

High standards of transparency must be maintained between Nissan's management and its employees, and between Nissan and society.

We set clear goals and act together to achieve them. We accurately report our progress.

When confronted with difficulties, we actively communicate our approach to solving those problems, both internally and externally.

Management transparency helps Nissan to develop its full potential.

**Management Transparency
Helps to Strengthen Nissan**
Making a public announcement of management objectives for the next three years, for use both internally and externally

Nissan places a particular emphasis on highly transparent corporate governance.

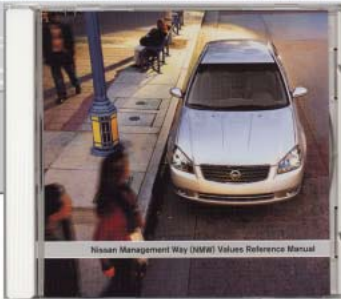
Consistent management helps us gain the trust of stakeholders. To do so, we set clear goals. As shown in our management plans — the Nissan Revival Plan and the NISSAN 180 plan, started in fiscal year 2000, and the NISSAN Value-Up plan, started in fiscal year 2005

— we set three-year management objectives for the benefit of internal and external stakeholders.

In addition, we disclose information about implementation and performance as early as possible. The clarification of objectives creates higher expectations, but it also means that we must be prepared for criticism if those expectations are not fulfilled. Maintaining corporate transparency across our business activities is not an easy task, but it helps us increase employee motivation and our overall strength as a corporation.



Board of Directors: (From left) Mitsuhiro Yamashita, Executive Vice President; Tadao Takahashi, Executive Vice President; Toshiyuki Shiga, Chief Operating Officer; Carlos Ghosn, President and Chief Executive Officer; Itaru Koeda, Executive Vice President; Hiroto Saikawa, Executive Vice President; Carlos Tavares, Executive Vice President; (Shemaya Lévy, Patrick Pélatá — not in photo)



The Nissan Management Way Values Reference Manual (CD-ROM)

... The Nissan Management Way ...

A Healthy Confrontation of Opinions Strengthens Our Competitiveness
The Nissan Management Way
 — an approach unique to Nissan

Nissan has a unique management approach — the Nissan Management Way. This approach streamlines our decision-making process and maximizes the quality of our management.

The Nissan Management Way includes several key activities that promote creativity and effectiveness. One of them is cross-functional teamwork that cuts across corporate functions, regions and in-house organizational structures.

We believe that innovative ideas and success are not created in isolation, but rather through cross-functional activities that bring together a diverse mix of experience and expertise. This often leads to confrontation of opinions, but we believe that healthy confrontation strengthens the competitiveness of the company. We become stronger by learning from each other and by striving to overcome these differences of opinion. This is called 'stretch' and it helps us achieve higher targets. It is progress without compromise. Meeting goals boosts confidence, which in turn enhances performance and makes it possible to meet even more demanding goals.

The Nissan Management Way will evolve along with the business activities it governs. In 2004, details of the approach were clarified in the Nissan Management Way Values Reference Manual, which was distributed to all

department and section managers around the world. Through those managers, the Nissan Management Way will be communicated to all employees worldwide.

Cross-Functional Teams

At any given point in time, there are about ten so-called 'cross-functional teams' that tackle unique or highly important challenges within the company. Two new cross-functional teams were formed in fiscal years 2003 and 2004. One is working to increase diversity in the company, and the other is assessing processes that could be used to save time throughout the company. The first team contributed directly to the establishment of the Diversity Development Office in 2004 (→ P27).

Management Survey

Nissan management and employees must understand each other in order to improve the quality of management and communication. Nissan conducts a periodic Global Management Survey in order to assess the opinions of employees regarding the direction taken by Nissan and its management. In addition, forums are held regularly to allow for interactive communications and direct dialogues between employees and management.

Delegation of Authority

Additionally, Nissan uses Delegation of Authority — a clarification of principles, procedures and rules in decision-making processes — with all employees in order to improve the effectiveness and speed of management. This also ensures that corporate policies are being followed.



Alliance poster with Renault Mégane II convertible and Nissan Murano



Nissan Technical Center Europe, Ltd. (UK)

Alliance — Objectives

The Alliance develops and implements a strategy of profitable growth and sets itself the following 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 profit margin and pursuing growth.

Renault-Nissan Alliance
A corporate alliance to foster mutual growth while preserving distinct identities

Signed on March 27, 1999, the Renault-Nissan Alliance is the first of its kind involving Japanese and French companies, each with its own distinct corporate culture and brand identity. Both companies share a single joint strategy for profitable growth and mutual interests.

Alliance Management Structure

Renault-Nissan bv* — an Alliance strategic management company jointly and equally owned by Renault and Nissan — meets monthly at the Alliance Board Meeting. The Alliance Board steers the Alliance's medium and long-term strategy and coordinates joint activities on a worldwide scale. Both Renault and Nissan run their operations under their respective Executive Committees, accountable to their Boards of Directors, and remain individually responsible for day-to-day management.

* bv (besloten vennootschap) is a closed limited liability company under Dutch law.

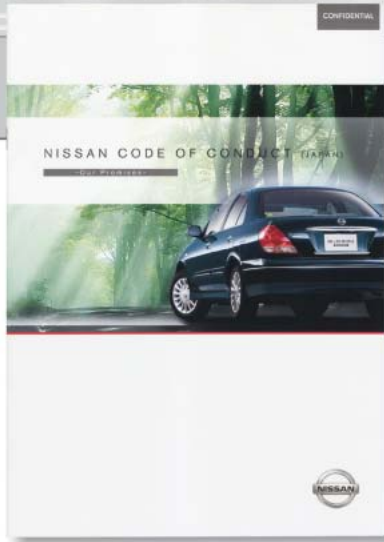
One of the Top Four Global Automakers

Renault and Nissan sold a combined 5,785,231 units in 2004, up 8.0% over 2003. The Renault-Nissan Alliance global market share came to 9.6% (4.1% for the Renault group and 5.5% for Nissan), ranking it among the world's top four global automakers in terms of unit sales.

Status of Company Organizations and Internal Governance Systems
The Nissan Global Code of Conduct is applied throughout the Nissan Group

Clear principles of Corporate Governance are critical to securing the respect and confidence of our key stakeholders and interested parties — including employees, customers, suppliers, government officials and the general public. In addition to being a company committed to performance and growth, we must also demonstrate steadfast integrity in all business conduct. By maintaining as few Directors as possible and emphasizing their supervisory function, we strengthen Directors' accountability while improving management efficiency. In addition, three-party auditing has been adopted in the form of a combination of corporate auditors, external auditors (for example, CPAs), and internal auditors. We have strengthened the role of our corporate auditors by assigning three independent, non-executive auditors from outside the company. Internal auditing not only allows us to improve the self-correcting capabilities of internal controls, but it also improves our business processes. We conduct effective and efficient audits through a Chief Internal Audit Officer, who coordinates global audit activities.

In 2001, Nissan established a Global Compliance Committee to promote compliance with laws and ethical standards within the global Nissan Group. In the same year, the Nissan Global Code of Conduct was introduced



Codes of conduct prepared by our consolidated subsidiaries based on the Nissan Global Code of Conduct and the Japanese version of the Nissan Code of Conduct (photo to the left).

to all employees who work for the Nissan Group worldwide. To supplement and complete the Nissan Global Code of Conduct, we are now establishing regional codes of conduct reflecting the unique laws and customs of the countries where we operate.

In Japan, Nissan Motor Co., Ltd. established the Nissan Code of Conduct (Japanese version) – Our Promises – in April 2004. During 2004, an education program was conducted to introduce all our employees to the code. Each employee has signed a pledge to follow the code.

The Japanese version of the Code of Conduct is tailored to the business characteristics of each affiliated company as well as to dealers and parts sales companies and is now gradually being introduced into each of the companies upon taking the appropriate decision-making procedures.

Nissan North America has particularly emphasized the compliance training of management and all employees this year. With training that utilizes the practical guidance regarding ethical standards applicable to each business unit, employees better understand their obligations and

Global Code of Conduct for Nissan Group

Principle

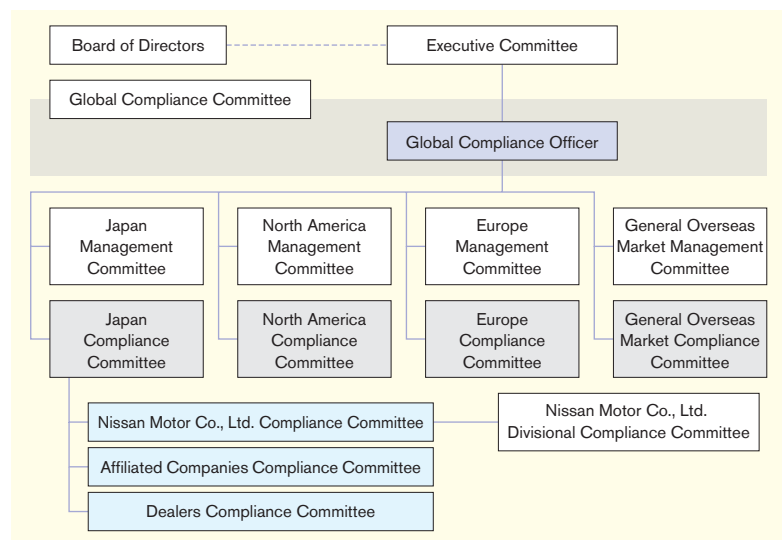
Nissan shall consistently treat customers, employees, shareholders, suppliers, and communities with honesty, integrity, fairness, and respect.

The following standards apply to all employees in Nissan group companies. Each member of the Company is charged with the responsibility to uphold and extend this code of conduct.

Global Code of Conduct

1. Comply with All Laws and Rules
2. Avoid Conflicts of Interest
3. Preserve Company Assets
4. Be Impartial and Fair
5. Be Transparent and Accountable
6. Value Diversity and Provide Equal Opportunity
7. Be Environmentally Responsible
8. Be Active; Report Violations

Global Compliance Committee Organization



A compliance committee has been or will be established in each region under the governance of the global compliance officer. The committees are responsible for discovering compliance violations at an early stage through internal auditing or reports, for solving problems, and for maintaining and improving internal awareness of the code of conduct.



Nissan Motor Manufacturing (UK) Ltd.



Fire prevention patrol (Kyushu plant, Japan)

Easy Voice System

Nissan Motor Co., Ltd. introduced the “Easy Voice system” in Japan in 2002. This system lets employees convey opinions and requests freely to the company. This increases our internal, self-correcting capabilities. Anybody can report suspected compliance violations to the Compliance

division through the dedicated Easy Voice post box. The Compliance division replies to the report within one month by proposing corrective actions. A similar system has been introduced at each division of the Nissan Group in Japan.

can meaningfully commit to behaviours that conform to the ethical standards expected of all Nissan employees. In the US, employees have a flexible capability to anonymously report any compliance concerns to management, Human Resources, Legal, Audit, or directly to the Corporate Compliance Committee.

In Europe, a common code of ethics and standards of conduct for Nissan employees in affiliated companies in the region was introduced in January, 2005. Establishment and implementation of the regional code is planned for other regions and markets.

Risk Management Approaches and philosophy

Risks are an inherent part of our business. Nissan defines a risk as an event or a situation that might prevent us from achieving our objectives. In the course of our business activities we try to identify potential risks, evaluate those risks, and identify concrete actions that will minimize the impact of the risk or the probability of the risk occurring.

Nissan is also committed to transparency in the way we handle risks. We are careful to avoid becoming risk averse; we try to manage risks instead of avoiding them.

In 2004, the Risk Management Team in our Treasury Department identified and prioritized risks based on their potential impact, their likelihood of occurrence and our level of control. In cooperation with each function, for high priority risks, teams were established, leaders appointed and countermeasures applied for all risks that required action.

From 2005 onwards, Nissan will extend the scope of its risk monitoring system in order to include more strategy or business-process related risks, in addition to the hazard risks on which we currently focus. While each function and department is in charge of managing and reporting its own risks, Nissan's Executive Committee will directly supervise those risks deemed to be critical at the corporate level.

Fire Prevention Activities

Preventing fires at our plants is one of the important administration tasks associated with risk management. Important measures such as the enforcement of fire prevention rules and the practice of fire extinguishing training and monitoring are being carried out.

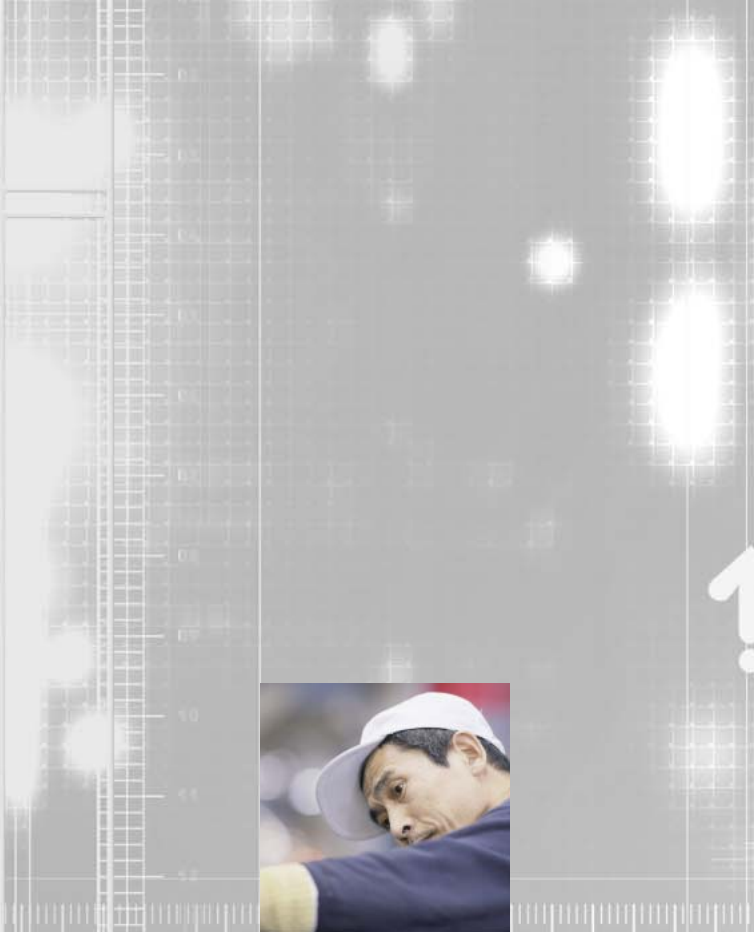
Note: Details of risks concerning business etc. are described on P71.



The six new models introduced to the Japanese market in fiscal year 2004 were unveiled together at Osanbashi Hall, Yokohama, on September 2, 2004.

The power behind "SHIFT_"

"SHIFT_" is not just a tagline. It is who we are, what we stand for, and how we work. It drives us to look at the world from a fresh perspective for the purpose of achieving better, higher performance. SHIFT_ is a challenge for every employee, all of our dealers, and each of our suppliers to re-examine their business to create greater value. "At Nissan, everything we touch we shift, and everything we shift, we try to make better and uniquely Nissan."



SHIFT_performance

GLOBAL MANAGEMENT MEETING

March 21-23, 2005 TOKYO



Enhancing Value for Stakeholders

Realizing sustainable development for people and society

Nissan is supported by numerous stakeholders, including customers, shareholders, employees, business partners, and local communities. We want to be a company that creates increased value, "Value-Up", for all our stakeholders. To realize this goal, we convey our philosophy and activities to stakeholders in order to develop together in partnership with them.

We will continue to work to realize sustainable development for all peoples and societies.

For Our Customers

Aiming to achieve better quality

Providing products and services that exceed customer expectations.

In order to exceed customer expectations, we try to be both bold and thoughtful in the actions we take.

We continuously improve our performance in order to achieve better quality, while challenging ourselves to be more innovative.

We believe that the combination of these two approaches will lead to a safe and comfortable automobile society.

**Providing Products and Services
that Exceed Expectations
Fostering diversity in our company
that reflects the diversity of our markets**

Nissan product creation begins with our effort to understand what our customers see and feel. We start by listening to what they say.

We elicit customer feedback in a number of ways, such as investigating customer satisfaction and perceptions of quality and conducting daily in-car interviews, during which technicians ride with customers in their cars and gather frank opinions regarding driving comfort and product satisfaction.

At our Customer Support Center in Japan, we get approximately 180,000 calls a year. Each phone call is an important message conveyed directly from a customer to Nissan. We aim to improve our customer service quality by providing quick and precise answers and information, ensuring that customers feel satisfied with their interaction with the Customer Support Center. In order to handle a larger number of calls, we further strengthened the customer service system in fiscal year 2004 and now offer service on weekends and national holidays.

Customer feedback obtained by our Customer Support Center provides the key to learning about customer requirements. This is the driving force behind Nissan, compelling us to improve our quality and service. Customer input is stored in a database and used throughout the company. Nissan employees can access

customer-feedback information when and where they need it. When a customer question or problem requires a particularly rapid response, we send reports to the relevant departments and ensure that the issue is dealt with immediately. We make every effort to ensure that the feedback we receive from our customers is used to improve everything from production to the complete ownership experience.

Responding to customer diversity

Currently, women make 30% of all direct purchases in the Japanese automobile market. Another 30% of all purchases are made with the active participation of women in the decision-making process. This means that women are involved in 60% of all automobile purchases. Understanding the specific requirements of female customers is a business imperative for Nissan. Nissan is increasing its number of female employees, and through the appropriate training enabling more active participation by women in the corporate decision-making process (→ P28). We also have plans to increase the percentage of women working as salespeople at dealerships, where Nissan communicates directly with customers.

In Japan, we have plans to increase the percentage of female salespeople at dealerships from a level of 3% in fiscal year 2004 to a target of 10% in fiscal year 2007, and to increase the percentage of female technical advisors (responsible for compulsory and regular vehicle inspections and other tasks) from a level of 7% in fiscal year 2004 to a target of 20% in fiscal year 2007.



Customer Support Center, a point of contact between customers and Nissan (Japan)



Increasing female salespersons at our dealers. Women will make up 10% of the salesforce by FY 2007 (Japan)

Approach to the protection of personal information —

In April 2005, The Personal Data Protection Law came into force in Japan. At Nissan, we are working to set up a technological environment to support the appropriate administration of personal information and are educating employees in order to raise the awareness of the importance of information security. Our approximately 3,000 dealerships in Japan manage large volumes of personal customer information on a daily basis, including contract information relating to car loans. We have issued handbooks and videos to dealers to address the most important aspects of handling personal information and are currently in the process of training salespersons. Nissan Financial Service Co., Ltd., which provides financial support for the sale of Nissan cars in Japan, has, thanks to the nature of its business, already made great advances in the area of personal information collection and protection, and reinforced its corporate systems before the new law came into force. At present,



Handbook and video about the most important aspects of protection of personal data

monthly committee meetings with all board members, and monthly meetings with division managers from headquarters are used to discuss related issues from both a management and practical view point. In fiscal year 2005, we will make further efforts to obtain recognition as a “privacy mark” company — a certification awarded in Japan to companies who treat personal information diligently.

