



# Sustainability Report 2008

Nissan: Enriching People's Lives

**NISSAN**



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# Introduction

Guided by its corporate vision of Enriching People's Lives, Nissan aims to contribute to the development of society through its business activities worldwide. Important in this regard is the alignment of two management objectives: sustained profitable growth for the company and the sustainable development of society as a whole. Corporate social responsibility is a useful concept in bringing about such an alignment, and it can also help strengthen the trust we enjoy with our various stakeholders.

In fiscal 2005 Nissan formulated a CSR Policy and identified nine key areas of focus. We also created a CSR Steering Committee to manage progress from a companywide perspective.

Since fiscal 2006, the committee has analyzed the progress we have made and considered future goals in the nine key areas by using a CSR scorecard. As we did in last year's Sustainability Report, this year we include this scorecard below to report on our progress in fiscal 2007. By so doing, we hope to enhance the transparency of our efforts and incorporate the feedback we receive from society into our operations so that we may reinforce them. (See page 27.)

Out of consideration for the environment, the Sustainability Report is no longer being published in print form; it can be downloaded from our website as PDF files.

## CORPORATE PROFILE

**Date of Establishment** ■ ..... December 26, 1933

**Consolidated Net Sales (Fiscal 2007)** ■ ..... ¥10.8242 trillion

**Number of Employees (As of March 31, 2008)** ■ ..... 224,784  
(consolidated; includes Dongfeng Motor Co., Ltd. [China])

**Group Structure and Business Outline** ■ .....

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

**Vision** ■ ..... Nissan: Enriching People's Lives

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

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



### Our Related Websites

- **Corporate Information**  
<http://www.nissan-global.com/EN/COMPANY/>
- **Environmental Activities**  
<http://www.nissan-global.com/EN/ENVIRONMENT/>
- **IR Information**  
<http://www.nissan-global.com/EN/IR/>

- **Product Information (by Country)**  
<http://www.nissan-global.com/EN/GLOBAL/>
- **Product Information (Japan)**  
<http://www.nissan.co.jp/>
- **Citizenship Activities**  
<http://www.nissan-global.com/EN/CITIZENSHIP/>

- **Quality Initiatives**  
<http://www.nissan-global.com/EN/QUALITY/>
- **Safety Activities**  
<http://www.nissan-global.com/EN/SAFETY/>
- **Latest Technologies**  
<http://www.nissan-global.com/EN/TECHNOLOGY/>

- **Design Activities**  
<http://www.nissan-global.com/EN/DESIGN/>
- **Company Information Library**  
<http://www.nissan-global.com/EN/COMPANY/LIBRARY/>

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CEO Statement

# CEO Statement

For Nissan, the essence of sustainability is consistent, lasting progress. Simply stated, sustainability means that our actions today are designed to help assure the vitality of our company tomorrow.

How can we make sure that the cars of today will be followed by vehicles better suited for the customers of tomorrow? That the environment in which we live will be at least as good as today, if not better, tomorrow? That quality will improve? That Nissan will remain profitable? Answers to these questions about sustainability are vital to our progress in all these areas.

Our midterm business plans serve as key milestones on the road of progress. Over the years we have crafted plans to address issues Nissan faced in each phase of its development as a company. A common thread among all our business plans is profitability. If a company cannot achieve profitability, it will have no resources to assure its future. A socially conscious but bankrupt company can offer no lasting value. Even so, the concept of sustainability cannot be reduced solely to profits. In addition to the value created by Nissan jobs, products and innovations, our future is also linked to our corporate image, our corporate governance, our care for the environment and many other facets in the life of our company.

Our current business plan, Nissan GT 2012, makes this larger picture clear. With "G" for growth and "T" for trust, our new plan defines Nissan's road to growth and continued success as healthy sustainability in all aspects of our business.

Putting trust at the core of our business plan is intentional. We believe there is a positive link between social and financial performance. The companies that perform the best over the long term are those that are able to establish a high level of trust among all their stakeholders. Trust encompasses sustainability, loyalty, shareholder returns, and quality of products, services and management—many positive attributes are captured in that single, important word.

This sensitivity is shared among our employees, suppliers, dealers and business partners.

With our Alliance partner, Renault, we may express our commitments to sustainability in different ways because the cultures and histories of our companies differ, but the substance is the same. Pursuit of sustainability is easier in the Alliance. Because our two companies are working together on such projects as the electric car, we are able to bring them to the market in a much faster, more effective way. Exchanges between the Alliance partners promote sustainable business for us both.

Sustainability is very much a part of the operations of all our partners. There is no way to develop a project like the electric car without our suppliers, of course, and our dealers will showcase to



picture by mattphoto.co.uk

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

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consumers what Nissan is doing for the environment. Because our partners are aware of what is going on in our company, we are able to influence each other and contribute to mutual progress.

All our stakeholder relationships are built on transparency, which is essential for building trust. Every company has its own issues. We have a responsibility to inform our stakeholders about challenges we face and to explain what we are going to do about them. Transparency has to be consistent and active.

The challenges Nissan faces are in three main areas: safety, quality and the environment.