For the Improvement of Global Quality
The appointment of an officer responsible
for general quality control across
functional and regional organizations

“Quality is Nissan’s heart,” said Nissan CEO Carlos Ghosn, who chairs the Global Quality Meeting of individuals responsible for quality throughout the organization. Quality improvement is also one of the most important activities in NISSAN Value-Up.

Cars are products that are completed after going through numerous processes and are then used over a long period of time. Quality must be controlled throughout the entire procedure, from the initial development phase to the time that customers dispose of their cars. Therefore, in 2004 we established a new position, the Project Quality Director (PQD). The PQD is in charge of the lifetime quality of a vehicle. One PQD is appointed for each project, and a total of six PQDs administer cross-functional quality on a global basis.



The Global Quality Meeting held at Nissan Headquarters



Nissan Motor Co., Ltd. Tochigi Plant (Japan)

“Teana” wins Chinese Car of the Year Award 2005

The “Teana” (Tian Lai in Chinese), which is manufactured by Dongfeng Motor Co., Ltd. has won Car of the Year 2005 in China as well as Best Value Award. Dongfeng Motor Co., Ltd. is a joint venture established in 2003 by Dongfeng MOTOR Corporation and Nissan.

Since its introduction in China in September 2004, Teana has proved to be a popular high-end sedan, and optional features such as air massage seats have been installed to appeal to the unique tastes of Chinese customers.

Continuous Quality Improvement

In the end, however, it is the customer who judges Nissan’s quality, and not the employee.

In all circumstances, we believe that our customers’ opinions are decisive in any assessment of quality. Customers’ opinions give us the opportunity to make improvements and to respond to the needs of our customers. From the customers’ point of view, we have clearly articulated three quality categories for our products.

The first category is the “product ordinary quality,” or peace of mind when driving our cars; the second is “product attractiveness quality,” or whether our customers view our cars as attractive to drive; third is the “sales and service quality,” which addresses our customers’ satisfaction with sales and service. When considering these three qualities, we use the customer satisfaction index that results from a quality investigation carried out globally by an external organization. This index is used to judge our ability to meet customer expectations.

During the three years from fiscal year 2002 to 2004, we set a goal to be within the top three car companies in each part of the world where we operate (Quality 3-3-3). Quality improvement is an endless task.

The evaluation for the 3-3-3 program takes place in September 2005. We will continue to pursue quality improvements in order to provide higher value for our customers.

Improving and speeding up our repair services

Speeding up repairs is another of our quality improvement initiatives. In Japan, we established a call center that provides a telephone link between repair shops across the country and technicians at Nissan Headquarters. The technicians provide advice to technical staff at the repair shops concerning problems and questions that arise during repairs. This improves the speed and effectiveness of repairs and increases customer satisfaction.

In Europe, we have established a direct link between dealers across the continent and technicians at Nissan Headquarters by placing some of our staff members directly in the market. The field engineers provide advice to technical staff at the repair shops concerning problems and questions that occur during repairs, and they also feedback the concerns directly into our manufacturing plants and design centers which leads to faster repairs.

A traceability system (a system which traces production history) has also been introduced for some of the components used in our cars. The system works by attaching two-dimensional barcodes to components. In case of defects, component information can be identified instantaneously, enabling both the quick identification of the cause and effective preventive measures.

Our approach to recalls

It is the duty of a manufacturer to take every step possible to minimize product defects. However, cars are complex industrial products and unfortunately defects do occur occasionally. The Japanese recall system



Nissan Design America, Inc. — a new design studio was opened

New design studio opens at Michigan in the US

The studio of Nissan Design America, Inc., (NDA) at Farmington Hills, Michigan in the US was expanded and opened in March, 2005. The amount invested was 14 million dollars. The new studio measures 50,912 square feet, about three times the size of the previous studio space.

One of the features of the new studio is a 15,000-square-foot outdoor viewing courtyard for car-design called the Egg, which embodies the meshing of car engineering and design. Positioned to

face due north for optimal light, the Egg allows designers to work on designing evaluation on full-scale car models in natural daylight with the help of two turntables. In addition, the studio has a facility called the Power Wall, which allows designers to simultaneously analyze designs by outputting large-scale computer-generated designs and by manipulating the locations and directions of the models. These cutting-edge facilities make it one of the most advanced car-design studios in the world.

Nissan, as a company emphasizing the value of design, is strengthening its global designing bases and further cooperation among the bases through the expansion of the San Diego studio, the establishment of a design studio in London, UK, and the construction of a new studio in Japan, and other initiatives. Nissan will continue to make efforts to improve the quality of its design in the future.

applies when cars do not meet the security criteria stated in The Road Transportation Vehicle Law, either because of unsuitable design or improper production procedures. Recalls are reported to The Ministry of Land, Infrastructure and Transport, and the affected vehicles are repaired free of charge. Nissan also makes every attempt to inform customers who own these vehicles by way of direct mail and announcements on our web site. We also take swift measures to retrieve and repair vehicles in collaboration with sales companies throughout the country.

The European General Product Safety Directive requires the manufacturer, distributor and sales companies to place only safe products into the market, and where risks are inherent in a product, appropriate action must be taken. All vehicle recalls are reported to the appropriate European authorities. Nissan, in conjunction with the distributor and sales companies, informs customers who own these vehicles by direct mail and ensures action is taken to repair the vehicles as soon as possible, free of charge to the customer.



FUGA TIIDA NOTE (Japan)
PATHFINDER (USA) TEANA (China) MURANO (Europe)



The LV Advisory Staff take extra care to assist customers with special needs



LV approved dealer (Japan)

"LV", Life-care Vehicles

In the Nissan Group, welfare vehicles supporting customers in a variety of situations in life are called "Life-care Vehicles"

In the United States vehicle manufacturers are required to report to the National Highway Traffic Safety Administration (NHTSA) any safety defect or noncompliance with the safety standards and to conduct a safety recall to correct the vehicles. Nissan North America (NNA) identifies potential safety issues by reviewing owner complaints to Nissan and NHTSA, field reports, and warranty claims. Another source of information is the quarterly early warning information reports which Nissan submits to NHTSA under the Transportation Recall Enhancement, Accountability, and Documentation Act. Potential safety issues are regularly and carefully reviewed to ensure that recall campaigns are conducted appropriately. NNA also has an electronic dealer system on recalls which allows dealers to check for any outstanding recalls when a vehicle comes in for service.

Dramatically Raising the Quality of Sales and Service The Nissan Sales and Service Way

Nissan aims to offer individual services that match each customer's needs. Nissan has defined its guidelines in the Nissan Sales and Service Way (NSSW) and takes various steps to improve its service. We want to improve service quality in the future by providing an environment that increases salesperson motivation by revising our educational and training methods.

Since fiscal year 2003, we have operated a global system for selecting and awarding those dealerships that attain high customer satisfaction based on customer satisfaction investigations.

Starting in 2005, we will visit Nissan dealers worldwide who have received an award in order to collect examples of customer service and other activities highly valued by customers. We will share these examples of best practice with other dealers throughout the world.

Delivering Freedom of Movement to More People Conducting a trial ride campaign of welfare vehicles

Nissan is promoting the manufacturing of vehicles that are comfortable and easy to use for more people in society. Life-care Vehicles (LV) were created to allow the elderly and people with disabilities to travel with fewer restrictions. Rather than considering these 'special interest' or project vehicles, we see these vehicles as simply reflecting the needs of another important market segment. We have developed a variety of driving aide mechanisms for these vehicles, as well as steps and seats that make it easier to get in and out of the car. We sell a number of models in Japan, letting customers select cars that match their needs and specific mobility requirement.



224 dealers have won the LV certification as of February 2005 (Japan)



A monitor test ride takes a family to Mt. Fuji (Japan)

Monitoring LV trial rides (Japan)

We want to extend the pleasure of driving to elderly people who might otherwise feel restricted. With this in mind, we are continuing a trial ride campaign in Japan. We have recruited families with more than one elderly person over 65 years of age who is dependent on a cane or wheelchair

to enter a contest to win a trial ride in an LV. In 2004, there were 3,000 entries in the contest, and we were able to provide rides to eight winners. One of the winners submitted an entry that said: "We would like to drive to Mt. Fuji in an LV with a family member over 100 years of age."

We feel that there may be many customers who are unaware of the existence of cars that would allow them to regain the pleasure of driving. We think that it is important to provide these customers with information about LVs.

We make every effort to see our products from the users' point of view during development. When we visit care institutions, we identify factors that need to be considered in design (for example, the need to accommodate wheelchairs). In the Caravan Chair Cab sold in Japan, we provide a device that allows the customer to change freely between four different interior layouts.

Expansion of LV approved dealerships

LV-approved dealerships are locations where LVs are provided on display, where barrier-free design is in place, and where specialist advisors are available on staff. At present, a global dealership renewal is taking place in accordance with the Nissan Visual Identity program, ensuring that dealerships reflect the Nissan-appeal and enhance customer recognition for both the exterior and interior of the dealerships. We are also increasing the number of LV-approved dealerships in Japan. As of February 2005, 1,800 LV advisory staff are active across Japan and 224 dealerships have been LV-approved.

Car allocation plan using the Internet "e-care system™"

Since we would like to provide new services with our cars, Nissan is studying techniques that support car usage. One of these is the "e-care system™." LVs are used to pick up elderly people who receive institutional daycare services. The "e-care system" is an automatic car allocation plan that provides maximum efficiency and ensures the best possible coverage programs. Since the information is provided on the Internet, each institution can use the system on a low-cost basis using only a PC. In Japan, Nissan visited

18 care institutions in Kanagawa Prefecture during the development period and gathered user input to make the system more user-friendly. Since 2003, we have also been running a trial program in Yokohama City. In 2004, we conducted verification experiments at four care institutions in Kita Kyushu City in cooperation with the City. We are currently collecting opinions and comments in order to prepare a summary and identify required improvements. We plan to expand the experiment in the future.



Operating screen for vehicle dispatch control

With Our Shareholders

Aiming for sustainable profitable growth

Nissan's goals include top-level results and high profitability in the global automobile market.

For this reason, we place great emphasis on accurately reporting the value we provide and the progress that we make.

We believe the best way to create value is to meet the expectations of our shareholders, investors and other stakeholders.

Securing Transparency and the Official Announcement of Three-Year Dividend Plans

We are planning to pay a dividend of 29 Yen per share for FY05, 34 Yen per share for FY06, and 40 Yen per share for FY07

Nissan continues to work to maintain transparency with shareholders and investors in order to meet their expectations.

The CEO (Chief Executive Officer) is responsible for ensuring proper accountability and transparency and ensures that the public is informed about Nissan's objectives and actions. We believe that this approach lets our shareholders and investors understand what Nissan is like as a company, and helps them better understand our aims in the short, middle and long term. Beginning in 2004, we disclose our quarterly financial information in a more detailed form and communicate our business results on a more timely basis.

Nissan Motor Co., Ltd. is announcing dividend plans for the next three years. In NISSAN Value-Up, our new three-year plan, we have promised shareholders an annual dividend per share of 29 Yen for fiscal year 05, 34 Yen for fiscal year 06 and 40 Yen for fiscal year 07. We initiated this policy to help shareholders and investors make better investment decisions. We have also committed to Nissan's continued growth.

Active Communication with Shareholders and Investors

General meetings of shareholders will be held in a larger venue beginning in 2005

Shareholders and investors are our partners, and we work with them to create sustainable value. By providing various opportunities to meet and talk with shareholders and investors, we are improving interactive communications and nurturing greater mutual understanding.

The annual shareholders meeting for Nissan Motor Co., Ltd. will be moved to a larger venue in the City of Yokohama in order to accommodate the increased number of shareholders wishing to attend. When making the decision to move the venue, we sent questionnaires to shareholders to identify their preferences. Many welcomed the idea of moving the venue, from Tokyo to the City of Yokohama. At the annual shareholders meeting one-third of the time is spent on reports from management and the remaining time is spent on questions and answers. Comments are limited to 20 minutes per shareholder, but this is the only restriction. The order of shareholder comments is determined by the reference numbers distributed on arrival at the meeting. If, due to time limitations, a question cannot be asked during the shareholders meeting, we also accept written inquiries.

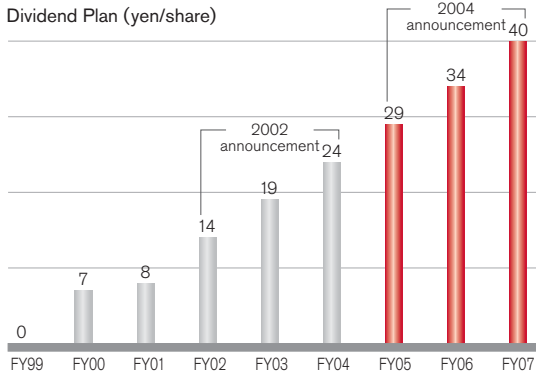
Please see our website for additional details about investor relations: <http://www.nissan-global.com/EN/IR/>



Seminar for individual investors co-sponsored with Nikko Cordial Securities Inc. (Japan)



Informal reception with shareholders (Japan)



In addition, after the shareholders meeting an informal reception is held with members of management. It is our aim to provide an opportunity for the exchange of opinions in an open and fair manner.

In our daily investor relationship activities, the person in charge of investor relations communicates corporate information in close cooperation with the management. We make great efforts to inform shareholders and investors quickly and precisely regarding management decisions.

Socially Responsible Investment (SRI)

The concept of Socially Responsible Investment (SRI), whereby investors consider a company's environmental and social efforts in their investment decisions, continues to be a growing force in the investment world. At Nissan, we disclose to shareholders and investors not only our financial status but also those actions and decisions that have environmental and social considerations. We summarize Nissan's approach to society and sustainable development in the form of this Sustainability Report, which was first published in 2004. We hope that this report will promote further dialogue between Nissan and our stakeholders.

Living up to the Expectations of Individual Investors
The number of individual investors has increased by about 70% during the last three years

We want to meet the needs of individual investors as well as those of institutional investors. Individual investors see great value in Nissan, and have the confidence needed to help secure not only their own future, but also that of their children.

In 2002, we decreased the minimum sales and purchase unit from 1,000 shares to 100 shares, giving customers with smaller capital the opportunity to hold Nissan shares. This initiative, and our official announcements regarding our future dividend plan and the promise of increased dividends, have been well received and have led to a significant increase in the number of individual investors. Compared with the end of March 2004, the number of individual investors had increased by nearly 40% by the end of March 2005, and compared with March 2002, the increase was about 70%. Our analyst meetings have provided an opportunity for information disclosure and dialogue. In addition, in the last couple of years we have expanded our communications targets and organized seminars for potential individual investors. At these seminars, our CEO, Carlos Ghosn, and other members of top management make presentations describing Nissan's recovery and growth potential, as well as our approach to social contributions and the environment.

With Our Employees

Making full use of the capabilities of our diverse staff

The growth of Nissan is supported by the strong motivation and unique value of each of our employees.

The diverse personalities of our employees lead to new ideas and new value.

We make an effort to bring this diversity to life and we work to create an environment that allows our employees to be creative and innovative.

It is our aim to become an organization in which each employee can reach his or her full potential.

Employees Make the Company The driving force behind NISSAN Value-Up

High employee motivation is the driving force behind continuous improvement. In the management reforms started in 1999, Nissan's top management has seen its main role to be fostering high motivation in employees, even in difficult conditions. Management has set a clear direction for all levels of the company, and has created an environment that allows every employee to reach his or her full potential. In response, the employees have been very committed to meeting the challenges faced at Nissan. At the present stage in our new mid-term business plan, NISSAN Value-Up, we are building on the positive results of previous plans. Our progress so far has been a source of pride for everyone at Nissan.

Consistent and clear strategies; two-way communication between employees and top management; the improvement of management quality based on objective evaluation through attitude surveys; fair capability evaluation based on job performances; and the delivery of good results. When all of these are achieved at the same time, a synergy occurs: employee motivation is rewarded, and the company sees tangible benefits.

A Human Resource Approach that Values "The Possibility of the Individual"

The introduction of evaluation based on competency and free agent systems

Many employees work for Nissan in more than 160 countries throughout the world. These highly diverse, highly skilled individuals are a great asset to our company. We continuously improve our personnel administration system, ensuring that every employee's potential is developed and realized.

Nissan Motor Co., Ltd. reformed its evaluation-based remuneration system and introduced a new system in fiscal year 2004, based on the concept of "designing your own career." Remuneration is determined not only by performance or outcome, but also by capability evaluations of competency (actions or ways of thinking). In an interview held with each employee, the employee is asked to evaluate his or her strong and weak points. Evaluators explain their evaluation to employees. Before this system was introduced, attitude surveys were conducted with all employees. These surveys will be conducted periodically in the future in order to identify employees' opinions on how the system has improved. It is the employees themselves who will guide the development of the personnel administration system. Nissan believes that having a good system in place will naturally lead to the greater realization of employees' capabilities.



Nissan North America, Inc. Smyrna Plant (USA)



Meeting between CEO and employees at Nissan Motor Co., Ltd., for the free exchange of opinions

We have introduced a career development system that supports independent, proactive behavior. Nissan Motor Co., Ltd. has long had an "Open Entry System" in which employees are free to apply for any positions that are openly advertised. About 300-400 employees apply every year, and 70-80 of these employees are transferred. In addition, in fiscal year 2005, we introduced a "Free Agent System" in which employees can freely apply to any department in which they would like to work. We are considering the introduction of this same system for affiliated companies, ensuring "the right person for the right job."

The idea of "the right person for the right job" is also pursued globally. In Europe, for example, Nissan includes more than 30 companies of various sizes with different cultural backgrounds. Personnel management has been performed company by company or department by department. In 2001, we established a Career Committee and began a process of Career Development allowing global personnel arrangements and transfers across departments or regions in accordance with the career goals of each individual.

Communication Fosters Trust Attitude surveys of employees worldwide

Listening to each other ensures transparency and establishes relationships based on trust. Nissan regards communication as an indispensable tool for management. We carry out company-wide attitude surveys of employees every year. The results are used to improve the quality of management.

In fiscal year 2004, the survey was conducted with 30,000 employees selected at random from every part of the world. In fiscal year 2005, with the start of NISSAN Value-Up, the number of employees taking part in the survey will increase to all employees worldwide.

To provide an opportunity for direct communication between top management and employees, opinion exchange meetings are held all around the world. Good internal communication is needed to ensure that all employees maintain their motivation, especially in a company with so many people from different cultural backgrounds. Company newsletters and videos distributed for internal use are translated into several languages and are used to share information over the Intranet. In September 2004, we integrated these internal communications under a single in-house brand, "N-COM." From 2005, we are providing the latest information from each region via a common intranet 24 hours a day.



Nissan Design Europe, design center in London (UK)



Nissan Learning Center Management Institute (Japan)

Diversity initiatives at Nissan North America

To Nissan North America, diversity has long been a corporate priority. Launched in 1998, the company's Corporate Diversity Initiative strives to improve business results by ensuring that core businesses such as Sales, Manufacturing, Research & Development and Design, among others, meet the distinct needs of an increasingly diverse customer and labor base.

To this end, Nissan North America's diversity recruitment and retention efforts are dedicated to ensuring opportunities for employees with the qualifications, personal attributes and desire to advance within a supportive and collaborative business environment. Mandatory diversity training is designed to communicate the importance of establishing a workplace respectful of all employees.

At Nissan in North America, our commitment to diversity goes even further. The fact that minority-owned businesses play a vital role in offering competitive products and services is recognized and proactively supported through a Supplier Diversity Initiative and a commitment to increase the number of minority automobile dealerships.

Working Toward Individual Development

The establishment of a management institute, The Nissan Learning Center

Nissan wishes to grow and to become an organization that continuously learns and develops. This means that our people must learn and develop, and we are providing ongoing training to meet this goal. To learn means to "stretch" and to compensate for what is missing. Nissan believes a "corporate culture of learning" is not possible without "stretch" management.

We handle human resource development in three ways: "recruiting," "transfer and arrangement" and "provision of training opportunities." In NISSAN 180, our business plan for fiscal years 2002-2004, training programs were developed and implemented on a year-to-year basis. We began by introducing leadership training to educate executive managers in fiscal year 2002. In fiscal year 2003, management training was provided to managers to help them acquire management skills (for example, coaching skills). Finally in fiscal year 2004, a training menu was developed and a learning management system (LMS) was introduced for rank-and-file employees to help them reinforce special skills.

The Nissan Learning Center Management Institute

In April 2005, we established and started operations in a new training center, the "Nissan Learning Center Management Institute" in Hakone, Kanagawa Prefecture, Japan. The main purpose of this center is to

develop leadership skills within our organization. The management training includes a training course to enable executive managers by ensuring that they have the leadership abilities they need, a training course to reinforce our unique Nissan Management Way management techniques, and a cross-cultural training course for division and section managers who work with the Alliance with Renault. The target participants for this training are employees of Nissan Group companies worldwide, and the facility is positioned as a center of development for Nissan's "corporate culture of learning." We are also reviewing opportunities for joint programs with other companies and with business schools, which will allow us to benefit from outside viewpoints and achieve further improvements in management.

Respect for Diversity
Tripling the ratio of female managers within three years

Nissan sees diversity as an opportunity to bring the workplace and the marketplace closer together. In a perfect world, the workplace would mirror the diversity that exists in the marketplace. There are, however, still many areas where progress can be made.

In order to improve on the current situation, Nissan established a Diversity Development Office in October 2004. This office promotes activities that will transform the company into an organization in which diversity is valued and seen as a business advantage. The goal is to



Nissan North America, Inc. Smyrna Plant (USA)



An event to appreciate diversity at Nissan Canada, Inc.

An event to appreciate the diversity of Nissan Canada, Inc.

Respect for diversity is a common principle for Nissan worldwide. There are many initiatives in place to address this core principle. For example, every year in Canada, Nissan Canada Inc. (NCI) employees host a Multicultural Week to increase awareness and honor various world cultures. During the

event, NCI employees bring in artifacts, clothing, photographs, videos, cookbooks and other items, which are displayed at the company's Head Office in Mississauga, providing an opportunity to recognize and celebrate the diverse cultures of the world.

create an organization where differences in sex, nationality, ethnicity, individual personality and values are respected and used to bring added value to our company and our customers. The Diversity Development Office works directly with the Diversity Steering Committee. The COO acts as chairman of the Committee, which indicates the strategic importance of the diversity issue.

One theme we focus on is gender diversity, which means increasing the number of women on staff, educating them, and preparing an environment in which they are able to take part in decision-making. It also means understanding the needs of female customers and providing products and services that are attractive to them.

In Japan, the national average of women in management positions is 2.8% (fiscal year 2003). The current total for the automobile and transportation industry is even lower, with less than 1% female managers on average. At Nissan Motor Co., Ltd., where 5.8% of all employees are female, the ratio of female managers is also as low as 1.6% (fiscal year 2004). Even though this ratio is higher than that of the industry average, it still provides an opportunity for improvement. There are some regional discrepancies; for example, the ratio of female managers reaches 20% for Nissan North America, Inc. and 5.6% for European operations. This makes the low ratio of female managers in Japan all the more conspicuous.

Our target is to increase the ratio of female managers at Nissan Motor Co., Ltd. from 1.6% in fiscal year 2004 to 5% by the end of fiscal year 2007.

To further promote diversity, we are also initiating a new program to foster specific career development for women, to allow improvements in the balance between work and home life, and to promote an attitude of openness to diversity. One of the initiatives we are using to improve the work-life balance is a day-care center called "March Land", inside the Nissan Technical Center in Atsugi, Japan. The day-care opened in April 2005. It gives employees a greater opportunity to balance their careers and their home life by providing an environment in which they can take extended childcare leave starting in April 2005. It now exceeds the standard legal requirement the newly revised Child and Family Care Leave Act in Japan. Furthermore, we are considering other initiatives, such as flexible work schedules and company-sponsored babysitting.

Diversity in Recruiting

Nissan Motor Co., Ltd. has also taken steps to enhance diversity during the recruitment process. Although most new college graduates are hired for technical posts in Nissan, the ratio of women specializing in science and engineering in university is low. We are making an effort to increase the number of female engineers by increasing the number of presentations given at universities in Japan and elsewhere. As a result, the ratio of female engineers being hired is increasing. European operations have set a recruitment target to secure that the percentage of women going through selection process is in line with the percentage of women available with the required qualifications.



Dongfeng Motor Co., Ltd. (China)



An assembly line with reduced workload, allowing female workers to operate the whole line without the assistance of male workers (Aichi Machine Industry, Japan)

Joint Venture Corporation in China

Dongfeng Motor Co., Ltd., (China), established in 2003, is a joint venture between Nissan Motor Co., Ltd. and DongFeng Motor Corporation, a government enterprise in China. Each partner holds 50% of the equity and capital of 16.7 billion RMB (approximately 220 billion yen, or USD 2

billion at the exchange rate at the time). The company sells two brands: Nissan for passenger vehicles, and Dongfeng for commercial vehicles. Including its affiliated companies, more than 70,000 employees work for this joint venture corporation. The company is now implementing its mid-term business plan,

which is based on three principles: significant growth, operational enrichment, and the realization of organizational learning through the establishment of a stronger partnership between the two companies. Nissan builds on the lessons learned through our revival years to help local management.

Enhancing Opportunities for Employees with Disabilities

The employment ratio of people with disabilities at Nissan Motor Co., Ltd. was 1.9% at the end of September 2004 (The legal requirement is 1.8%). In fiscal year 2004, we worked in cooperation with universities to provide internship programs for hearing-impaired students and students with other disabilities, giving them an opportunity to learn about technology by experiencing real-world business settings where technology is applied. This program provides opportunities not only for the students to learn about the ways in which technology is applied, but also for the employees, who have a chance to learn about diverse capabilities.

Toward Human-friendly Plants Manufacturing innovation based on ergonomics

We are improving work practices at our plants so that employees feel even safer and more confident carrying out their daily tasks. We are promoting Nissan's own production system, the Nissan Production Way, in each country by focusing on the philosophy of "human-friendly production," lowering the burden on workers in our plants. Since many of the processes used at our plants depend on human technical skills, workers' job functions are being revised based on ergonomics. In cooperation with experts from our Alliance partner Renault — which has considerable experience in ergonomics — we reformed our criteria for assessing the difficulty levels of operation processes in 2001. As a result, we have reduced operations that imposed too large a burden on employees. Nissan Motor Manufacturing (UK) Ltd.

reduced the most burdensome operations by 30% in fiscal year 2004 and now has a reporting system to discover and identify problems in their early stages. In addition, Aichi Machine Industry Co., Ltd. (Aichi, Japan), which is a manufacturer of engines and transmissions for Nissan, is testing our approach to ergonomics through the operation of their production lines, and has reduced the operational burden enough to allow the lines to be operated by women only. The know-how obtained through these studies is reflected in the engine production lines for compact cars such as the Tiida and Note, which started operations in late 2004. As a result, female workers were successfully included for the first time in the engine assembling process, which used to depend solely on male workers. The results of these burden-reducing activities have resulted about not only in a reduction in accidents, but also in improvements in concentration during operations, reductions in cost, and improvements in quality.

Improving Occupational Safety and Health Systems Creating an "accident-free workplace" through the introduction of risk management

It is every company's responsibility to ensure the health and safety of its employees. To meet this goal, we set a common global objective to attain the industry's highest safety standard in each region, to hold a global meeting regularly to discuss safety issues, and to exchange information regarding accident trends.

Nissan Motor Co., Ltd. makes continuous improvements with regard to safety. The objective is to increase safety

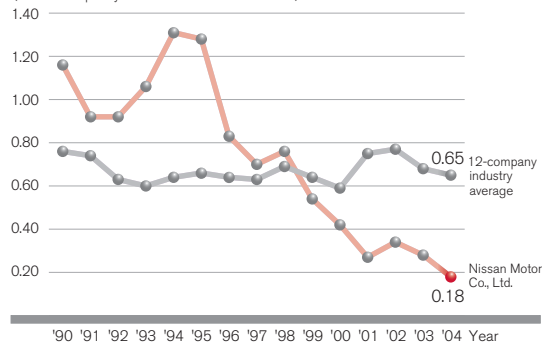


Nissan Motor Manufacturing (UK) Ltd.



Dongfeng Motor Co., Ltd. Guangzhou Huadu plant (China)

Trends in the occurrence of occupational accidents
(the total frequency ratio of accidents that occurred)



★Source: Statistical chart of occupational accidents in the automobile industry (The Japan Automobile Manufacturers Association, Inc.)

management standards every year using a Safety Evaluation System, which has been devised internally. Starting in fiscal year 2004, we introduced a new risk assessment system and began striving for an accident-free workplace.

In 2004 (from January to December), we successfully achieved a figure of 0.18 for the total frequency ratio of accidents that occurred (total accident cases/total working hours x one million). This rate is much lower than 0.65, the industry average figure calculated by the Japan Automobile Manufacturers Association, Inc. In addition, we receive trainees from every major global site, including sites such as Dongfeng Motor Co., Ltd. (our joint venture in China). We provide practical training regarding work safety.

In fiscal year 2004, Nissan North America, Inc. initiated training on ergonomics for engineers at Nissan Technical Center North America, Inc. Also, activities by a Safety Medical Team at the time of production start were promoted, and furthermore a disaster reporting system and improvement program were implemented. Nissan Motor Manufacturing (UK) Ltd. conducts benchmark surveys for the entire company, and as an outcome of these surveys both ergonomics and safety performance improved significantly in fiscal year 2004 compared to fiscal year 2003.

Nissan Mexicana, S.A. de C.V. in fiscal year 2004 conducted danger alertness training to minimize disaster damage deriving from behavioral factors. Also, a Safety

Evaluation System and an Occupational Safety and Health Management System were introduced, and the enforcement of 10 basic safety rules was strengthened to raise the level of safety.

In fiscal year 2005, activities globally will continue in order to further improve our occupational safety and health activities.

To improve worker health, we have applied systems that conform to laws and regulations in each region of the world. Nissan Motor Co., Ltd. has developed a program called the Total Health Promotion Plan to promote health issues, such as stress and to give advice about certain habits. The objective is to increase the ratio of healthy people (the ratio of employees who are not ill compared to the total who received a medical examination) from year to year. The result in fiscal year 2004 was a health ratio of 65.47% for all staff.

In Japan, new employees receive training about the prevention of HIV/AIDS, and an in-house consultation service has been set up. In the UK, medical hygiene standards provide specific procedures for accidents involving bloodshed, which are prepared in order to prevent an HIV infection from occurring. In South Africa, communication and training, voluntary counseling and testing is on going. For those infected and affected by the disease, individual life style management programs have been introduced in cooperation with local clinics and support groups.

With Our Business Partners

Building partnerships for mutual growth

From the Nissan Revival Plan to NISSAN 180 and now on to NISSAN Value-Up. The significant progress that our management plans have achieved was made possible through collaboration with our business partners all over the world. Our goal is to build a business model in which Nissan and our partners use our joint strengths and grow together, based on a firm relationship with the suppliers who provide the components, materials and services, the dealers who sell our vehicles and all other business partners.

With Our Suppliers

Procurement Policy Based on Fairness and Impartiality Selecting suppliers through transparent meetings

Nissan's suppliers work with us to create value. To build relationships of mutual trust, Nissan selects suppliers through a process that is thoroughly fair, impartial, and transparent. Nissan presents business opportunities to companies regardless of their country of origin, size, or history of previous business with Nissan. All the candidates are informed of the same conditions at the same time. During the selection process, all relevant Nissan departments — such as procurement, quality, production and design departments — participate in a meeting to help select vendors. The final decision is made after a cross-organizational analysis, taking into consideration the opinions of all participants at the meeting. The resulting choices are explained without fail to all the candidates.

We try to ensure fair and impartial operations in accordance with the Nissan Global Code of Conduct, Item 4 (Fair and Impartial Relations). In addition, to confirm that fair and impartial business operations are actually carried out, questionnaires and meetings are used to gather opinions from suppliers. In Japan, for example, we not only exchange opinions with top management of our suppliers, but we also discuss procurement policies with representatives of the labor

union to which the suppliers' employees belong. We use these opportunities to listen to the suppliers' opinions, take corrective measures when a problem is discovered and build a strong relationship.

As Partners Working to Create Best Practice Introduction of a module production system and the project partner system

We believe that the sustainable development of partnerships between Nissan and our suppliers is realized through opportunities for mutual business expansion and profit generation in a win-win relationship.

Nissan 3-3-3 Program

Based on the above concept, we initiated the Nissan 3-3-3 Program in 2000. In this program, the three relevant groups — suppliers, Nissan's purchasing department, and Nissan's engineering department work together to achieve the best balance between cost-reduction and high quality in order to realize so-called best practice. Based on scientific judgments by cost engineers who have expertise in cost-reduction, and on close communication with the suppliers, the three parties together exchange ideas and challenge each other to create more competitive products.



Nissan North America, Inc. Smyrna Plant (USA)



The module production system is being introduced into plants worldwide/ Oppama plant (Japan)

Establishing ASEAN regional headquarters (Singapore)

On April 1st, 2005, Nissan Asia Pacific Pte., Ltd., wholly-owned by Nissan Motor Co., Ltd., commenced operations in Singapore as the regional headquarters for the ASEAN countries. The main functions of the regional headquarters are regional marketing and sales

support, franchise management, public relations and production order processing. Nissan sold 76,345 vehicles in the four major ASEAN countries (Thailand, Malaysia, Indonesia, Philippines) in fiscal year 2003, up 7.9% from fiscal year 2002. The ASEAN

market is expected to grow significantly, and we are promoting further localization of production, manufacturing expansion, and improvements in logistics in the region.

Module Production System

In an attempt to establish best practice, we initiated the Module Production System at plants in Japan, and are currently expanding it to other plants throughout the world. This is a system in which suppliers deliver components as a set of parts whenever necessary, instead of delivering them individually. By sharing and integrating components, the system helps to reduce waste in various situations. In addition, the system also improves productivity and quality, and reduces development time and cost.

Project Partner System

In the field of components, great improvements in productivity and product competitiveness can result through cooperation between Nissan and its suppliers, beginning in the early stages of development. We are strengthening our cooperative relationship with our suppliers by introducing a new partnership system called "Project Partner," starting in fiscal year 2005. This project Partner System is one of the ways in which we, from a medium to long term perspective, improve our efficiency. This is achieved through the collaboration with suppliers on concrete issues relating to technology development, product improvement, etc. The system is expected to further increase the competitiveness described in our mid-term plan, NISSAN Value-Up. Suppliers who become "Project Partners" are selected through the same transparent and impartial process as other suppliers.

Nissan conducts business with a variety of suppliers throughout the world. When starting to do business with a new supplier in a new country, sustainability is always positioned as a pre-condition for a successful relationship. A sustainable business can be realized only with suppliers who observe basic rules and who have both business sense and common sense. Whenever there is uncertainty on these points, the high quality and productivity we demand becomes impossible to attain.

Establishment of the Global Innovation Award

Each year at Nissan, we award suppliers in each region of the world for those activities that contribute to Nissan's business development in terms of quality, cost reduction, and technical development. In addition to these regional awards, we are also establishing the Global Quality Award and the Global Innovation Award, beginning in fiscal year 2005. The Global Innovation Award is not limited to evaluating innovation in product and technology development, but also looks at the wider issues of process improvements and management reform, with candidates being selected globally. With this newly established "Global Innovation Award" as a start, Nissan will motivate the entire global supply chain to understand and share our spirit of sustainability and will promote a sound balance between the three aspects of management: economic activity, environmental consideration, and social responsibility.



Lecture on Nissan's approach to CSR, presented to suppliers (Japan)



A dealership renovated in accordance with Nissan's visual identity (Australia)

Creating better dealerships with the “Professional Team (Takumi Team in Japanese)” (China)

To provide service that satisfies every customer in the large Chinese market, it is essential for all dealers to be able to practice the Nissan Sales and Service Way. To meet this goal, we established a “Professional Team” comprising four experienced sales staff from Nissan in Japan.

The team visited dealers in China to improve the quality of service in collaboration with the dealers. The Professional Team visited a total of 137 dealers, covering a distance equivalent to travelling around the world two and half times.

Green Procurement

More than 95% of suppliers are ISO 14001 certified

To reduce our impact on the environment, Nissan manages all substances that may have an environmental impact, no matter where in the world they are used. Furthermore, we established the Nissan Green Procurement Guidelines in Japan and asked each supplier to submit data on substances that have an environmental impact, to maintain an environmental management system, and to identify those in charge of environmental protection to Nissan. By March 2005, more than 95% of Nissan's suppliers in Japan have been certified to ISO14001, the international standard for environmental management, or participate in Eco Action 21, an environmental activity assessment program set up by the Japanese Ministry of the Environment.