Safety, first of all, is a shared responsibility. Human behavior is obviously a large part of the safety equation, and we are helping to educate drivers about improving their performance. Our responsibility is to develop and apply technologies that will help make tomorrow's car even safer than today's. Supported by considerable investments, our engineering and research teams are developing passive and active safety technologies as key priorities.

A second area of challenge is quality. For Nissan, this means paying absolute attention to our customers, making sure that we help them get exactly what they want by meeting their expectations at a very high level. In fact, the first commitment of Nissan GT 2012 is quality leadership—certainly for our products, but also quality of our services, our brand, our management and our company overall. Quality is essential to the integrity of our brands and to maintaining our customers' trust.

The third area of challenge relates to the environment. We recognize the changes that are taking place in our world and the demands for a cleaner planet. We aim to bring solutions. Through Nissan GT 2012, we are committed, along with Renault, to become a global leader in zero-emission vehicles. We will also carry out our environmental action plan, Nissan Green Program 2010, as we continue to work on clean diesel vehicles, our original hybrid technology, fuel-cell vehicles and downsized gasoline engines. Our attention extends to the ecological impact of our plants and corporate offices; both our Nissan Americas headquarters in Tennessee and our future global headquarters in Yokohama have adhered to ambitious environmental guidelines. Our commitment to sustainability is comprehensive.

As influential as Nissan is as one of the world's largest automakers, there is only so much we can do on our own. The automobile industry as a whole has to contribute to sustainable growth, both with actions and words.

Generally, the automotive industry enjoys a positive image when it focuses on product design, safety or value. But occasionally the public perceives that automakers are not doing enough to protect the planet or that the industry is creating products that are incompatible with a cleaner environment. Through concrete actions, the industry has to demonstrate that it is doing the right things through its products, services, technologies and investments.

In this connection, Nissan is doing its part by taking initiatives that attract positive attention to our industry. One example is our commitment to bring a zero-emission car to the mass market. This is no prototype that will not be on the road for 10 years; we will introduce an all-electric car in the United States and Japan in 2010 and mass-market it globally in 2012. We are building it at the level of the Alliance, so the technology will be shared between our two companies, making it even more viable. This is a real-world initiative. We intend to satisfy people's expectations and bring a solution that is much better for the environment.

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Action is important, and so are words. We can build consumer understanding and trust by talking about the benefits we have already delivered to society. All too often we automakers avoid talking about how much we are investing, the technologies we are developing, the jobs we are creating and the contributions we are making around the world. Countries like Russia, India and China all want their own auto industries for a reason: Ours is not an average industry. The global automotive industry has a tremendous influence on society, and we need to talk about what we are doing, not just for the environment, but also for economic prosperity and development all over the world.

These two objectives—environmental benefit and economic development—can be closely related. We believe in the concept of “mobility for all” as a way to create value for society. The ultra-low-cost car we are bringing to the Indian market is extremely important because it offers mobility to people who have not enjoyed this form of freedom in the past. And we are doing so in a way that complements our environmental goals.

The *value* we offer to stakeholders is an evolving term. A decade or two ago, value signified such things as a company’s brand or product quality, prices and resale value. Recently, these classical definitions have been expanded to include concepts relating to corporate image or the environment. These new dimensions are being developed in the minds of consumers, who want to buy from companies that are recognized as good citizens.

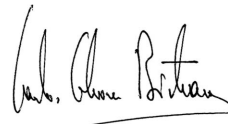
At Nissan, we work hard to make a difference in society, living up to our vision of Enriching People’s Lives. Our activity is seen in programs to support education, to nurture diversity, to extend philanthropic donations in times of natural disasters. We build stakeholder awareness by following our actions with words—with reports on what we are doing.

Different stakeholders focus on different topics. Some may care most about diversity, while others may want to know about our activities to curb CO<sub>2</sub> emissions. They want to know, in concrete terms, what we have done and how we have made a difference. It is no coincidence that we publish this Sustainability Report annually at the time of our shareholders meeting. The timing is also right to communicate to all our stakeholders—our employees, our partners and the general public—about all the areas where Nissan is actively engaged in enriching people’s lives. Our actions today are assuring Nissan’s future vitality.

Some 20 years ago, most people found sustainability to be a boring topic of discussion. Those days are over. Stakeholders are paying serious attention to sustainability matters, and there is more enthusiasm and encouragement for companies to engage in sustainable business practices.

Sustainability is no longer the realm of specialists. It has become an aspect of business to which everyone is sensitive and to which everyone can contribute.

Nissan is proud to be a participant in this ongoing dialogue. In the following pages of this report, we invite you to learn more about the ways we are meeting the challenges of sustainability.



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

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CSR Dialogue

# CSR Dialogue

## Charting a Sustainable Future Course

The concept of corporate social responsibility has gained growing attention in the face of various issues arising in the global environment and society. Nissan is working hard to maintain a balance between its corporate goals and the needs of society. In 2007 the company first published its CSR scorecard, the tool it uses to identify its goals in key CSR areas and to gauge its progress toward them. Especially important among these are quality, safety and the environment, areas that are at the foundation of the manufacture of automobiles. Below Nissan Chief Operating Officer Toshiyuki Shiga talks with CSR specialist Peter D. Pedersen about the ways Nissan is facing environmental and social challenges as it creates the kind of value only it can.