With Our Dealers

To Improve Quality of Sales and Service

To achieve top levels of customer satisfaction in every region of the world by 2010

Nissan's goal is to provide professional and valuable service to customers during the sales and service process. This means having well-managed and clean dealerships, ensuring that services are provided by thoughtful and well-informed staff, and satisfying each individual customer. To achieve these objectives, Nissan has established a set of global guidelines called the Nissan Sales and Service Way (NSSW), which is

intended to raise the level of the quality in sales and services (→P21). In Europe, for example, we started to execute the NSSW activities with the major 450 dealers in order to promote customer-oriented goals such as creating a comfortable environment and providing quality service for customers. In addition, Nissan's Dealer's Code of Conduct is prepared for approximately 10,000 dealers worldwide and reflects regional characteristics and values.

Instead of delivering stereotypical customer services, Nissan is trying to promote, on a long-term basis, those services that reflect Nissan's identity and brand image. The specific objective is to achieve industry top level recognition by 2010 in customer satisfaction surveys conducted by an external organization in every region of the world.

Global NSSW Award

In fiscal year 2003, in a program to accelerate service improvements, we initiated the Global NSSW Award. We select and reward dealerships that are highly evaluated in customer satisfaction surveys for sales and service. The Award is available to dealers worldwide. In fiscal year 2004, for the second time, we awarded 44 dealerships in Japan, Europe, US, and other countries. This serves to further raise the level of staff motivation in each dealership, and to create an ideal image of how a Nissan dealership should do business. In fiscal year 2005, we began visiting the awarded dealers in each country in order to collect data on services and activities that are highly valued by customers, and to disseminate best practices to other dealerships and countries.



Ceremony of Global NSSW Award 2004



Nissan Prince Tokyo Sales Co., Ltd. enhancing ties with the local community (Japan)

Collaborating with Dealers to Promote Environmental Activities
Eliminating approximately 245 tons of waste through recycled parts

Nissan introduced an original environmental management certification system in accordance with ISO14001, the Nissan Green Shop, to dealers in Japan. By March 2002, all dealers had obtained certification. Even after obtaining certification, we continue to maintain and improve activities by conducting periodic assessments.

Nissan Green Parts

When handling waste, it is important not only to dispose of the waste properly, but also to recycle and reuse it appropriately. In cooperation with recycling service providers in Japan, since 1997 Nissan has been selling re-used parts recovered from end-of-life vehicles as Nissan Green Parts. "Reused parts," which are cleaned

for reuse, and "rebuilt parts," which are re-assembled, allowed the elimination of approximately 245 tons of waste (shredder dust) in 2004. (See P52 for details on recycling.)

Expansion of LV certified dealers

With an aging population in many parts of the world, there is an increasing demand for welfare vehicles - or Life-care Vehicles (LV) - that support aged or physically handicapped persons. In Japan Nissan certifies those dealers that display LVs and have LV advisory staff with specialized knowledge to support customers as "LV Dealers." We are currently promoting a remodeling of dealers' showrooms globally, based on the Nissan visual identity. Along with this initiative, we are increasing the number of barrier-free LV-certified dealers in Japan. As of February 2005, there were 224 LV-certified dealers (→ P21).

To be a dealer appreciated by the community – The Efforts of Nissan Prince Tokyo –

A dealer should exist as an integral part of its local community. Each dealership voluntarily carries out activities to build a better relationship with the local community.

For example, Nissan Prince Tokyo, one of the main dealers in Tokyo Japan, has 50 dealerships in Tokyo and sells about 27,000 Nissan vehicles per year. All the company's dealerships work to maintain continuous communication and engage

in various activities with their local communities. Staff voluntarily clean roads, plant flowers and trees along the streets near their shops and provide access for local residents to parts of the showroom free of charge. These activities are based on the idea that a dealer should form bonds with the local community. To ensure the implementation of the Nissan Green Shop program — Nissan's original environmental management system for

dealerships — a Green Shop Day is held every month. On this day, staff check more than 80 items of environmental protection. This monthly event also serves to raise awareness about the environment among the staff. Based on these examples of best practice, Nissan works to further enhance its cooperation with dealers in order to promote environmental and social activities worldwide.

With Society

Realizing a sustainable future

Nissan's vision is "enriching people's lives."

This vision reflects our wish to create value and to be a company that is valued by society.

This means contributing to local development by generating economic activity or by engaging in partnerships with the local community and acting as a good corporate citizen.

It also means taking educational and environmental initiatives that are an investment in all our futures.

As a member of the global community,

we wish to continue to contribute to the positive development of society.

With Our Community

Contributing to the Local Community through Profitable Growth and Local Production

Producing more than three million vehicles annually

Nissan aims to achieve sustainable, profitable growth. Profitable growth allows investment in the future. We need to realize our mid-term and long-term goals and use our capabilities to help create a sustainable society. Nissan regards the sustainability of the company and of society to be closely interconnected. Sustainability plays a key role in all our business decisions.

In addition, Nissan works to "localize production" so that vehicles can be produced near the markets where they are actually used. Currently, we have production bases globally, such as in the US, the UK, China, Spain, and Mexico as well as in Japan, and produce more than three million vehicles a year throughout the world. This means that not only are we able to respond quickly to diverse customer needs, but that we also contribute to the regions in which we operate. Through our economic activity, we are able to contribute to communities by making investments, paying taxes, creating new jobs, and providing suppliers with business opportunities.

A Company that is Not Appreciated by the Local Community Cannot Prosper

Starting projects to get closer to the community

Nissan is a network of companies such as plants, development centers and dealers operating in every region of the world. However, we still believe there is room to improve and strengthen our partnerships with local communities. For instance, in an attitude survey of citizens in Fukuoka Prefecture, Japan, where we have one of our main plants, it turned out that more than half of the citizens did not know about the existence of Nissan's plant in the prefecture. The result urged us to act on our belief that "a company that is not appreciated by its local community cannot prosper." In fiscal year 2004, we initiated the "Local Project" in Japan, starting in Fukuoka, Kanagawa and Tochigi Prefectures where the vehicle production plants of Nissan Motor Co., Ltd. are located, in order to build stronger partnerships with local communities.

Activities of Nissan Motor Manufacturing (UK) Ltd.——

The Sunderland plant in the UK has produced Nissan vehicles since 1986 and is currently the largest automobile plant in the UK with 4,125 employees and 320,000 vehicles produced during fiscal year 2004. NMUK has been named as the most productive plant in Europe for seven consecutive years. At the plant we pay attention not only to productivity, but also to establishing strong ties with the local community and promoting social contribution activities.



Nissan Motor Manufacturing (UK) Ltd.



Nissan acquired naming rights to International Stadium Yokohama, which hosted the World Cup 2002 finals, and renamed it Nissan Stadium (Japan)

At NMUK, we encourage staff to take part in charitable events, and superfluous office equipment is recycled into the local community for reuse.

As a unique activity, the plant supports BEN, a benevolent institution.* The plant recently provided on-site office space inside the plant for BEN and raised and donated funds amounting to 40,000 pounds in two years. Today, we still offer the GAYE (Give As You Earn) system where a part of employees' salaries are voluntarily donated through automatic bank transfer. Currently over 800 employees take part in this scheme. Another unique activity is that all funds raised through Company Staff events are donated to NECCR (North of England Children Cancer) research fund. This organisation is the premier research unit into children's cancers in Britain.

***What is BEN?**

BEN is the Motor and Allied Trades Benevolent Fund - the automotive and related industries' own charity. Founded in 1905 BEN has been helping, men, women and children connected to the motor, motorcycle, cycle, commercial vehicle and agricultural engineering industries plus associated trades for 100 years. Employees past and present plus their dependants can contact BEN in times of crisis. BEN's Welfare Team is currently helping over 15,000 people in the community, 55% of whom are of working age. Help is provided in many ways and is crucial in keeping families together when they experience issues involving mental health, drugs, or alcohol abuse. The fund also provides financial and emotional support to people facing severe hardship.

Contributing as a member of the local community

Nissan wishes to contribute to local economies and to promote sports and culture in the areas where its business operations are located. In Kanagawa Prefecture, Japan, where the City of Yokohama is located, Nissan's major business operations include the Yokohama Plant, the Oppama Plant (Yokosuka City), the Nissan Technical

Center (Atsugi City), and the Nissan Research Center (Yokosuka City). Approximately 30,000 employees work in the prefecture, including our affiliated companies and dealers. In 2010, we are planning to move our global headquarters to the Minato Mirai 21 area of the City of Yokohama and to construct a new company building there. International Stadium Yokohama, which is the home stadium of the Yokohama F. Marinos, a professional soccer team owned by Nissan, is also located in the City of Yokohama. Nissan acquired naming rights to the stadium and renamed it "Nissan Stadium" in March 2005.

The Nissan Technical Center, Nissan's largest research and development center located in Atsugi and Isehara Cities in Kanagawa Prefecture, has a five-year investment plan of about 58 billion yen from fiscal year 2005 to expand research and development functions. The Center also plans to provide advanced technological know-how to local small and medium sized companies.

We are also strengthening our ties with local universities, companies and local governments. Together with universities and research organizations in the region, we conduct many joint projects, such as the "Nissan e-care system™." (→ P22)

Nissan also wishes to further support and stimulate the local community through a number of initiatives, by participating in local events, or by supporting transportation safety instruction for children and educational and cultural activities in cooperation with local governments such as Kanagawa Prefecture or Atsugi City.



The Canton Plant uses water-based paints to reduce VOC emissions (USA)



The walking path next to Tochigi Plant (Japan)

Pollution Prevention around Plants Avoiding the pollution of air, water and soil

It is the responsibility of a manufacturer to prevent air, water and soil pollution and to avoid any negative impact on local residents or areas near plants. We take preventive measures and observe related laws and regulations in each region.

Prevention of air pollution

Currently, we focus on reducing the use of volatile organic compounds (VOCs) that make up 90% of the chemical substances emitted during the vehicle's production process. We try to reduce offsite VOC emissions by increasing the recycling ratio of used paint thinner, as well as by reducing the amount of VOC used.

We are switching to water-based paint, which generates lower VOC emissions. The Kyushu Plant maintains some of the industry's lowest VOC discharge levels from its water-based painting lines.

Water-based paint has also been adopted in the US at the Smyrna Plant in Tennessee and at the Canton Plant in Mississippi.

Prevention of water, groundwater and soil pollution

We are making an effort to reduce our use of water, to recycle water within our production process, and to treat wastewater. For instance, the Tochigi Plant in Japan has introduced a system which stops offsite drainage of rain if oil and other spills are detected by a water quality sensor installed in the rainwater outlet.

Each of our places of business independently studies soil and groundwater and investigates the history of chemicals that have been used on site. In the UK, for instance, Nissan Motor Manufacturing (UK) Ltd. established a system in which spill response teams cope with accidents whenever a spill into the soil is detected.

Reflecting Regional Diversity Our commitment to increase minority representation in dealers by 20%, suppliers by 7% and for employees to reflect the US marketplace

Nissan respects the diversity of each region in our work environments and at our sales and service facilities around the world (→P28).

Nissan North America (NNA), for example, has made a commitment to build positive relationships with minority (ethnic minorities) dealers and suppliers. In cooperation with the National Association of Minority Automobile Dealers, NNA has identified qualified minority dealer candidates, and has met its target of increasing the minority representation by 20%

As for suppliers, NNA has established a Supplier Diversity Initiative, the objective of which is to achieve at least 7% of controllable spending with minority suppliers. Both initiatives successfully met their implementation date of the end of fiscal year 2004.



Providing cars to a welfare program delivering meals to the aged (Canada)



Supporting a project delivering food, cloths and other items to those living in poor regions (Brazil)

Delivering hot meals to aged people — The Nissan Canada Foundation

The Nissan Canada Foundation works to help seniors across Canada cope with every day hurdles and to help them be more independent. One of the biggest ways the Foundation helps the seniors' community is through the "Meals on Wheels" program. With over 50 Nissan

dealers across Canada participating in Meals on Wheels, there are close to sixty Nissan vehicles being used to deliver hot meals to seniors every day. The Foundation donates these vehicles and allows "Meals on Wheels" agencies to use them for up to three years.

To assist the company in the design of its advertising and public relations programs targeted to minority consumers, NNA has formed partnerships with Hispanic and African-American public relations and advertising agencies.

Supporting Communities Hit by Disaster

Support to the victims of the Sumatra and Niigata Earthquakes

In 2004, disasters such as the Sumatra Earthquake off the coast of Indonesia and the Niigata Earthquake in Japan occurred one after another, causing great suffering.

Immediately after the Sumatra Earthquake occurring at the end of December 2004, we committed to a donation of 100 million yen, not only as emergency support, but to help with mid-term and long-term reconstruction efforts. The donation is being used to construct facilities to heal the traumas of suffering children and to provide mental care. A small portion was used for a mobile library. In addition, our employees raised funds around the world. These contributions were then matched by the company, providing additional support for reconstruction efforts in the disaster-struck areas.

A social project in Brazil

Linking its tradition of 4x4 vehicles with a social project, Nissan do Brasil sponsors the "Idéia Fixa" project. This project aims to supply food, clothes and hygiene material to those in need living in poor regions in Brazil. Nissan do Brasil has

supported the project since its launch in 2002, lending a Frontier pickup for the transportation of donations, and also providing financial support to the program.

The "Idéia Fixa" project is a non-profitable, non-governmental project and has expanded its operations through 8 Brazilian states, helping over 8,000 people. More than 62 tons of donations have already been delivered.

Nissan employees across Europe raised funds which were matched by Nissan Europe. This donation was given to CARE, an international NGO, in order to support a program in the Aceh Province in Indonesia. An emergency shelter and livelihood project for farming and fishing communities affected by the Tsunami will be operated until December 2006 and will benefit 20,000 people.

The Niigata Earthquake measuring a magnitude of 6.8 on the Richter Scale struck the Niigata area in Japan on October 23, 2004, causing serious damage. Nissan provided food and pocket body warmers to the area immediately after the earthquake. In addition to the initial support, five of our employees participated in the "Corporate Volunteer Program," which was soon established to help victims. These employees engaged in volunteer activities in the disaster area.

Just as a company is a citizen of society, so are its employees. To respond to employees' interests in volunteer or social activities, the company has prepared the necessary systems for support. We initiated the Financial Support Program in 1996 to provide financial support and also to provide information regarding volunteer activities to our employees and their families. We wish to maintain a corporate culture in which our employees can freely participate in volunteer activities at any time.



Receiving the First Asahi Corporate Citizen Award from the Asahi Newspaper (Japan)



Award ceremony of the 6th Nissan-NPO Learning Scholarship Program (Japan)

For Future Generations

Investing in the Future

Our main program areas are “Support for Fostering Creativity” and “Environmental Protection”

Nissan is working to be a company that is valued by society and recognized for excellence. The contribution we make through our economic activity is one of the ways we work to realize this goal. However, this contribution alone is not enough. We need to foster a number of activities and find more ways to contribute to society. However, it is difficult to respond at once to all the concerns of those who interact with Nissan. Therefore, we are focusing on three key activities for Nissan: “fostering creativity of children and young people,” “promoting a better understanding of environmental protection,” and “providing humanitarian relief.” It is our wish that children and young people should engage in a number of different experiences, which will, with time, enhance their opportunity to realize their dreams. We believe that such activities are an important investment in the future.

In 1991, we established a department dedicated to the promotion of social contributions and activities in Japan. Since then, we have taken on social issues by building a network of Non-Profit Organizations (NPOs). In addition,

we established foundations in Japan and the US to make contributions to science, culture and education and have supported many different activities.

Creating Opportunities for Young People to Work in a Non-Profit Organization “Nissan-NPO Learning Scholarship Program”

One of our activities, conducted in partnership with an NPO (Non-Profit Organization), is the “Nissan-NPO Learning Scholarship Program,” started in 1998. In this internship program, we recruit students who want first-hand experience at an NPO and provide scholarships to the students. The program gives young people an opportunity to develop their creativity and their ability to think critically, and to act on their own initiative. From a total of 147 students who applied to the program in fiscal year 2004, 17 students were given an opportunity to work at an NPO as scholarship recipients. The scholarship students have described their experiences in the following ways: “I learned a lot about society and understand the severe social conditions and complicated situations surrounding an NPO,” or “I am now confident and able to act positively thanks to the unique experience I had.”



Story and picture books published (Japan)



Support for the All-Japan School Biotope Contest (Japan)

“School Visits Program” at Nissan Motor Iberica (Spain)

In March 2005, Nissan Motor Ibérica, S.A. in Spain started a new visits program addressed to elementary school students aged 8 to 12. Visits to our plant in Barcelona are organised twice a week. In the first three months, a total of 24 schools or 1,200 students will visit the

plant to learn about our manufacturing activities. After this launching period, the plan is to receive visits by about 50 schools or 2,500 students every year. In order to prepare students for the visit, didactic material is sent to the school to be shared with the students in advance.

After the visit, a book with a tale about the history of the automobile is given to all visitors.

With this initiative, we hope to provide a useful learning experience to the students, while at the same enhancing Nissan's brand image.

Receiving the Asahi Corporate Citizen Award

Nissan received the “First Asahi Corporate Citizen Award” in 2004. The awards program was established by the Asahi Newspaper in the same year to support and reward good “corporate citizens.” Nissan was recognized for its unique activities carried out in cooperation with NPOs through the “Nissan-NPO Learning Scholarship Program.”

Fostering Children's Imagination “Nissan Children's Storybook and Picture Book Grand Prix” develops many brilliant authors

Story and picture books are enjoyed by children from an early age. These books foster the sensibilities and imaginations of children and will remain as unforgettable memories even after they have grown up. On the other hand, it is said that finding new professional authors is difficult in the children's storybook industry, due to conditions in the commercial publishing business. “Nissan Children's Storybook and Picture Book Grand

Prix” is a contest for amateur storybook authors and was started in 1984 in cooperation with the International Institute for Children's Literature, Osaka. The contest attracts approximately 4,000 story and picture books from all over Japan every year. Winning works are published and donated through Nissan dealers to approximately 3,600 libraries across Japan as well as to kindergartens and nursery schools near Nissan's places of business. We have donated over 120,000 books in total.

Publishing the winning works has created an opportunity not only to introduce high quality books to society, but also for the prize winners to launch their careers as professional authors.

Activities that Lead to a Better Understanding of Environmental Protection

To promote activities aimed at deepening the understanding of environmental protection, we have built partnerships with NPOs. For example, we support the Ecosystem Conservation Society-Japan and the All-Japan School Biotope Contest.



Supporting technical research for making groundwater drinkable in Bangladesh



Near the plant area, next to the Barmston Pond, a fully lined artificial pond was created. This allows the adjustment of water volume in Barmston Pond. As a result, the ecosystem has become richer (Nissan Motor Manufacturing (UK) Ltd.)

**Nissan Science Foundation
Making Contributions
Unique to Nissan**
Doubling our contribution in fiscal year 2005

The Nissan Science Foundation, established in 1974, has played an important role as the first foundation financed by a Japanese vehicle manufacturer. Its total contributions in the past thirty years exceed 5.3 billion yen, supporting approximately 1,370 projects. To respond to the needs of a new era and to further promote advanced and unique activities, the Foundation's systems and activity areas were radically reformed in fiscal year 2004. As a result, the contribution amount was doubled for the implementation of new programs in fiscal year 2005. First, "creating solutions for social progress" was established as the overall objective of contribution activities. Contribution areas were redefined as "environment," "education" and "technologies leading to progress of the automotive society." Nissan also hosts the Nissan Science Prize, Science Study Support Program and Science and Environmental Education Aid.

The Nissan Science Prize is an award program started in 1993, in which emerging, enthusiastic researchers and innovators are selected every year. In fiscal year 2004, the research target area was environmental science. A researcher examining issues related to global greenhouse emissions was selected for the award.

The Science Study Support Program supports research projects that have been selected through public offerings, such as a research project examining technology to use underground water as drinking water in Bangladesh. We select significant themes that are difficult for researchers to fund.

The Science and Environmental Education Aid program was established to encourage children to take an interest in science and environmental preservation. In fiscal year 2005, we also began to support a science education program that reflects the regional characteristics around Nissan's places of business.

Global Expansion of Social Contribution

In this section, we will introduce some specific examples of Nissan's social contributions worldwide.

Nissan Motor Manufacturing (UK) Ltd. organizes Industry Days at the plant, an educational activity provided in cooperation with the local community. Although the shipbuilding and coal mining industries once prospered in Sunderland, the region today faces high unemployment caused by changes in the industrial structure. Through cooperation with other companies, the plant provides opportunities for children to learn about the industries of the region and to acquire useful skills. It is our hope that this initiative will help give young people a belief in the future of the region.



Industry Days, an educational activity in collaboration with the local community (UK)



Presenting grants by Nissan Foundation (USA)

Programs with a variety of themes, such as reading and writing skills, mathematics skills, environmental knowledge, and languages, are provided for 20 to 30 days a year.

In addition, 'Back to School with Nissan' is a program where NMUK opens its doors to teachers. It invites several teachers from schools in the North East of England, so the teachers can have an opportunity to see the rationalized management and technologies of the plant, as well as to actually experience working at a plant of their choice for a full day. NMUK started the program in 2004 with the wish that the know-how obtained at the production site will be applied to education sites.

Nissan North America, Inc. — Investing in the future—

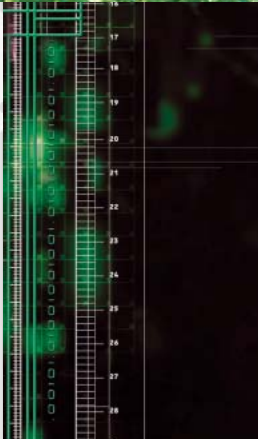
Since incorporating in the US over 40 years ago, Nissan North America and its US affiliates have demonstrated a strong commitment to Enriching People's Lives, in part through its philanthropic investments in non-profit organizations. Through Nissan Neighbors, the company donates over US\$3 million a year to charities, in addition to in-kind donations and various sponsorships used to support programs that promote education, the environment, humanitarian aid, safety and diversity. The Nissan Foundation, which was established in 1992, also supports the company's goal of investment in the future. The Foundation provides grants supporting its mission to

foster an appreciation and understanding of diverse cultural heritages, and to enhance career opportunities for young adults in the automotive industry. The Nissan Foundation's endowment has increased to \$6 million and will grow to \$10 million by 2008.

Exchange activities with the local community

— Kyushu Plant in Fukuoka, Japan —

The Kyushu Plant, located in Fukuoka Prefecture, Japan, started operations in April 1975 and was the first vehicle plant on Kyushu Island. It is one of Nissan's largest plants, celebrating its 30th anniversary in 2005. To date it has produced over 10 million vehicles. To be appreciated by the local people and to be trusted as an "open plant," a variety of events are used to establish strong ties with the local community. The annual festival organized by our Kyushu Plant held in September 2004 had 35,000 visitors, the largest number ever. The festival was crowded with people, not only in the main festival site in the plant's parking lot but also in the children's square and the spacious meeting spaces provided around the renewed guest hall for business people. Furthermore, to assist with sports promotion for young people, we organize annual sports meetings for volleyball, table tennis, tennis and other sports. We also host baseball classes offered by Nissan Kyushu's baseball team, which participates regularly in the Inter-City Baseball Championship Tournament in Japan.





Protecting the Environment

Symbiosis of people, vehicles and nature

The most important challenge of our time is to achieve industrial development while preserving the natural environment and alleviating environmental problems. Nissan continues to pursue an innovative approach to environmental activities. We consider a wide range of options and dedicate ourselves to developing technologies which will be effective today as well as in the future thus promoting vehicles with a low environmental impact.

Nissan's Perspective

Aiming to achieve a symbiosis of people, vehicles and nature

Conservation of the global environment is the most important challenge in our pursuit of sustainable development.

The global environmental problems we face today as an automobile manufacturer are complex and diverse.

We cannot pass these problems on, unsolved, to future generations.

What challenges are Nissan taking on today to meet the demands of society?

While clearly defining the key challenges which the future lays before us, we will continue to take a sincere and innovative approach to our environmental activities.

Three Key Issues for Nissan

Managing CO₂ emissions; protecting the air, water, and soil; and recycling of resources

We firmly believe that a sincere environmental policy is at the core of sound business practice. Nissan places a high priority on effective environmental management. What impact are our corporate activities and the products we provide having on the natural environment? Understanding this and considering what is expected of Nissan by society, Nissan has identified three key issues, which we regard with particular importance. They are: managing CO₂ emissions, protecting the air, water, and soil; and recycling of resources.

Managing CO₂ emissions

Nissan works proactively to manage CO₂ emissions from our plants, and to introduce technologies that reduce the amount of CO₂ emitted from our vehicles in use. We regard this to be an issue of strategic importance for the company. In our factories, we have increased energy efficiency significantly through the introduction of numerous energy saving measures, including co-generation facilities. As to our vehicles, the introduction of new engine and transmission technologies and our investment in clean energy vehicles are some of the major efforts being taken in order to reduce CO₂ emissions. We are now in the process of establishing a global strategy for CO₂ management, as described below.

Please see our Environmental Report for additional details on our environmental activities.



Protecting the Air, Water, and Soil

Nissan believes that as an automobile manufacturer with global operations, it is important to identify key future challenges and take a proactive stance in finding solutions. One example is our approach to clean emissions technology. Nissan has placed a high priority on clean emissions, and today we have achieved a level of emissions for our vehicles that is much lower than the one stipulated by Japanese law.

It is our approach not only to develop such technology, but to enable it to be widely used.

We also work diligently to ensure the highest standards of chemical and waste water management at our plants and offices to avoid adverse impacts on the surroundings (→ P37). This is another cornerstone in our efforts to protect the air, water and soil.

Recycling of Resources

Automobiles are manufactured using the earth's finite natural resources. In order to be able to recycle precious resources, Nissan works not only as an individual corporation but also in partnership with society. When it comes to the implementation of recycling activities, we develop local approaches that conform to the laws, regulations and industrial circumstances of each country in which we operate.

If we increase production at our plants, this will inevitably generate more waste. We make every effort to circulate materials looking at the full chain of vehicle production.



Nissan's Challenge

Looking at the vehicle life cycle as a whole

To respond to the three key environmental challenges, Nissan is pursuing wide-ranging technological development while looking at entire life cycle of a vehicle.

In every aspect of our corporate activity, we evaluate the demands of society today and in the future and analyze numerous possibilities for action. This ongoing effort yielded considerable progress in 2004, some examples of which are described below.

Managing CO₂

Reduction of CO₂ Emissions from Cars in Use

Development of CVT, hybrid and fuel cell vehicles

Our technological development is based on the recognition that CO₂ emitted from our corporate activities and from our vehicles in use is an important issue.

In technological development, Nissan takes two basic approaches. One is focused on the future, making strategic investments in the development of clean energy vehicle technology. The other is more focused on the present, introducing readily applicable technology into an increasing number of our vehicles.

Nissan has taken a comprehensive approach to CO₂ reduction, developing fuel-efficient engines, highly efficient transmission systems, lightweight vehicle bodies as well as more aerodynamic vehicles with low air resistance. We are also making significant progress in the technological development of clean energy vehicles such as hybrid electric vehicles and compressed natural gas vehicles. Currently in Japan, we are striving to meet the 2010 Japanese government-mandated fuel economy standards by 2005.

Increase in vehicles fitted with CVT (continuously variable transmission)

CVT is one of the technologies that can enhance fuel efficiency. Nissan first introduced CVT to its passenger vehicle range in 1992 with the application of the N-CVT to the March compact car. Since then, Nissan has been at the forefront of global CVT innovation. We are currently the only manufacturer in the world to offer a full CVT lineup for small, medium and large class passenger vehicles.

Nissan introduced a third generation CVT to the Murano crossover SUV in the US in December 2002, followed by its application in the Teana luxury sedan in Japan in February 2003. This was the world's first front-wheel-drive/all-wheel-drive 3.5-liter CVT — called XTRONIC CVT. This technology contributes significantly to a smooth acceleration and improved fuel efficiency under ordinary driving conditions. In the Lafesta minivan, which Nissan released in December 2004 in Japan, CVT technology combined with Nissan's new gasoline engine and other improvements, enabled a fuel efficiency that is 37% better than existing vehicles of the same class*.

Introducing CVT more widely will help reduce CO₂ emissions. To offer more customers worldwide the benefits of CVT, Nissan plans to sell around 1 million CVT-fitted models worldwide by fiscal year 2007, up from an estimated 250,000 in fiscal year 2004. If around 1 million CVT-fitted models were sold, this would have nearly the same effect in terms of CO₂ emissions reductions as selling 200,000 hybrid electric vehicles.

Please see our Environmental Report for additional details on our environmental activities.



Altima Hybrid — prototype



CVT (Continuously Variable Transmission) enables a smooth, continuous transmission which not only enhances acceleration, but which also improves fuel economy for better environmental performance



2005 Model X-TRAIL FCV

This will raise the proportion of CVT-fitted vehicles to around 24% of global sales volume, up from 7% at present. In Japan, the ratio will rise to 50% and in the US 40%

* This is based on a comparison between new and old model vehicles. The average actual fuel efficiency improvement was calculated according to Nissan's in-house standards that look at various real-world driving conditions, including congestion, city and express way driving.

Hybrid Electric Vehicles

The major advantages of hybrid electric vehicles as environmentally friendly vehicles are their low CO₂ emissions and clean exhaust gas. With ongoing improvements in driving performance, the demand for hybrid electric vehicles as attractive vehicles for the 21st century is expanding.

Nissan has prioritized the development of hybrid technology as one of the technologies that will lead us toward the realization of a zero emissions society in the future. As a first step, we developed our so-called Neo Hybrid system, which was first used in the Tino Hybrid model released in April 2000. Aiming to encourage the further spread of hybrid electric vehicles by lowering the cost of hybrid-vehicle components, Nissan in September 2002 signed a technological cooperation agreement with Toyota Motor Corporation. In June 2004, less than two years after signing the basic agreement, we built the Altima Hybrid (prototype). Nissan will further refine the vehicle based on this prototype and will start production of the Altima Hybrid in 2006. Nissan will continue to develop hybrid vehicles as a key technology to deliver

new value to customers while improving environmental performance.

Fuel Cell Vehicles (FCV)

The fuel cell vehicle (FCV) is expected to play an important role as a clean energy vehicle. The greatest feature of the FCV is that the sole emission is water, produced through the generation of electric energy in a chemical reaction of hydrogen and oxygen. The Nissan FCV employs elements of a variety of technologies, including electric vehicle (EV), hybrid electric vehicle (HEV), and compressed natural gas vehicle (CNGV) technology. Nissan embarked on FCV development in 1996. Limited leasing sales of the 2003 X-TRAIL FCV model was launched in 2003 in Japan. In March 2004, Nissan delivered the first X-TRAIL FCV to Cosmo Oil Co., Ltd. The two companies have broadened their relationship beyond that of supplier and user of FCVs, undertaking joint research and development efforts on hydrogen fueling at the interface between hydrogen supply and use. In April 2004, X-TRAIL FCVs were delivered to Kanagawa Prefecture and the City of Yokohama in a joint effort to promote clean vehicles.

In February 2005, Nissan announced that it has designed and developed its first in-house fuel cell stack. Nissan has succeeded in increasing power output while achieving a more compact design than the previous stack. Nissan's new stack can be reduced in volume to approximately 60% of the previous stack while providing the same level of power. Improvements made to electrode materials more than double the service life of



Nissan's first fuel cell stack developed in-house. A fuel cell stack is a device which produces electricity through the chemical reaction of hydrogen and oxygen in the atmosphere.



Installation of cogeneration systems using exhaust heat from power generation (Japan)

the new stack compared with Nissan's previous stack. Also, the possible operating conditions such as the allowed temperature range of the stack for producing electricity have been expanded. This newly developed 70 MPa high-pressure hydrogen storage cylinder increases the hydrogen storage capacity by approximately 30% compared with the previous 35 MPa cylinder, without any change to the cylinder's dimensions. This increased storage capacity can dramatically extend the driving range of an FCV. The 2005 model of the X-Trail FCV, which employs these two technologies, is scheduled for completion in fiscal year 2005.

Issues that must be addressed to support the widespread use of FCVs include cost reductions and the implementation of a fuel supply infrastructure. Resolving these and other related issues will take some time. Nissan is progressively working to further the diffusion of FCVs through continued technological development and our participation in Japanese and US road trials.

Activities in Manufacturing Toward global CO₂ management

Automobile manufacturing processes require large amounts of energy. Most of this energy is currently generated by fossil fuels which generate CO₂ emissions. Nissan is promoting energy conservation activities through the improvement of both facilities and operational procedures.

One example of energy saving deriving from new equipment is the cogeneration systems we have installed in our plants in Japan, which make effective use of waste heat produced by in electricity generation. In fiscal year 2003, we achieved a 12% reduction in CO₂ emissions compared to fiscal year 1999. Compared to 1990, the reference year for the Kyoto Protocol, this represents a 43% reduction. However, we must take further effective measures to reduce CO₂ while the number of vehicles we produce continues to grow. We are reconsidering our previous practices and establishing global policies for the management of CO₂. We will continue our CO₂ reduction efforts, considering how to add natural energy sources such as solar or wind generation to our energy options.

Activities in Distribution Enhanced efficiency and modal shift

It is not possible to consider manufacturing without taking into account the role of logistics. Here, a difficulty with truck transport, the major logistical mode we use today, is that it is a major generator of CO₂. Nissan pursues efficiency in truck transport as a way of reducing the CO₂ emitted in the transportation of finished vehicles, production parts and parts for maintenance as well as introducing modal shift, which shifts freight to rail and sea transport. These transportation modes generate less CO₂ than trucks.

Please see our Environmental Report for additional details on our environmental activities.



Modal shift to ferry transport (Japan)



Modal shift to rail transport (Japan)

Since 2000 in Japan, Nissan has switched from the transport methods previously used for procurement of parts from suppliers, which simply delivered the parts to plants, to a system in which we retrieve our shipments directly from the supplier, reducing waste and increasing the loading ratio. Before this initiative, nearly 2,500 10-ton trucks delivered components to Nissan every day, now the number is only 2,200.

Nissan has developed 55 different kinds of versatile, proprietary containers suited to the shape of the contents for more efficient loading. Additionally, we have introduced folding containers. Measures including also reducing the use of containers have yielded an improvement of approximately 10% in the loading ratio in Japan. We have also developed a packing shape evaluation system that assesses whether the shape of items to transport allow for rational and efficient stacking when loaded. This system will in the future be introduced globally.

In Japan, we employ modal shift when moving finished vehicles and parts to distant destinations, replacing road transport with marine and rail transport. In particular, we

are maximizing the use of modal shift between the Kanto region and Kyushu and in fiscal year 2004, 1% of our total part transactions in Japan will be carried by rail — double the rate of the preceding year, and approximately 5% of our total freight volume will be carried by ferry. We expect such efforts to reduce CO₂ emissions by around 70% for transportation over these routes.

On the global level, components from different parts suppliers are consolidated and transported to our plants. Nissan, which has plants in the UK and Spain, has established a joint purchasing operation with Renault, which has plants in France and Spain. In addition, we cooperate with Renault in ferry transport of finished cars between the UK and the European mainland. Nissan has also been cooperating with other manufacturers in the transport of finished cars between the UK and the European mainland since January 2004. When manufacturers send finished cars from Europe to the UK, the ships return empty. However, Nissan, which has plants in the UK, needs to ship in the opposite direction. Since both sides want to avoid empty return trips, we aligned interests to make this possible.

Wind farm plans for our UK plant

Nissan Motor Manufacturing (UK) Ltd. is situated in Sunderland, in the rich natural environment of the northeast of the United Kingdom. Adjacent to the plant site is a natural pond visited by migrant birds. We are working to protect the flora and fauna of the area and coexist with nature in various ways, including the provision of artificial ponds.

The plant acquired ISO14001 certification in 1998. We aim to step up our efforts for environmental conservation and are planning to build a wind farm at the plant. This would be the first wind farm within the Nissan Group. We conducted a survey among local people before preparing the plan and found that over 80% were in favor of the

introduction of wind energy. We will install seven 750kW turbines, which will cover 7% of electrical demand on the site (equivalent to electrical power for 2,600 households) when all are in operation. The project is expected to reduce CO₂ emissions by approximately 10,000 tons per year.



Sentra CA (USA)



The Bluebird Sylphy, the first vehicle in Japan to receive certification as a SU-LEV in 2003

Protecting the Air, Water and Soil

Cleaner Exhaust Emissions Achieving a U-LEV ratio of more than 90% of cars sold in Japan

To protect the air, water and soil, we are continuously working to achieve cleaner exhaust gas emissions. Here, it is also our approach to provide cleaner cars to as many customers as possible by introducing effective technology quickly and at a reasonable price. This reflects our two-pronged approach of progressive technological development and rapid technology diffusion.

Starting in 1970 with compliance with the Muskie Act in the US, followed by the introduction of the first emissions regulations in Japan, Nissan made a quick response in providing vehicles complying with regulations. Currently, our cleanest gasoline vehicle has reached emissions levels that are between 1/100 and 1/250 of the levels originally called for by these regulations.