**Toshiyuki Shiga** (Right)  
Chief Operating Officer  
Nissan Motor Co., Ltd.

**Peter D. Pedersen** (Left)  
Chief Executive Officer  
E-Square Inc.

### Sharing Nissan's CSR Scorecard

**Peter D. Pedersen:** We're beginning to see some common definitions take shape for corporate social responsibility all around the world. The most common concepts define CSR as an approach to corporate management that "aligns the vectors of corporate strategy and societal demands," "provides value to all stakeholders in a balanced manner" or "strikes a balance between short-term and long-term considerations." How is Nissan reflecting these sorts of CSR perspectives in its day-to-day operations?

**Toshiyuki Shiga:** On the one hand we have our plans as a profitable business responsible to our shareholders, and on the other are the demands that society has of corporations, which must be grasped accurately. We believe it's important to take a balanced approach at all times, fulfilling both our corporate strategy and the needs of society.

Nissan views CSR as the means to identify and respond to all the opportunities and risks the company faces. Our cross-functional CSR Steering Committee is at the center of our efforts to use the PDCA cycle—planning, doing, checking and acting as we reflect external feedback in our decisions. In this cycle, we first carry out internal debate on various issues in society from the



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perspective of their alignment with the vector of our corporate development. Next, our relevant divisions address the issues that require our attention. We then communicate our progress on those issues outside the company. With input from rating agencies and other parties, we can check whether what we do is in line with society's vector. As the final stage in the cycle, we take this external feedback and work it into our operations.

Since 2007 we've been publishing part of our CSR scorecard, which describes our targets in different CSR areas and our progress toward meeting them, on our website. In doing this our aim is to keep the vectors of our activities and society's demands closely synchronized.

**Pedersen:** At the same time, you've also got to please shareholders, who want your focus on the bottom line.

**Shiga:** We're a corporation, so we do have to keep producing short-term results as well. Nissan defines midterm management goals for itself as a way to contribute to the development of society, and within the broader direction of those plans we work to achieve healthy progress over the shorter term. I don't believe shareholders would be truly satisfied with a company whose developmental vector was not in line with society's demands, no matter how profitable it was over the short term. Recently we've seen a real increase in the number of Nissan shareholders who appreciate the focus we place on the environment and safety in our technological development. I see this as a sign that more people nowadays are knowledgeable about the need for sustainability, both for corporations and for society.

### Growing Together with Stakeholders

**Pedersen:** For Nissan, it's impossible to build a business around sustainability if it isn't selling its vehicles to consumers. To maximize the value your company provides to them in this way, what sort of measures are you taking with respect to your employees, suppliers and dealerships, your other stakeholders whose activities connect them to customers?

**Shiga:** Our suppliers and dealers—and of course our employees too—are in partnerships with us. For instance, Nissan employees create different kinds of value and contribute to the company as they tackle their jobs, at the same time enjoying personal growth as a result. Our suppliers, meanwhile, work hard with us as we both hone our technologies, quality and cost competitiveness. Our dealers are our main points of contact with the customers, and they work to create customer value through the high-quality services they offer.

All of these partners work together with us, and we all help each other to increase value and achieve sustainable growth. I believe this approach to business is a vital one for Nissan.



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**Pedersen:** Looking back on the period of your midterm Nissan Value-Up business plan, what sort of results did you see?

**Shiga:** The last few years presented the automobile industry with a very tough business environment indeed, and Nissan faced a number of challenges. We've focused on ways to achieve positive outcomes together with our stakeholders even in these conditions, by adjusting our managerial consciousness, boosting our capacity at the workplace level and improving the skills of the people working on the front lines of vehicle sales. By bringing everyone together to face these issues, we've developed the strength we will need for future challenges.

**Pedersen:** One of the first things you have asked your suppliers to do is to cooperate by reducing costs. Let me ask a pointed question: If you now focus more on CSR issues, will they see this as simply another demand that will impact their business?

**Shiga:** I'm not so sure they'll see it that way. I believe that running a business with due consideration for society and the environment is something that leads naturally to cost reductions. At their core, all of these things boil down to carrying out business activities in an optimum way. When we select suppliers to work with us as partners, we evaluate them from a number of angles—cost and quality, to be sure, but things like the social stance of a company are also among the conditions we set.

Our procurement is taking place on an increasingly global scale, and we're seeing a stronger need for supply chain management that takes social and environmental concerns into account. This is what has led Nissan to create its process for CSR management encompassing our suppliers as well. In January 2008 we put this process into action.

### At the Root of Auto Manufacturing

**Pedersen:** Nissan defines nine key areas of focus for its CSR approach. Among these areas, I feel that quality, environment and safety come under particularly close scrutiny where automobile manufacturers are concerned. Over the past year, what has Nissan done to tackle issues in these three areas?

**Shiga:** All three of these areas are fundamental to the manufacture of cars. In the area of safety, Nissan has set itself the ambitious goal of reducing the number of fatalities and serious injuries involving Nissan vehicles to half of the 1995 figures by 2015. Our development of various advanced technologies is well underway, and we have brought many of these to market in our products. In fiscal 2007 we released our first models including the Around View Monitor and Lane Departure Prevention systems.





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With respect to quality, we've defined a quality management policy that aims to increase customer trust in our products and satisfaction with our services. In July 2007 we began full-scale work at our Field Quality Center, our base of operations for quality improvement.