Clean exhaust emissions technology of world top class

Nissan has become a world-class company in terms of our efforts in clean exhaust emissions technology. Nissan embarked on U-LEV* development in 1995. We believe that the clean emissions technology improvements that we have achieved were made

possible because of our long history with catalyst development.

When Japan's Ministry of Land, Infrastructure and Transport established the rating system for U-LEV standards in 1999, Nissan vehicles were among the first to qualify.

In 2000, we began sales of the Sentra CA in California (USA), the world's first gasoline vehicle to receive PZEV* certification by the California Air Resources Board (CARB). Nissan pushed the exhaust emission development even further when the Bluebird Sylphy became the first car ever to be certified as a SU-LEV* — a super ultra-low emission vehicle in Japan, with exhaust levels some 75% lower than the level prescribed in 2005 exhaust emissions standards.

* U-LEV: A vehicle that emits 75% fewer exhaust emissions of nitrogen oxide (NOx) and hydrocarbon (HC) than the level prescribed in the year 2000 exhaust emissions standards.

* SU-LEV: A vehicle that emits 75% fewer exhaust emissions of nitrogen oxide (NOx) and nonmethane hydrocarbon (NMHC) than the level prescribed in the year 2005 exhaust emissions standards.

* PZEV: Partial Zero Emission Vehicle as established by CARB.

Achieving U-LEV ratio of more than 90% of cars sold in Japan

Technology for environment conservation can be highly effective when its use becomes widespread.

If 80% of passenger vehicles sold in Japan by Nissan were U-LEVs, this would have nearly the same effect in terms of NOx and HC emissions reductions as selling 400,000 electric or other zero emission vehicles. Nissan has been proceeding with vigorous measures to prevent

Please see our Environmental Report for additional details on our environmental activities.



Note, SU-LEV certified for the entire product line-up (Japan)



Lafesta, achieving a recoverability rate of more than 95% (Japan)

air pollution under the Nissan Green Program 2005, a medium-term environmental action plan that was announced in January 2002. Under this program, Nissan set a goal of having 80% of all its passenger cars sold in Japan emit 75% fewer exhaust emissions than the 2000 exhaust emission regulations by the end of March 2003. That goal was accomplished ahead of schedule in February 2003. As of March 2004, more than 90% of our gasoline vehicles sold in Japan were U-LEVs. For the future, we plan to further increase our efforts and have set a new objective for March 2006 to make 80% of our gasoline vehicles sold in Japan certified as SU-LEVs.

Recycling of Resources

Car Building that Considers All Stages up to Recycling

Achieving a recoverability rate of at least 95%

For many years, we have been conducting extensive research on dismantling and recycling end of life vehicles (ELVs). The experience gained through this research has now been linked to activities at the development stage of new vehicles. This process considers steps from the vehicle's design stage to its end of life in a joint, cross-departmental approach. This kind of collaborative effort is an essential part of the recycling process as is the building of partnerships with dismantlers.

Dismantling Research

We have conducted our own proving trials of car dismantling with dismantlers and relevant industries developing various dismantling methods and tools. In order for other dismantlers to be able to introduce the same approach, we disclose the workflow, facilities, technology and cost, and we received approximately 5,500 visits by recyclers and the general public to our test plant in the 7 years from 1997 to 2004. This functions as a center for disseminating information on vehicle recycling. The airbag processing equipment created in the course of the research has been adopted as a process tool under the Automobile Recycling Law in Japan.

Recoverability rate in new models

We develop products with the goals of ease of recycling (recoverability rate), ease of dismantling at the end of life stage (dismantling efficiency), material identification markings for plastic parts (plastic parts marking rate), and reduction of environment-impacting substances. Nissan achieved a recoverability rate of more than 90% for all of its vehicles sold in Japan since 1999. We are now working toward realizing 95% recoverability rate for all new models sold in Japan by 2005, a level already met by the March and Cube models released in 2002 and also by the Lafesta released in 2004. Starting with the release of Note in 2005, we aim to reach a recoverability rate of at least 95% in all new models sold in Japan, and we will continue our development work towards still higher goals.

★Recoverability rate: This value is based on Nissan's own calculation standard



The amount of ASR generated from a single March vehicle (previous model)

The Work of the ASR Recycling Promotion Team

Nissan has entered into an alliance with ten companies including other automobile manufacturers, called the Automobile Shredder Residue Recycling Promotion Team (ART), which sets transaction standards for ASR, considers designated

transaction sites and examines recycling methods. We will continue our efforts to reach the ASR recycling rate target for fiscal year 2005, which is set at 30% in the Automobile Recycling Law in Japan.

Zero Emissions Activities Achieving a total recycling rate of 99.2%

Looking at the entire “chain” of activities in a vehicle’s production, we pursue every opportunity to recover and recycle resources. An increase in automobile production leads to an increase in waste production. In view of this reality, Nissan is promoting company-wide activities geared toward zero emissions of waste from our plants. As a result, Nissan has successfully attained zero landfill volume* and a total recycling rate* of 99.2% in Japan. The reduction of waste for incineration made possible by this zero emissions approach has freed up surplus furnace capacity in for example our Oppama Plant, thus making possible the thermal recycling of automotive shredder residue (ASR).

Nissan’s zero emissions activities are limited to Japan. We are faced with the issue of how to find methods to re-circulate materials in a situation where each country presents different circumstances for recycling. We are currently considering ways to use the expertise gained in Japan in our production centers around the world.

*Zero landfill volume: Reducing the volume of waste that goes directly from plants and business offices to landfills to less than 1.0% of the 1990 level.
*Total recycling rate: The percentage of recycled waste including heat recovery of the total amount of waste generated.

Challenges Facing Vehicle Recycling Success in recycling ASR

Currently in Japan, we have achieved a vehicle recovery rate of approximately 80%. The remaining 20% includes substances that cannot be separated or recycled, such as plastic and glass, which are landfilled. It has become necessary to develop ways to recycle ASR in preparation for the Automobile Recycling Law that has come into effect in Japan in January 2005.

From 1997, prior to the establishment of the Automobile Recycling Law in Japan, Nissan has worked on the recycling of ASR which presents a problem in energy recovery because of its high heat index. We rebuilt part of our waste incineration facilities at the Oppama plant, tested and achieved solutions to technical problems and started energy recovery of ASR in the fall of 2003.

It was the first time any carmaker had used existing incineration facilities at its own plant to process ASR. The vapor generated by the process will be used for heating in the paint process and elsewhere, making the plant an energy conservation leader. The technology and know-how adopted by Nissan could be applied at other waste incinerators, and we are working to share this expertise making the information widely available.

Please see our Environmental Report for additional details on our environmental activities.



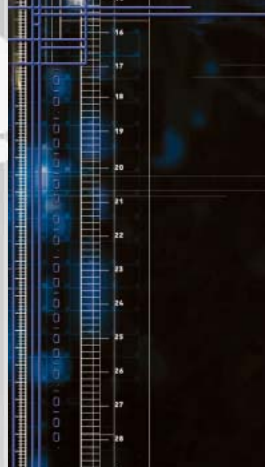
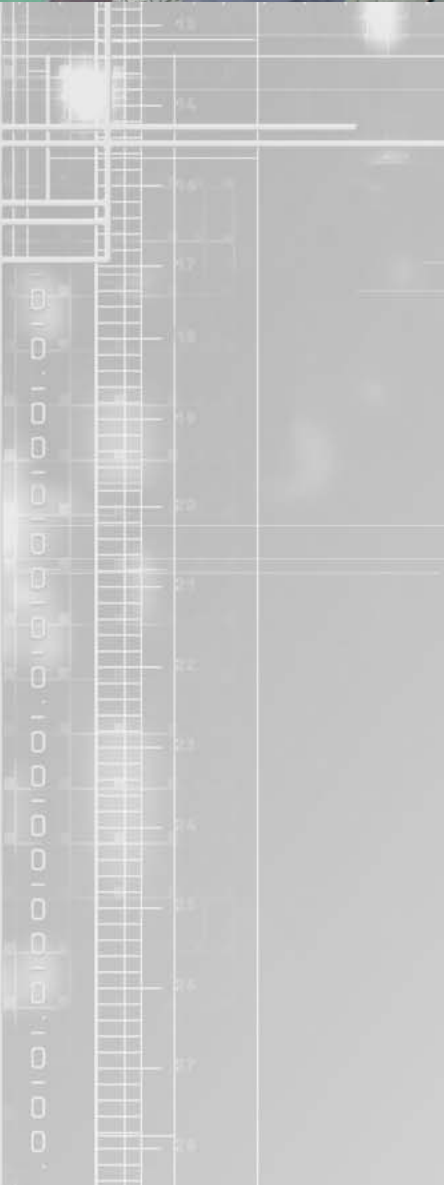
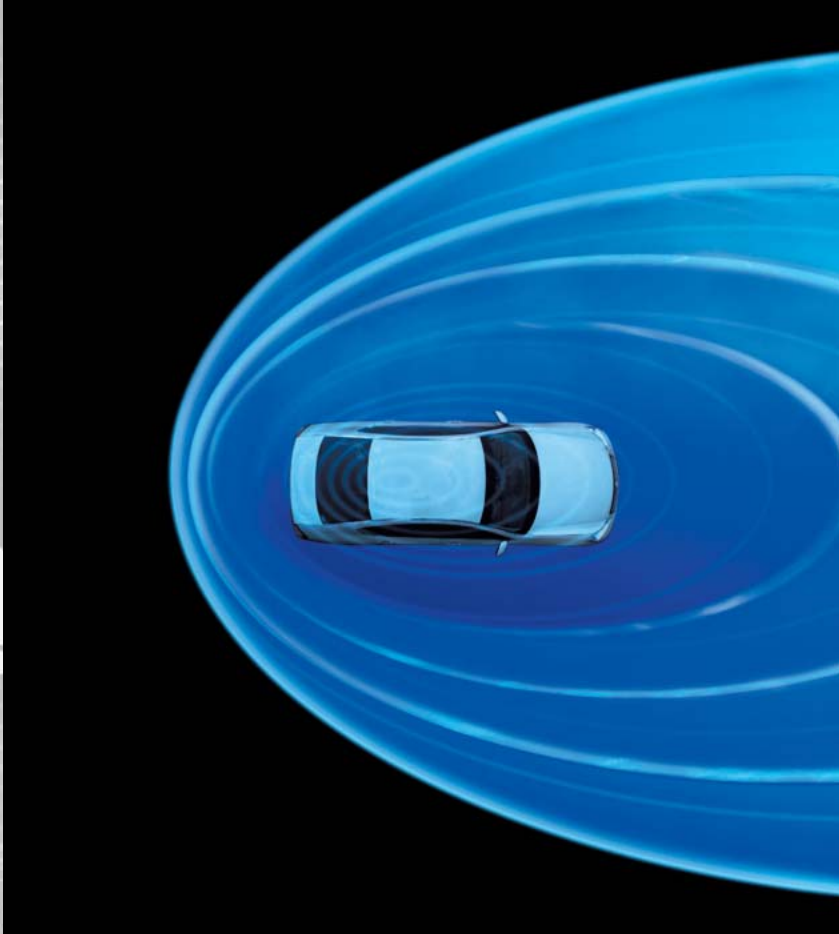
ASR recycling facility (Japan)

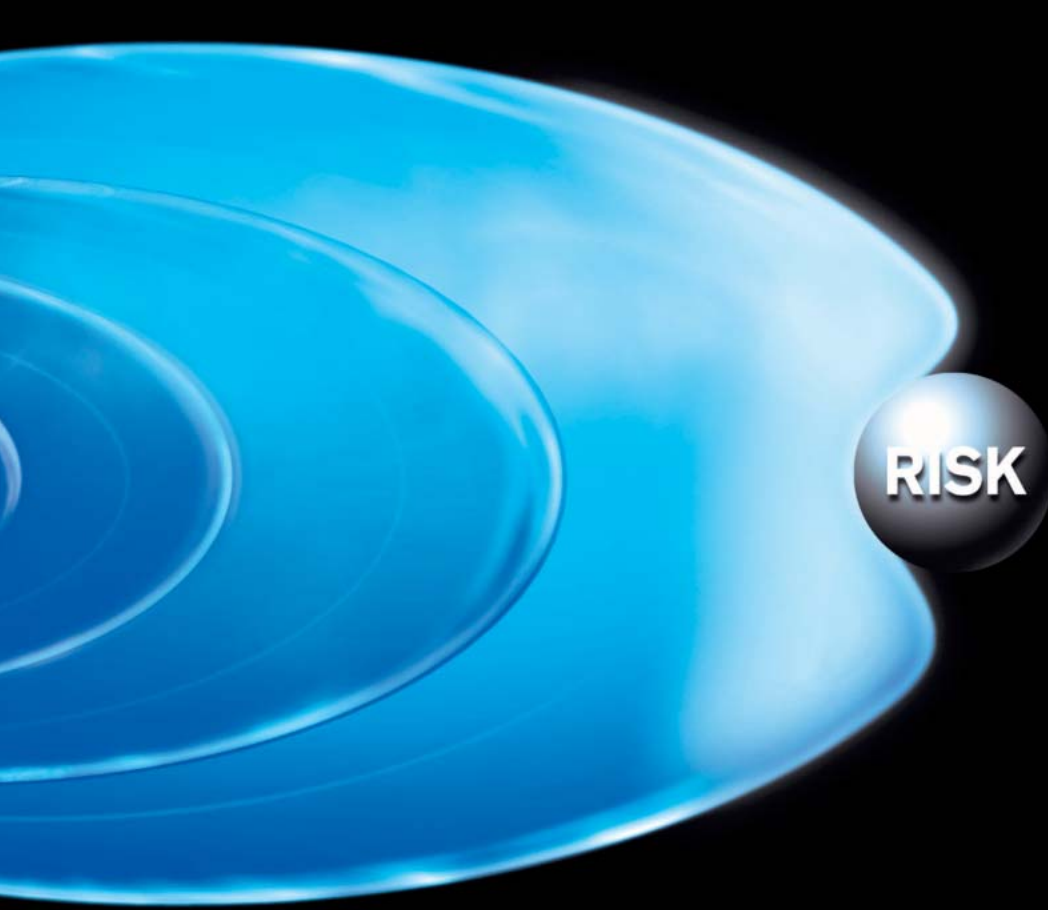


Recycling simulation system, "OPERA"

Major Recyclable Parts on the Note







RISK

Improving Safety

Aiming for a society with no traffic accidents

A vehicle is a product which not only enables people or goods to move, but which also is a joy and pleasure to drive. The value embodied in our vision, “Enriching People’s Lives,” cannot be delivered without a high level of safety. Nissan continues to pursue safety technology development based on the belief that our ultimate goal will one day be realized: a society without traffic accidents.

Nissan's Commitment and Technology

Aiming for zero traffic accidents

Automobile manufacturers have a responsibility to help create a safer automobile society. Driven by our desire to provide safe products to all our customers around the world, we have created a new, advanced safety philosophy called "Safety Shield". Nissan pursues the challenge of creating a society with no traffic accidents by closely analyzing real world accidents and by studying societal issues that affect traffic safety.

Technologies for a Safer Future

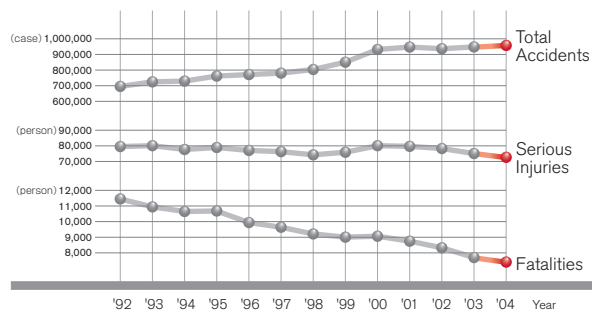
Setting High Goals
Halving the number of fatalities or serious injuries by 2015

According to statistics, as many as one million people worldwide are killed in traffic accidents every year. Nissan has set the goal of halving the number of automobile accident fatalities or serious injuries involving Nissan's vehicles by 2015 as compared to 1995. We continue to pursue the production of safe vehicles based on the analysis of real-world accidents. In Japan, the number of automobile accident fatalities and serious injuries decreased by 22% in 2003 as compared to 1995. This steady progress toward our goal was

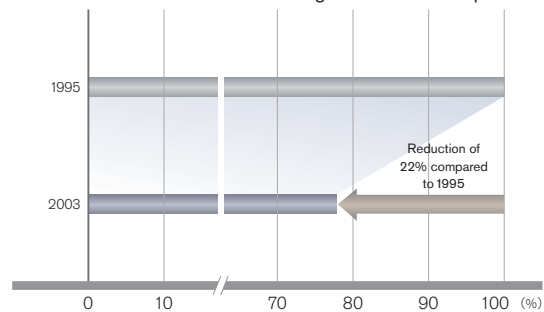
achieved in part by the use of airbags and other safety measures we have implemented. At the same time, the number of accidents in Japan shows an increasing trend. In order to further decrease the number of fatalities and serious injuries, it is necessary to make an effort beyond conventional measures to reduce the total number of accidents. In addition to our existing safety features, we are developing new safety technologies under our "Safety Shield" approach and are striving to ensure that they are widely implemented.

Nissan's desire is to "reduce the fatalities and serious accidents to practically zero in the future." We strongly believe it is possible to achieve this goal and will make every effort towards its realization.