With respect to the environment, in December 2006 we announced the Nissan Green Program 2010. Our midterm environmental action plan, NGP2010 is based on the Third Assessment Report of the Intergovernmental Panel on Climate Change, released in 2001. At the end of 2007 the IPCC released its Fourth Assessment Report, which made it clearer that on a global scale, humankind needs to recognize the potential threat of climate change, as well as to come up with measures to address this challenge. Nissan is doing its part by moving swiftly to tackle issues requiring prompt attention and setting especially stringent targets in specific areas.

In the area of addressing carbon dioxide emissions in particular, we're focusing our energies on introducing clean diesel vehicles in the European and Japanese markets and on promoting broader adoption of electricity-powered cars like electric and fuel-cell vehicles. I hope to see all the sections of our company come together in a collective effort that lets us make progress on our main areas of focus in NGP2010, which include emissions reduction and resource recycling.



## A Sincere and Innovative Approach to the Environment

**Pedersen:** Let's go into more detail on the environment. When Nissan announced NGP2010 it described its vision of being a "sincere eco-innovator." What are Nissan's positions that underpin this vision? How do you evaluate the progress you've made so far?

**Shiga:** People tend to view hybrid vehicles as the very definition of environment-friendly vehicle technology. At Nissan, however, we go beyond a single technology. Our goal is to provide environmental technology and products that allow us to achieve the "four rights"—meeting the needs of our customers and society by providing the right technology, to the right market, at the right time, at the right value. Our new Note, announced in January 2008, was designed from the ground up to improve fuel economy in the sort of driving conditions that our customers actually experience. Through this real-world focus we seek to be *sincere*, and by bringing Nissan's top engineering prowess to all the parts of the vehicle, making it more eco-friendly than it used to be, we stress our role as an *innovator* in auto production.

I believe that Nissan has gained great confidence over the last year. Our approach to environmental issues has gained us high praise from rating agencies and government authorities. We've been included for the first time in the Climate Disclosure Leadership Index, an honor that goes to leading companies in the area of communicating their strategies on climate change. In 2007 our Carwings driver support system, which offers eco-driving advice to users, won the Ministry of Land, Infrastructure, Transport and Tourism Prize in the 2007 Eco-Products Awards and the Agency for Natural Resources and Energy Director-General's award in the

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Energy Conservation Grand Prizes. The specialists who pay close attention to what corporations are doing in these fields are recognizing Nissan's sincerity.

Society's opinions change quickly, though, and how people feel today about environmental issues is quite different from what it once was. We've got to maintain a constant sense of urgency and stay committed to our actions in this area.

**Pedersen:** I'm very interested in the story Nissan hopes to tell with its environmental products from here on out. Are there any new developments you can share?

**Shiga:** As I noted, we believe it's essential to build our business on the three fundamental platforms of the environment, safety and quality. We have to take this approach to offer customers the excitement that only cars can provide. We aren't making simple tools for getting from one point to another. We intend to continue giving our customers the attractiveness and added value they demand in their vehicles at the same time that we make those vehicles with more consideration of the environment. What's important is to bring to market the kind of environmental technologies that meet all our customers' needs and to provide high-quality services that match their diverse lifestyles.

### Communicating the Future of Nissan

**Pedersen:** As part of Nissan's CSR activities, particularly on the environment, it's important for the company to deliver clear messages to society and its customers, constantly communicating its values to them. Some people feel that Nissan hasn't been delivering its messages as energetically as it should.

**Shiga:** At our Environmental Advisory Meeting, where we invite external experts to discuss environmental issues with us, we've received much advice on the importance of strengthening our communication stance. Nissan is making considerable progress in its creation of vehicles with cleaner exhaust and its recycling efforts, but I must admit we haven't communicated these achievements to society very well. We need to have some sort of key theme in our activities—a flagship technology, for instance, that people will immediately associate with Nissan when they hear it mentioned. Right now we're taking the various resources within the company and assigning them to work on specific themes. In this way we're laying the groundwork for our launch of original technologies and services ahead of our competitors.

Nissan GT 2012, our new midterm business plan announced in May 2008, features several elements that will form the core of the environmental platform for our operations. It's important for us to tackle all the individual areas of focus as a sincere eco-innovator, of course, but we'll also need to take it a step further, not just meeting society's needs but actively taking a role in leading society to where it needs to be.



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**Pedersen:** Tell us more about some of the key points in Nissan GT 2012.

**Shiga:** We believe that through our previous two midterm business plans, Nissan 180 and Nissan Value-Up, we successfully laid the groundwork for our future growth. Nissan GT 2012 is a five-year plan built around the twin themes of growth and trust. Building on a base of healthy earnings for the company, we aim to take a longer-term perspective as we pursue growth for ourselves and development for society as a whole. While we seek long-term growth, we hope to further strengthen relationships of trust with all our stakeholders.

**Pedersen:** The plan also involves some bold commitments on the environment, doesn't it?

**Shiga:** Yes, we made three corporate commitments in Nissan GT 2012. One of these is zero-emission vehicle leadership. We will introduce an all-electric vehicle in the U.S. and Japanese markets in fiscal 2010 and mass-market these vehicles globally in fiscal 2012. We have to strike a balance between our business expansion in global markets and our preservation of the global environment. We believe that the most important thing we can do as an automaker is to mass-market zero-emission cars at affordable prices. Together with our Alliance partner Renault, we've set the target of being the leader in this field.