Traffic Accidents in Japan



Change in the annual number of fatalities and serious accidents involving Nissan cars in Japan



(Reference: Center for the Consolidated Analysis of Traffic Accidents)



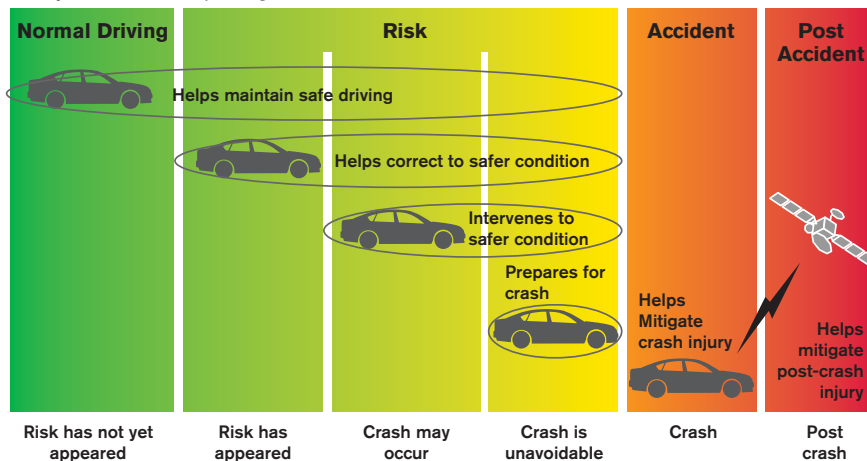
Drive simulator

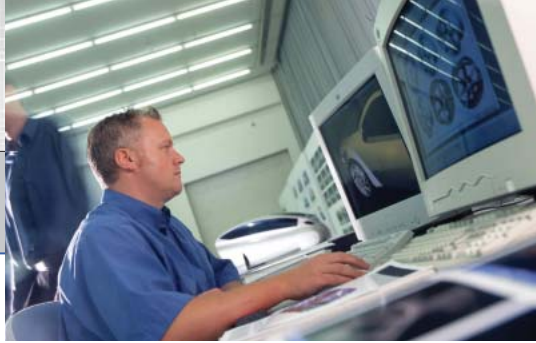
Safety Shield
A new approach from Nissan towards accident prevention and management

Introduced in fiscal year 2004, "Safety Shield" classifies driving risks and accidents into six areas: "risk has not yet appeared," "risk has appeared," "crash may occur," "crash is unavoidable," "crash," and "post-crash." When it comes to helping to prevent an accident from

occurring, we regard the driver to be the key to improved safety and thus our focus is on how we can support the driver in the best possible way. The aim is to provide the appropriate information to the driver and then to react accurately to his or her intentions. Additionally, in case a crash should become unavoidable, the vehicle may intervene to minimize damage. Based on this Safety Shield approach, we will introduce 10 new safety technologies in the next three years.

Safety Shield – Concept Image





Nissan Technical Centre Europe, Ltd. (UK)

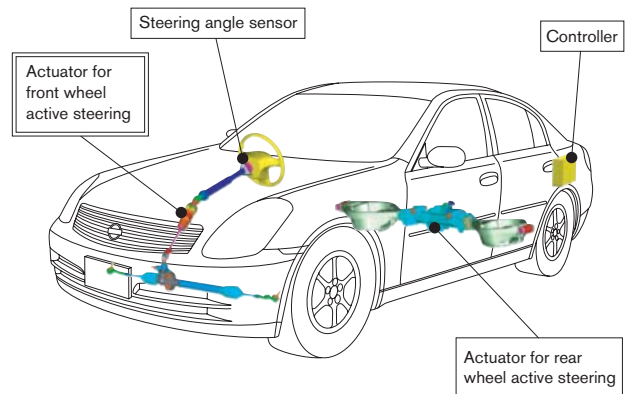
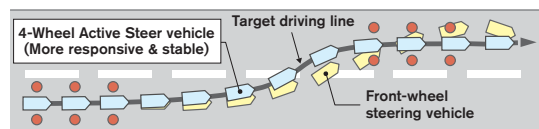


Nissan Technical Centre Europe, Ltd. (UK)

Three new technologies to help avoid danger

4-Wheel Active Steer

This is a system to help improve the stability and response at high speed and reduce the driver's steering workload at low speed by controlling the steering angle of all four wheels. The system not only improves precise vehicle movement in response to the driver's steering input but also reduces the driver's steering workload by varying the steering gear ratio according to the vehicle speed.



Compatibility which improves both self-protection and reduces damage to the other vehicle in a collision

We have adopted this technology to help minimize mutual damage when two vehicles crash. For example, the new Note, released in Japan in January 2005, has adopted a crash-compatible Zone Body construction which helps improve both self-protection and reduces damage to the other vehicle in a

collision. Zone Body has been further enhanced through the construction of a high-strength safety body which helps protect passengers with an Occupant Zone (high-strength cabin) and a Crushable Zone (energy absorbing body).



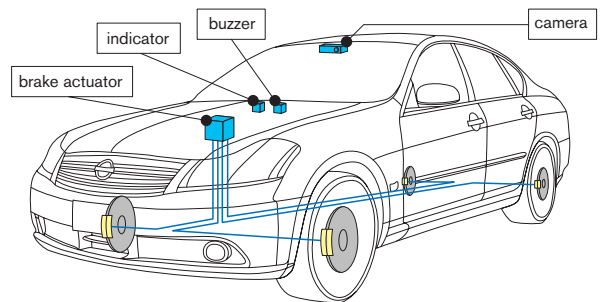
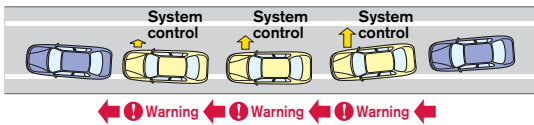
A crash-compatible Zone Body construction (Note)



Side Blind Monitor — a highly sensitive infrared CCD camera is used to display the left front-side of the vehicle on a monitor at night to reduce blind spots (Fuga)

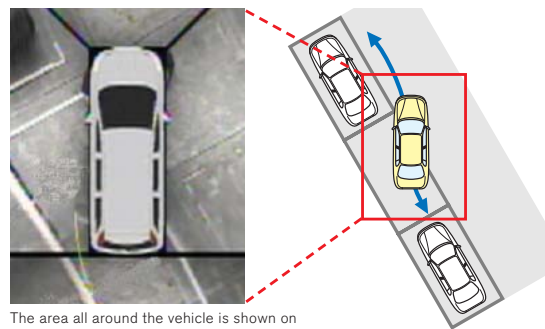
Lane Departure Prevention

When the vehicle is getting close to lane markers as a result of driver inattention, this system warns the driver to pay attention to driving by a display and an audible buzzer. It generates part of the necessary yaw moment to assist the driver to in returning the vehicle to its lane.

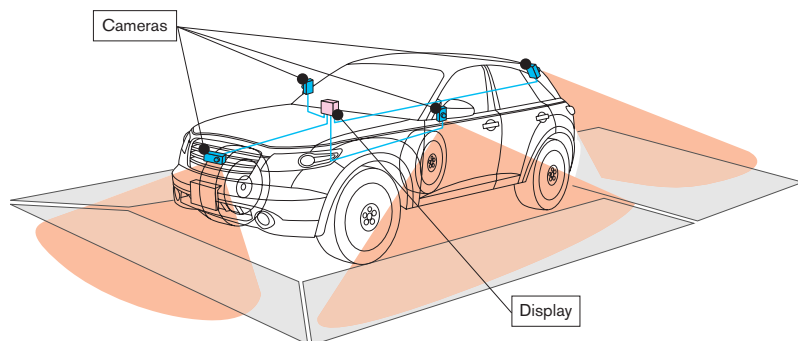


Around View Monitor

This is a system showing the situation all around the vehicle on a dashboard display to significantly help reduce blind spots in driving. The system is especially helpful when parking as it enables the driver to steer easily and precisely into the parking space. This technology is developed from the Rear View Monitor and the Side Blind Spot Monitor which were adopted in Nissan vehicles prior to those of other automobile manufacturers.



The area all around the vehicle is shown on a dashboard display in real time





Using CAD analysis to forecast safety technology performance

Collaboration with Society

Global Safety Activities Utilizing our technology while paying attention to regional differences

In areas such as China with high economic growth, the trend toward motorization is accelerating. The increasing number of vehicles has surely enriched people's lives, but it has also brought an increase in traffic accidents. It is said that more than 100,000 people are killed in traffic accidents every year in China, and Nissan takes this situation very seriously. Under the circumstances and based on the experience of successfully reducing accidents in Japan, Nissan is making an effort to adopt and spread safety technologies according to the conditions of accidents in each region of the world.

Safety Education for Children Safety promotion activities in Japan and the US

Vehicle safety technology alone is not enough to realize a reduction in car accidents. As a measure to help prevent accidents from occurring, it is important to teach the right information and the rules of traffic safety, especially to children.

Since 1972, Nissan has been running the Nissan Hello Safety Campaign in Japan. In 2004, we also initiated a program for aged people regarding traffic safety, in addition to safety education for children. These activities were well received and Nissan, as a result, was awarded the cooperative company award for traffic safety at the 45th traffic safety national campaign central meeting.

Nissan North America, Inc. has continued its Quest for Safety program, which includes a series of public child passenger safety seminars, since 1998. This is a program to educate parents and caregivers at the grassroots level about child passenger safety, such as the importance of using child safety seats. Additionally for the North American market, Nissan's industry first program called Snug Kids™ has provided valuable child safety seat fit information to aid in child seat selection for Nissan vehicles.

What lies behind the program is the reality that up to 80% of the child restraints are not used properly, and automobile accidents are the leading cause of death for young children in the US with 7 children killed and another 800 children injured (14 years of age or younger) every day in motor vehicle crashes in 2003. We have prepared and continued these two programs with our wish, as an automobile manufacturer, to decrease such casualties. In order to ensure that the participants at the seminars can use what they learned, we distributed educational materials written in English and Spanish and our safety engineers gave demonstrations and answered specific questions.



Safety education seminar Quest for Safety (USA)



Specially designed dummies are used to confirm the safety performances of vehicles

Creating Safe Automobile Society through Collaborative Efforts
 Conducting joint research with universities and government in the US on ITS

To create a safer automobile society, Nissan cooperates with numerous other companies to exchange information. In addition, Nissan promotes joint research with university researchers and supports safety technology research through Nissan's foundations. All of

these are our partners striving for a common objective: the elimination of traffic accidents.

In the US, for example, we collaborate with universities and government to do joint research on technologies for Intelligent Transportation Systems (ITS). ITS is a field where rapid technological development is occurring, and Nissan through these joint research efforts aims to develop regionally adapted, highly effective technological systems that can be put on the market.

Wishing to contribute to safety, Nissan participated in the verification project of the revolving door accident.

A vehicle is a machine transporting people. It is a machine to which human life is entrusted. Strongly recognizing that the pursuit of safety is one of the most important responsibilities of automobile manufacturers, Nissan continues research, technological development and evaluation in order to create vehicles with the capability to help avoid accidents and to minimize the damage in case an accident occurs.

In 2004, at Roppongi Hills, an office complex in Tokyo, a tragic accident occurred in which a 6 year-old boy had his head trapped in a revolving door and died. People requested investigations of the cause of this accident to confirm whether the revolving doors, which had been taken for granted in the city, are really safe. To respond to the request, Professor Yotaro Hatamura of Kogakuin University organized a project team to verify potential dangers in such doors and to create clear safety guidelines.

Nissan volunteered to participate in the project because we believe that the accumulated experience as an automobile manufacturer, especially the technological know-how we have to help minimize damage to passengers in a crash, would be helpful in effectively investigating the cause of the accident. Our staff joined the project team bringing with them their know-how and equipment and carried out safety verification experiments using dummies from vehicle crash simulations.

Take, for example, the production of a dummy for testing in a revolving door. With an elaborate dummy, it is possible to measure the impact of accidents consequently enabling safety measures to be taken. Nissan previously contributed to the establishment of an international standard for dummies used in crash experiments. Based on this experience, we produced a dummy with the cooperation of a dummy manufacturer in the US to imitate the boy who lost his life. We used equipment from vehicle crash simulations such as a high-speed cameras and were able to conduct evaluation experiments which reproduced the actual phenomenon with high precision.

As technology progresses, various new products are released into the market. It is true that vehicles are increasingly equipped with new mechanisms and functions, but it is important and should not be forgotten that humans play the decisive role no matter how advanced technology becomes. The revolving door accident was a great tragedy, and at the same time it posed a big problem for engineers designing and manufacturing machinery. Nissan will use the knowledge gained from the participation in this joint project to help realize a safer society.

Communication with Stakeholders



Nissan's vision is "Enriching People's Lives." The objective of the vision is to build a sustainable future with all our stakeholders today for the future generations yet to be born. To achieve this vision, we will openly convey to all of our stakeholders Nissan's philosophy, activities, and the values which we can provide in order to deepen their understanding of Nissan as well as to share thoughts on sustainable development. There may be voices of support as well as voices of criticism. However, it is such scrutiny by our stakeholders which helps Nissan grow. Through communication with our stakeholders, we wish to build a sustainable society.

Readers' Meeting for the Sustainability Report and Environmental Report

We issue this Sustainability Report summarizing our activities for sustainability, and a separate Environmental Report explaining our environmental activities with the expectation that these two reports will be effective tools to promote communication with stakeholders. As one such opportunity, we held a "Readers' Meeting for the Sustainability Report and Environmental Report" at Nissan Motor Co., Ltd. Headquarters in Ginza, Tokyo on February 8, 2005, and exchanged opinions on both reports with readers who had applied in advance to attend the meeting. In this four-hour discussion, the third opportunity of its kind for the Environmental Report and the first for the Sustainability Report, there were around forty participants including students, non-profit organizations, consumer groups, other individuals, suppliers, and dealers.

On the occasion of issuing the Sustainability Report and revising the Environmental Report, we made this "Readers' Meeting" an opportunity for closer and more detailed communication with the readers. Many of our staff joined the preparation for the meeting, including the staff in charge of the reports, and, as a result, the meeting was held in a relaxed atmosphere, encouraging the participants to express many frank opinions. In addition, we had a group discussion in which Nissan's staff joined and exchanged opinions on the following six



themes: "quality assurance and activities to reflect customer's voice," "human resource development," "environmental performance of automobiles," "how to cope with environment at plants, logistics and dealers," "recycling" and "safety performance of automobiles." Some of the major comments made were as follows. Positive aspect of the reports: "They are easy to read and understand because the articles have a clear story-line," and "the clear themes helped me understand Nissan's attitude."

Disadvantages of the reports: "It is difficult to understand how the Sustainability Report and Environmental Report relate to each other," "long sentences and articles made me tired," and "there is too little data in the reports."

Information requested to be covered in the reports: "Information regarding the overseas bases in other than industrialized countries," "comparison data with competitors, etc.," and "information regarding communication with business partners, local communities and consumers."

These voices were used to improve the reports, to make them easier to read and to include clearer information showing the progress from the previous year.

Your voices and comments for this "Sustainability Report" would be highly appreciated. Through communication with you, we would like to know what information to include in future reports in order to deepen your understanding of us. (Questionnaire for the "Sustainability Report 2005," → P72)

Time and date: 1:30 pm – 5:20 pm on February 8 (Tue.), 2005
Place: Main hall of the headquarters of Nissan Motor Co., Ltd.
Stakeholders: 38 persons (general citizens, students, non-profit organizations, consumer groups, suppliers, and dealers)
Facilitator: Mr. Hideto Kawakita, a representative from IIHOE (International Institute for Human, Organization and the Earth)
Nissan staff: 22 employees (in charge of public relations, environment, safety, personnel affairs, quality, production, etc.)

Sustainability

Impressions from Nissan Management and Staff

Members of Nissan management and employees share their personal experiences and views on sustainability.



At Nissan, we are convinced that diversity is an asset and an opportunity. I believe diversity is a strength, both for moral and business reasons. My beliefs have been reinforced by my own life and

career, which have been characterized by diversity. I have a multicultural history since I was born in Brazil to parents of Lebanese descent, and I was educated in France. I came to Japan six years ago with management experience gained on three continents – seven years in Europe, four in South America and seven in North America. I have had the opportunity to live and work among people from many different cultures. In each place where I have lived, I have learned a great deal from my interactions with people who were not just like me, from people who looked at life from viewpoints that were very different from my own. So, from a social perspective, I have experienced firsthand the benefits of living and working among diverse peoples around the world. In Nissan today, we are working to further strengthen and improve the value we gain from diversity. For example, in Japan we are taking measures to become a more attractive company to women.

In other areas of the world, we empower people of diverse experiences, of diverse origins. Diversity is not just something we talk about; we act to make it a reality.

Carlos Ghosn
President and Chief Executive Officer



In my experience working with the General Overseas Market (GOM), there is something I always keep in mind: to learn about each market from the actual field and to act globally. The GOM has a variety of languages, cultures,

environments, social systems and religions depending on each country. It is important, I believe, to promote global activities on the basis of understanding and respect for that diversity. Even if we try to force our global rule based on the idea that the rule is a must, it is not so easy to make the rule stick, which may from time to time prevent a realization of a sustainable activity. When I was assigned to Indonesia, I was given an opportunity to be involved in the construction of a Nissan factory in a local industrial complex. At that time, we built a mosque at the factory site. Indonesia, as well known, has the world's largest Moslem population. The mosque was built in response to the request of the employees working in the factory. The mosque, in fact, became the largest building in the complex at that time, and was very much appreciated not only by the employees but also by neighboring residents. As a result, we were able to start up the production activity at the new factory quite smoothly. I believe that the important thing is to have a spirit of being a foreign company which is loved by people in the country and welcomed by the local community not only through observation of a country's laws and regulations but also showing respect for its culture and environment.

Toshiyuki Shiga
Chief Operating Officer

I joined a project to reconstruct the fatal accident that took place in a revolving door at Roppongi Hills, Tokyo, last year to investigate the root cause of the accident to prevent similar accidents. I provided the project with our know-how from vehicle safety development technologies including special dummy design. My experience with the project convinced me once again that we have to hold firmly onto the principle of humans first, no matter how technologies advance. Nissan is currently implementing a safety concept, "Safety Shield," and this concept enhances new technology implementations while emphasizing the driver's responsibility. I believe the revolving door accident reminded engineers of the relationship between humans and new technologies.



Takahiko Uchimura
Nissan Technical Center North America, Inc.
Technology Planning (USA)

In EUROPE, too, people are increasingly concerned with the environment and the social responsibility of business. "Sustainable development" will be a key task of this decade. We have to take actions toward sustainability and prove they are effective. Nissan has a lot of room for improvement too. For instance, the corporation is carrying out many good local activities, and it should now bring them together. It should persuade every single employee to work together for sustainability so that the whole corporation works towards sustainability. By undertaking such efforts, Nissan should be able to develop its potential even further. Each and every one of us should become a messenger of sustainability. I believe Nissan is a company where that is possible.



Marie-Francoise Damesin
Nissan Europe S.A.S.
Human Resources (France)

I have been working in Nissan for sixteen years and over the last five have experienced the corporation moving dramatically from a "near-death experience," so to speak, to restored "sustainability." We now have clear-cut targets to aim for, and we are increasing efficiency, thinking with consistency about how to create value, and taking on new challenges. In other words, we have become an organization that deserves the trust of our stakeholders. Just look at the attractive product lineup we are offering and developing; this proves that all the investments we have made recently are bearing fruit. I now believe Nissan has a strong future and can move forward with even greater trust of our customers and investors.



Russell Crossan
Nissan Europe S.A.S.
Quality Management (UK)

Design has the power to appeal to emotions and to change behavior. One could say that working with design is like facing a dilemma that never ends – and much the same could be said about sustainability. Balance is a keyword in its realization. Ultimately though, it is the customer who decides whether Nissan's balance is appropriate or not. The designer's mission is thus not to regard sustainability as some set rules to follow, but as a by-product achieved while creating the automobile which generates unique value for each customer and develops and strengthens sustainability as a result.