**Pedersen:** In becoming a leader, you can deliver a strong message indeed to society. I look forward to seeing Nissan move ahead with activities that live up to the ambition of this goal.



**Peter D. Pedersen**  
Chief Executive Officer  
E-Square Inc.

Chief executive of E-Square Inc., a sustainability consultancy in Tokyo, Japan. Has extensive experience working with Japanese multinational corporations on sustainability and CSR issues, in particular facilitating vision and strategy building.

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## Nissan's Approach to CSR

Seeking Balance in Our Business Activities



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Nissan's Approach to CSR

# Nissan's CSR Management Way

## Listening to Society to Predict Opportunities and Risks

Guided by the vision of Enriching People's Lives, Nissan seeks to create value through the provision of its products and services. Through our corporate activities all around the world, we also aim to contribute to the development of the societies where we do business. Toward these twin goals we carry out management that combines our pursuit of sustainable profitability with our efforts to bring sustainable development to society. Making CSR principles part of our management approach is an effective way to make this alignment a reality. We believe it is also a way to build relationships of trust with our diverse stakeholders.



### Our Idea of CSR

In recent years companies have seen increasing demands that they carry out their business activities in line with the principles of corporate social responsibility. Many firms are now putting greater emphasis on their CSR activities in response to these voices in society.

However, in different nations, corporations and other organizations, there is a broad variety of definitions for CSR and methods of promoting activities in this field. Debate on the true nature of CSR remains active around the globe.



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Nissan positions CSR in its activities as follows.

CSR is a tool for process management, applicable in all areas of business, through which a company seeks to strike appropriate balances in three areas:

- 1. A balance between short- and long-term perspectives**
- 2. A balance between corporate growth and societal development**
- 3. A balance of value provided by the company to all its stakeholders**

The essence of CSR lies in:

- 1. Swiftly recognizing and understanding both the social issues that may arise from its business activities and the changes in society that may affect its business**
- 2. Picking up on the opportunities and risks these developments represent, and adjusting its approach to business constantly in response**
- 3. Through this process the company can help to improve the sustainability of society while it maintains its own sustainable growth**

## Reviewing CSR Development During Nissan Value-Up

As part of Nissan Value-Up, the midterm business plan launched in fiscal 2005, we have developed our CSR strategy according to a detailed roadmap:

Fiscal 2005: Defining CSR for Nissan

Fiscal 2006: Establishing CSR as management practice

Fiscal 2007: Delivering our CSR strategy

### Fiscal 2005: Defining CSR for Nissan

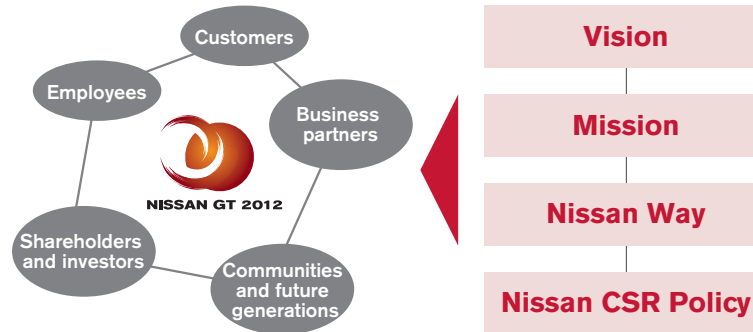
In the first year of Nissan Value-Up we launched the CSR development process by crafting our CSR Policy and defining nine key areas for CSR-related efforts. We also established the CSR Steering Committee to monitor our progress in each of these areas.

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## Nissan CSR Policy

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

The Nissan CSR Policy contributes to the creation of value for all our stakeholders in line with our Vision, Mission and Nissan Way.



(For information on Nissan's Vision and Mission, see p. 1; for the Nissan Way, see p. 38.)

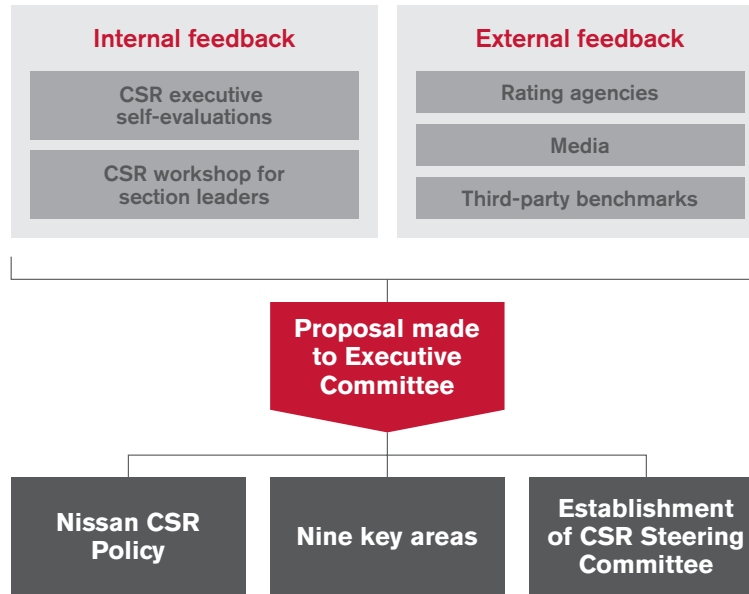
Our first task in defining the Nissan CSR Policy and identifying the nine key areas was to gather feedback, both within and outside the company. We gathered internal feedback from directors and section leaders. Twelve company directors underwent self-evaluation interviews to gauge their views of Nissan's strengths and weaknesses from a CSR perspective. To ascertain midlevel managers' views on the company's strong and weak points from this same angle, we gathered some 50 section leaders from throughout the global organization to take part in a CSR workshop. (See page 15–16 for information on the interviews and workshop.)