Satoru Tai
Nissan Design Europe, Ltd.
Design (UK)

All employees working together at our company are precious "human assets." The organization and management must let every single employee maximize his or her capacities and contribution. More specifically, this requires providing all possible opportunities for human resource development, including internal training and numerous other initiatives. Above anything else, I believe that what matters the most in helping an employee to reach his or her goal is reaching out together for the goal over and over again in everyday work, until such an effort becomes a part of his or her life.



Toshikazu Yoshida
Nissan Financial Services Co., Ltd.
Compliance (Japan)

We are involved in many activities to help support children's education, to preserve the natural environment, and so on, and we have received many letters of gratitude for these initiatives. Those letters motivate Nissan employees to work in service of society even more. In a way, the activities contributing to the local community are similar to parenting. We help, encourage, and nurture kids. Some of the children we are helping might someday grow up to be our customers. I believe in the lasting relationship of growing up together.



Maureen Eve Nair
Nissan Motor Manufacturing (UK) Ltd.
Corporate Citizenship Activities (UK)

Soon after joining Nissan, I was involved in overseas sales. Then, a senior co-worker of mine said, "Our work affects our distributors in the country as well as the life of every single employee at the distributors. Don't forget these facts. Whether the country's market is large or small, you have to keep in mind that your work affects many people in many ways." This remark taught me about the heavy social responsibilities we carry, and now I am teaching the same message to my younger co-workers in my current work of human resource development.



Yoshimi Shida
Nissan Motor Co., Ltd.
Diversity Development (Japan)

The mission of Product Planning is to do everything we can to provide new value that satisfies customers. "Customers first" is a principle of our business. My responsibility is to identify what Nissan can provide anew to China, the market I am appointed to work on. In China, where economic development has led to widespread motorization, I strongly feel the importance of safety and environmental protection. China still has countless rivers, lakes, and other beautiful nature in abundance. There is a trend in the nation towards cooperation between businesses, local communities, and the national and local governments in China to preserve the nation's beautiful nature. The global introduction of technologies for safety and environmental protection is, I believe, one way in which Nissan can provide new value.



Junichi Fukumoto
Dongfeng Motor Co., Ltd.
Product Planning (China)

At Nissan we have a very clear and strong social orientation.

Our vision, enriching people lives, is a powerful statement and a big responsibility for all of us.

Nissan personnel are willing to participate when they are required. One of our biggest challenges, as an organization, is looking for creative ways to leave a better tomorrow to our children.

I am happy and proud to see our workers' response to the different initiatives we have conducted at Nissan Mexicana.

The moment of truth: the look of satisfaction in people's eyes after each goal is accomplished.



Diego Arrazola

Nissan Mexicana, S.A. de C.V.

Corporate Communications (Mexico)

As I worked on creating the Values Reference Manual for the "Nissan Management Way,"

I strongly felt that while there are several ways to increase "value," the starting point is

always "employee value." The value of each employee should link up and generate synergies rather than existing separately. This will gradually enable the creation of "value for society." The expansion of such a positive cycle is, I believe, exactly what sustainability means.



Kazuhiro Konba

Nissan Motor Co., Ltd.

Learning (Japan)

In Brazil, the dryness of certain regions creates serious nutritional and health issues. Its continental dimensions and isolation contribute to difficulty of social inclusion and access to

all kinds of resources, corporate social responsibility has a very important role in the attempt of minimizing social risks.

Nissan do Brasil is engaged in a social project that contributes to nurturing, clothing and distributing hygiene products to poor communities. Our vehicles are used as important tools bringing hope for people with all kinds of necessities. The best thing is that you see the results of your work in the face of the people you help.

Knowing that the children that we help today will become conscious and responsible adults is an incommensurable feeling.



Patricia Coelho

Nissan do Brasil Automóveis Ltda.

Commercial Information Analyst (Brazil)

From my standpoint, as a health and safety advisor, sustainability means maintaining employees health in the long term. This requires a partnership between the company and its employees.



Fortunately, NMUK has never had a single fatal accident since production commenced 20 years ago. We do everything we can to prevent accidents, and have made accident reduction a key priority. In addition work stations are assessed, to prioritise efforts to reduce accumulated fatigue. While these corporate efforts are necessary to support good health, it is crucial that employees play their part in taking good care of themselves and working safely.

Colin Adderley

Nissan Motor Manufacturing (UK) Ltd.

Occupational Safety and Health (UK)

We live in one of the most multi-cultural countries in the world and in order to be successful, it is essential for us to understand and recognize individual and cultural differences. Over the last few years, we have been very involved with Nissan North America, Inc. in the Synergy project which was implemented to create efficiencies for both organizations by identifying best practices. On the one hand, the needs and demands of the consumer in our marketplace dictate that we must respect the Canadian reality yet Synergy appeared to suppress the need for diversity. Although the two concepts appeared to be at odds, we quickly began to see the advantages of synergy and realized that striking the right balance between the two would be very beneficial to us. Synergy allows us to more readily focus on building the core of our business and frees us to concentrate our resources on the consumer.



Donna Trawinski
Nissan Canada, Inc.
Corporate Communications (Canada)

For us to truly to make our potential come to life, each and every one of us has to be closely knit together in work, not standing alone. I am involved in trial production at the Kyushu Plant. Whether it is a brand-new car or a minor-change model, we follow our design philosophy and join hands to produce cars for the mass-market that meet customers' needs. And I am proud of what I am doing at work. I want to continue this good work to keep providing products that satisfy customers.



Takayuki Sako
Nissan Motor Co., Ltd.
Kyushu Plant (Japan)

A blue sky, the wide ocean, a white lighthouse and warehouses made of red bricks. Although the sea always reminds us of such fantastic images, the environmental problems are becoming an issue for the sea as they are for the land. A special vessel for transporting large numbers of vehicles uses a lot of energy to move its huge body. International regulations on marine pollution have just started to come into effect. As one of the persons involved in vessel operations, I would like to be engaged in the work to build a well-balanced system with economic efficiency in order both to protect our precious earth and to maintain a safe environment for our children.



Takashi Yamaura
Nissan Motor Car Carrier Co., Ltd.
Marine Technology (Japan)

As an area manager working on the Maxima trim line, I'm proud to build Nissan's flagship vehicle. The technicians in my area and I aren't just building the Maxima for today, we're building it for the long term. And even though the customer may never see some of the specific parts installed on our line they are some of the most critical parts, like airbag components and seatbelts, that must be installed correctly every time. We place great value in our work because out on the trim line we are constantly reminded of safety and customer satisfaction in the Maximas we produce. Because of this, we recognize the importance of building the Maxima right the first time to last a long time.



Charles Lester
Nissan North America, Inc.
Smyrna Plant, Maxima Trim and Chassis (USA)

I am very excited about the future of Nissan. It's refreshing for me to work for a company that sets such aggressive goals and works so diligently to achieve them. The goals and objectives set forth in Value-Up challenges us globally to focus on all aspects of the business that we're directly responsible for and/or influence. I think the long-term sustainability of Nissan will be rooted in our ability to consistently achieve the following: promote innovation into our processes, develop as a team, and manufacture high quality, low cost vehicles.



Chevron Blond
Nissan North America, Inc.
Canton Plant, Engineering (USA)

My job is to deliver satisfaction and a sense of trust to customers in the form of selling quality cars. It is said that the best time for a salesperson is when the customer signs an order, and that for the customer it is when the car is delivered. This subtle gap can create problems. We salespeople are "messengers" that deliver "Nissan cars," which are expected to meet the many expectations and needs of customers. To precisely meet these, we first have to learn to see things from the customers' viewpoints. The relationship that grows out of this process is invaluable to Nissan, and it is this "sustainability" for which I aim.



Michiko Katagiri
Nissan Prince Tokyo Sales Co., Ltd.
Car-life Adviser (Japan)

As part of my job, I am often asked to lecture outside the company. On such occasions I often consider "what information a corporation can provide." Of course, we cannot disclose the know-how of products in development, but apart from this, I believe we should be as open as at all possible. It is only if each employee, as a part of day-to-day conduct, takes an open attitude to society that our stakeholders will look at us as a "company that is easy to understand." This will lead to a culture in which opinions can be freely exchanged both within the company and with external stakeholders, and this, in turn, will help vitalize our company. This is also a form of sustainability driven forward by awareness changes in each individual.



Koji Takei
Nissan Motor Co., Ltd.
Nissan Production Way Promotion (Japan)

From fiscal year 2005, Calsonic Kansei included the "continuous pursuit of quality" in our corporate vision. Based on this vision, we interact directly with our stakeholders, and through the pursuit of quality in products, people and services, we aim to realize "higher value." "Raising efficiency - raising quality - raising value - increasing profits" - this positive spiral to us is the very essence of sustainability.



Takashi Kirihara
Calsonic Kansei Corporation
Corporate Office (Japan)

Business and Other Risks

Risks in business operations have been disclosed in the Yukashoken-Houkokusho, a kind of financial report, for the year ended March 31, 2004 as follows.

Economic Factors

The demand for automobiles is affected by the economic condition in each country or market in which they are offered for sale. Nissan conducts its operations all over the world and, in particular, in the major markets of North America, Europe, and Asia, to say nothing of Japan. Nissan strives to develop a comprehensive and integrated projection of the global economic outlook; however, a greater-than-anticipated downturn in any one of these markets may have a significant effect on Nissan's results of operations.

International Activities and Overseas Expansion

The Nissan Group's manufacturing and marketing activities outside Japan are conducted in the United States, in Europe, and in the developing and emerging markets of Asia. Nissan forecasts and evaluates a wide variety of risks inherent in doing business in such overseas markets, including the following factors, each of which entails a greater-than-anticipated level of risk:

- Unfavorable political or economic factors
- Legal or regulatory changes
- Potentially adverse tax consequences
- Labor disputes including strikes
- Difficulties in recruiting and retaining personnel
- Social, political, or economic turmoil due to terrorism, war, or other destabilizing factors.

Research and Development

Nissan's technology must be "real world" –useful, pragmatic, and easy to use. Nissan anticipates the nature and scope of the market demand, and then prioritizes and invests in new technologies. Nonetheless, any sudden and greater-than-anticipated changes in its business environment or in customer preferences may impact negatively on customer satisfaction with these new technologies.

Product Defects

Nissan places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing, and sales. Although Nissan takes out insurance policies to cover product liability, this does not necessarily mean that all potential defects and the related liabilities are fully covered. If Nissan were to implement large-scale product recalls for its customers, Nissan would incur significant expenses which could adversely affect its results of operations.

Fluctuation in Foreign Currency Exchange Rates

Nissan's Japanese operations export vehicles to various countries around the world. In general, the appreciation of the yen against other currencies adversely affects Nissan's financial results of operations and vice versa. Nissan produces products and procures parts and materials in its overseas markets. However, any sharp appreciation of the currency of those countries against the yen could lead to an increase in production and procurement costs, which would adversely affect Nissan's financial results of operations.

Derivatives

Nissan utilizes derivatives transactions for the purpose of hedging its exposure to fluctuation in foreign exchange rates, interest rates, and commodity prices. While Nissan can hedge against these, Nissan potentially misses the gains which might result from market opportunities to profit from such fluctuation in exchange rates and interest rates.

In addition, Nissan manages its exposure to credit risk by limiting its counterparties to major international banks and well-established financial institutions which meet its credit guidelines. However, a default by any one of these counterparties could have an adverse effect on Nissan.

Lawsuits and Claims

With respect to various lawsuits and claims which Nissan encounters, the possibility exists that the position defended by Nissan will not be accepted and that the outcome may be significantly different from that anticipated. As a result, any such verdict or settlement could adversely affect Nissan's financial results.

Government Regulations

The automobile industry worldwide is influenced by a broad spectrum of regulations governing the emission levels of exhaust fumes, fuel economy guidelines, noise level limitations and safety standards, and Nissan expects these regulations to become increasingly stringent. In order to ensure compliance, it may be necessary for Nissan to make significant ongoing investments in these areas which would have an impact on Nissan's results of operations.

Intellectual Property Rights

Nissan owns a wide variety of proprietary technologies and has the expertise to differentiate Nissan's products making them unique from those of its competitors. These assets have proven their value in the growth of Nissan's business and will, no doubt, continue to be of value in the future. Nissan strives to protect its intellectual property assets; however, in certain markets, Nissan may encounter difficulty in fully protecting the proprietary rights to its own technologies. Cases may arise where Nissan finds itself unable to prohibit others from infringing on its intellectual property rights.

Natural Disasters

Nissan'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. Nissan has developed risk management guidelines relating to earthquake damage and the CEO has organized a global task force to direct disaster prevention and recovery activities. In addition, Nissan has begun to strengthen its manufacturing facilities with anti-seismic reinforcement. However, if a severe earthquake were to hit one of Nissan's key facilities causing a halt in production, this would adversely affect the results of operations.

Sales Financing Business Risk

Sales financing is an integral part of Nissan's core business, providing strong support to its automotive sales while contributing to the profitability and to the sound and stable financial condition of the Group. However, the sales financing companies, despite Nissan's strict risk management policies, have a high exposure to interest-rate risk, residual value risk, and credit risk, any one of which may adversely affect Nissan's results of operations.

Counterparty Credit Risk

Nissan does business with a variety of counterparties and manages its counterparty credit risk by doing a comprehensive annual assessment of its counterparties' financial condition based on strictly reinforced credit guidelines. Nonetheless, any significant default by a counterparty would adversely affect Nissan's results of operations.

Employee Retirement Benefit Expenses and Obligations

Nissan is obliged to pay retirement benefits to eligible employees upon retirement, the amount of which varies according to the assumptions used in the relevant actuarial calculations. These assumptions include the discount rates applied, future levels of compensation, the projected rate of return on pension plan assets, retirement rates and mortality rates, and so forth. If Nissan's actual results differ from those assumptions or if the assumptions are changed, the resulting effects will be accumulated and recognized systematically over future periods. The cumulative effect could adversely impact the recognition of expenses and liabilities recorded in future periods.

**Thank you for reading
Nissan's 2005 Sustainability Report.
We would like to hear from you.**

This is Nissan's Second Sustainability Report.

We have tried to make this report as easy to read and understand as possible,
but we are well aware that there may be parts that are insufficient.

So that we can continue to improve the content of our future reports
and incorporate your feedback into our business activities,

please fill out the questionnaire on the backside and return it to us by mail or fax.

Thank you.

**Nissan Motor Co., Ltd.
Global Communications, CSR and IR Division
Sustainability Group CSR Team**

17-1, Ginza 6-chome, Chuo-ku
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FAX +81(0)3-3546-2669

This questionnaire is also available online:

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

As of April 28th, 2005, we have received feedback (questionnaire) to the Sustainability Report 2004 published in October 2004 from 161 persons. The opinions we have received are being used as important reference material both in the planning of this Sustainability Report and in Nissan's CSR activities in general. We thank you for your cooperation.

Regarding the use of personal information:

We will use your opinions and comments to make improvements to this report.

In this regard, we appropriately manage personal information and will use this information only to send the report to you and answer your questions.

Personal information will not be disclosed to any outside party.

Please provide us with your opinions and comments.

FAX +81(0)3-3546-2669

Nissan Global Communications,
CSR and IR Division
Sustainability Group

Sustainability Report 2005 Questionnaire

Q1

Please check the boxes which most accurately describe your impressions of this report. (select all that apply)

- Conveys Nissan's CSR philosophy in a clear and understandable way Makes a favorable impression Sincere
 Easy to read Has a sufficiently high level of information Presents relevant and specific examples
 Contains easy to understand graphs Well designed Contains quality photography

Q2

Please evaluate the following areas of the report:

● Nissan's thinking and stance regarding sustainability

- Very clear Somewhat clear Not clear

Reason ()

● Level of interest

- High Average Low

Reason ()

● Transparency of Nissan's actions

- Very transparent Somewhat transparent Somewhat unclear Unclear

→Which parts were unclear? ()

● Technical terms and industry terminology

- Few were used, report easy to understand Some were used, report a little difficult to understand Too many were used, report difficult to understand

→What parts were difficult to understand? ()

● Page length

- Long Appropriate Short

● Design

- Good Average Poor

Reason ()

Q3

On the following list, please mark an "O" in the box next to those pages which you found particularly interesting and an "X" next to those that were uninteresting.

- CEO Statement (P01-02)
 Corporate History / Corporate Profile (P03-04)
 Global Operational Presence (P05-06)
 Our New Three-year Plan: NISSAN Value-Up (P07-08)
 Corporate Governance (P09-14)

Enhancing Value for Stakeholders

- For Our Customers (P17-22)
 With Our Shareholders (P23-24)
 With Our Employees (P25-30)
 With Our Business Partners (P31-34)
 With Society (P35-42)

Protecting the Environment

- Nissan's Perspective (P45-46)
 Nissan's Challenge (P47-54)

Improving Safety

- Nissan's Commitment and Technology (P57-62)
 Communication with Stakeholders (P63-64)
 Sustainability Impressions from Nissan Management and Staff (P65-70)

Please let us know if you have any specific comments.

Q4

Please let us know if you have any opinions or suggestions on how we can improve our Sustainability Report.

Q5

From which standpoint did you read this report?

- Customer Shareholder or financial institution
 Resident of community where Nissan plant or office is located
 NPO or NGO Governmental institution Media
 Research institution Educational institution
 CSR or environmental representative from another company or organization
 Nissan business partner Nissan or Nissan Group employee or family member
 Other ()

Q6

How did you find out about this Sustainability Report?

- Nissan website Newspaper or magazine Seminar or lecture
 Friend or acquaintance Nissan employee Direct mailing from Nissan
 Other ()

(Optional) Please provide the following information:

Name	
Address	
Employment	
Sex Male Female	TEL
Age	E-mail

Thank you for your cooperation.

Tear on perforated line

● **Scope of the Report**

The focus of this report is on introducing Nissan's global policies and our approach to and activities toward sustainable development. Where we are describing regional efforts, we refer to the specific region name in the text.

● **Period Covered**

The report covers fiscal year 2004 (April 2004-March 2005); content that describes efforts before or after this time period is indicated in the respective section.

● **Third-Party Review**

No globally accepted method for third-party reviews 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 undertake a third-party review.

● **Referenced Reporting Guidelines**

This report uses the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2002 version) and the Environmental Reporting Guidelines (2003 version) of Japan's Ministry of the Environment as a reference. We also report on a number of other actions that are not covered by the Guidelines.

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 on the dynamics of the automobile industry worldwide, the global economy, and changes in the global environment.

● Mistakes and typographical errors discovered after the report is published will be corrected and displayed at the below homepage address.

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

[For further information, please contact]

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Publication date June 21, 2005



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