For external feedback, Nissan looked to rating agencies operating in different global regions, media evaluations and benchmarks compiled by other companies. Based on compilation and analysis of all this internal and external data, we then established the CSR Policy and our nine key areas, as well as setting up the CSR Steering Committee to oversee progress in these key areas. All of these moves were approved at the Executive Committee meeting held in March 2006.

## Nine Key Areas

<h3>Integrity</h3> <p>Employees aim for fairness and honesty, adhering to Nissan's Global Code of Conduct and acting ethically in all business situations.</p>	<h3>Quality</h3> <p>Nissan creates products and services recognized as being of world-class quality.</p>	<h3>Safety</h3> <p>Nissan develops innovative technology and plays an active role in safety promotion, making the automobile society safer for all.</p>
<h3>Economic Contribution</h3> <p>Nissan aims for sustainable, profitable growth, contributing to economic development for all of society.</p>	<h3>Environment</h3> <p>Nissan seeks to reduce the environmental burden over the life cycle of a vehicle and to contribute to the creation of a sustainable mobility society.</p>	<h3>Value Chain</h3> <p>Nissan promotes ethical, environmentally sound actions in all stages of the supply chain.</p>
<h3>Brand</h3> <p>Nissan works to create a trusted brand known for its attention to people, the environment and the communities where we do business.</p>	<h3>Employees</h3> <p>Nissan aims to be an attractive organization where diverse human resources can achieve personal growth.</p>	<h3>Philanthropy</h3> <p>Nissan contributes to the prosperity of people and communities through partnerships with NGOs.</p>

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**The CSR Steering Committee Mission**

The committee is tasked with pursuing three balances in all nine key CSR areas:

1. Balance of short- and long-term perspectives
2. Balance of Nissan's growth and societal development
3. Balance of value Nissan provides to all stakeholders

**Interviews to Gauge Views on CSR**

In the fall of 2005, Nissan tested "CSR Innovation" with 12 of its executives. This self-evaluation program was developed by the Caux Round Table, an international group founded by business leaders in 1986 in Caux, Switzerland, to promote corporate ethics and contributes to viable economic and social development. In this program, each executive is given a face-to-face interview and answers 49 questions covering a range of topics. Analysis of the interview results produces objective views of the executives' approach to CSR. In addition to achieving this goal,

Nissan's implementation of CSR Innovation presented an opportunity for the executives to reconsider their own performance in daily management tasks.

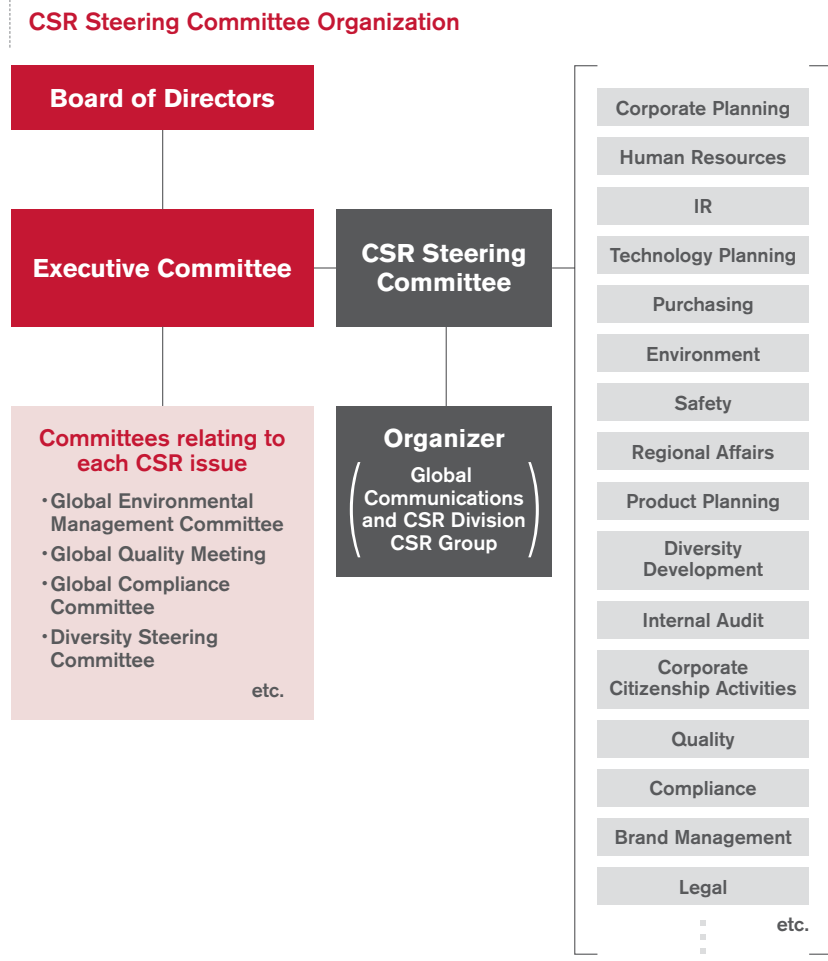
Through this evaluation, the following strengths and challenges were identified.

**Strengths**

- Embracing of diversity as a management asset
- Measures taken to ensure transparency
- Achievement of industry-leading recycling rates

**Challenges**

- Inadequate contribution to overall social development
- Action to combine business with environmental and social aspects
- Insufficient action in regions other than Japan, North America and Europe





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### CSR Workshop for Managers

Also in the fall of 2005, Nissan carried out an internal workshop from the viewpoint of its social responsibility as a company. The objective was to take a fresh look at the activities carried out by Nissan's various divisions from day to day and to identify areas requiring attention.

This workshop was attended by approximately 50 section leaders, including representatives from Japan, Europe and North America. After sharing thoughts on basic concepts and world trends, such as how corporate roles are changing in global society and what is expected of a corporation by stakeholders, the discussion turned to Nissan's strengths and challenges, future direction and potential focus areas.

The results of the discussions in this workshop are being reflected in the CSR Policy and in identifying nine key areas.

#### Divisions Participating in the Workshop

Corporate Planning, Brand Management, Purchasing, Technology Planning, Quality, Marketing, Aftersales, Logistics, Manufacturing, Environment and Safety, Diversity Development, Corporate Citizenship Activities, Administration for Affiliated Companies, Dealers Support Group, Industrial Machinery, Recycling Promotion, Global Nissan Sales and Service Way (NSSW) Promotion, China Operations, Nissan Europe, Nissan North America, General Overseas Market Marketing and Sales, Regional Affairs, Human Resources, Communications, IR, Accounting, Internal Audit, Legal and others



Workshop discussions helped managers clarify CSR issues.

### Fiscal 2006: Establishing CSR as Management Practice

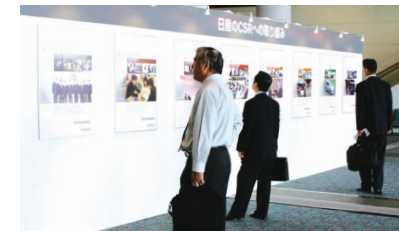
Nissan positioned fiscal 2006 as a year to systematize its CSR strategy, which had been expressed the previous year in the Nissan CSR Policy and the nine key areas.

In April 2006 we fixed the organization of the CSR Steering Committee, composed of some 20 leaders of the sections involved with the nine key areas. In May the committee held its first official semiannual meeting, discussing risks and opportunities for each of the nine key areas from a CSR perspective. The committee remains active today, making use of the CSR scorecard as a tool for managing actions and goals (see page 27).

In June we issued our 2006 Sustainability Report to coincide with the annual shareholders meeting. This was the second straight year to make the publication available at the meeting, where we also set up a panel display on our CSR activities and hosted an informal post-meeting reception giving shareholders a chance to speak with CEO Carlos Ghosn and the other company directors.

In July Nissan took part in the 2006 SRI Fund Management Conference, held in Tokyo, as a leading sponsor. This event gives CSR officers from many firms the chance to give presentations on CSR issues, exchange opinions with a CSR rating agency and explore trends in SRI, or socially responsible investment.

A special TV program, aired in August by one of the key broadcasters in Tokyo, focused on SRI trends and Nissan's approach to CSR. We had worked together with the broadcaster's news staff for several months as they prepared the show, which included coverage of the SRI conference held in the previous month.



June 2006: CSR information on display at the shareholders meeting



July 2006: At the SRI Fund Management Conference

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October 2006 saw Nissan invite three CSR experts from outside the company to speak with our CSR Steering Committee. Makoto Teranaka of Amnesty International Japan, Toshihiko Fujii of the Research Institute of Economy, Trade and Industry and Kazutaka Okubo of Ernst & Young ShinNihon took part in this meeting, where discussion focused on CSR management in the supply chain, in particular management relating to human rights.



**Makoto Teranaka**  
Amnesty International Japan



**Toshihiko Fujii**  
Research Institute of Economy, Trade and Industry



**Kazutaka Okubo**  
Ernst & Young ShinNihon

In the same month we hosted an Environmental Advisory Meeting with the participation of environment specialists from around the globe. COO Toshiyuki Shiga, who chairs Nissan's Global Environmental Management Committee, was one of many Nissan officers taking part in this gathering. The feedback we received through these events was put to work right away, as we reflected it in Nissan Green Program 2010, our midterm environmental action plan announced in December 2006.

In November 2006 Nissan was proud to be selected as one of 50 leading firms in the area of sustainability reporting according to the 2006 Global Reporters report. This is published every two years by SustainAbility, an organization specializing in analysis of corporations' nonfinancial performance, in association with leading rating agency Standard & Poor's and the United Nations Environment Program.

The fiscal year's second CSR Steering Committee meeting took place in February 2007. Committee members unanimously confirmed and approved the items to appear on Nissan's CSR scorecard for fiscal 2007. Also invited to this meeting was a representative of Innovest, another leading CSR rating organ, helping to make the gathering a scene of fruitful discussion on our activities.

### The CSR Scorecard: A Valuable Management Tool

Throughout the year our CSR Steering Committee makes use of the CSR scorecard as a fundamental tool for monitoring and reviewing our progress. The scorecard covers each of our nine key areas, presenting in column (i) the values and management indices that Nissan relies on in its ongoing business activities and in column (iii) the demands that society has of corporations. In column (ii), we list our values and management indices that may play a stronger role in our mid- to long-term efforts to keep our activities aligned with society's wishes. In this way the scorecard's horizontal axis represents the balance we pursue between growth for our company and healthy development for society, and the vertical axis the balance we hope to strike among the various stakeholders to whom we provide value. Nissan also pursues a third form of balance, between short-term and long-term perspectives, based on a comprehensive view of both the vertical and horizontal axes described above.



October 2006: External experts discuss CSR with Nissan



October 2006: Our Environmental Advisory Meeting



February 2007: The CSR Steering Committee meeting

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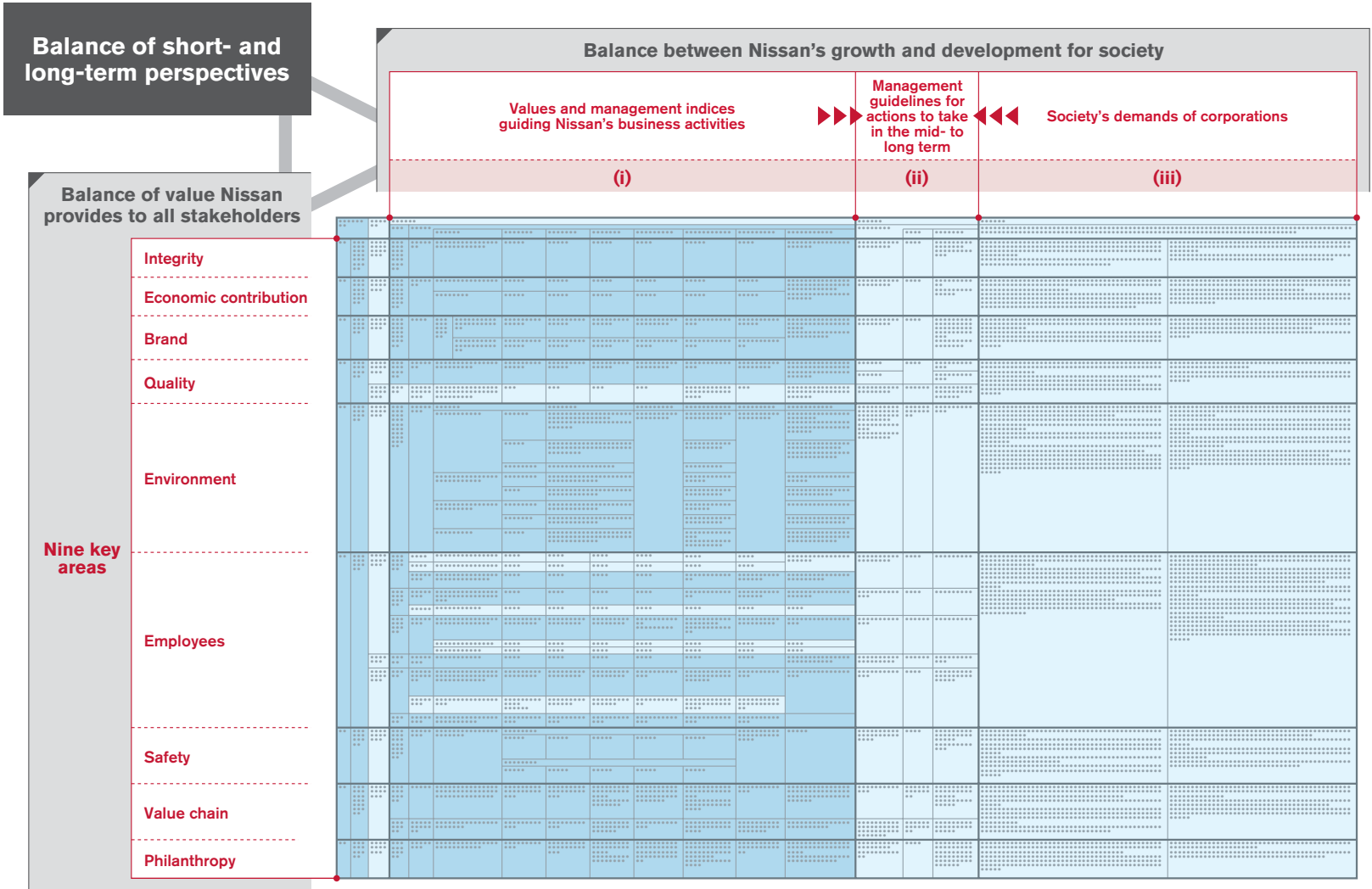
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**Nissan's CSR Scorecard**



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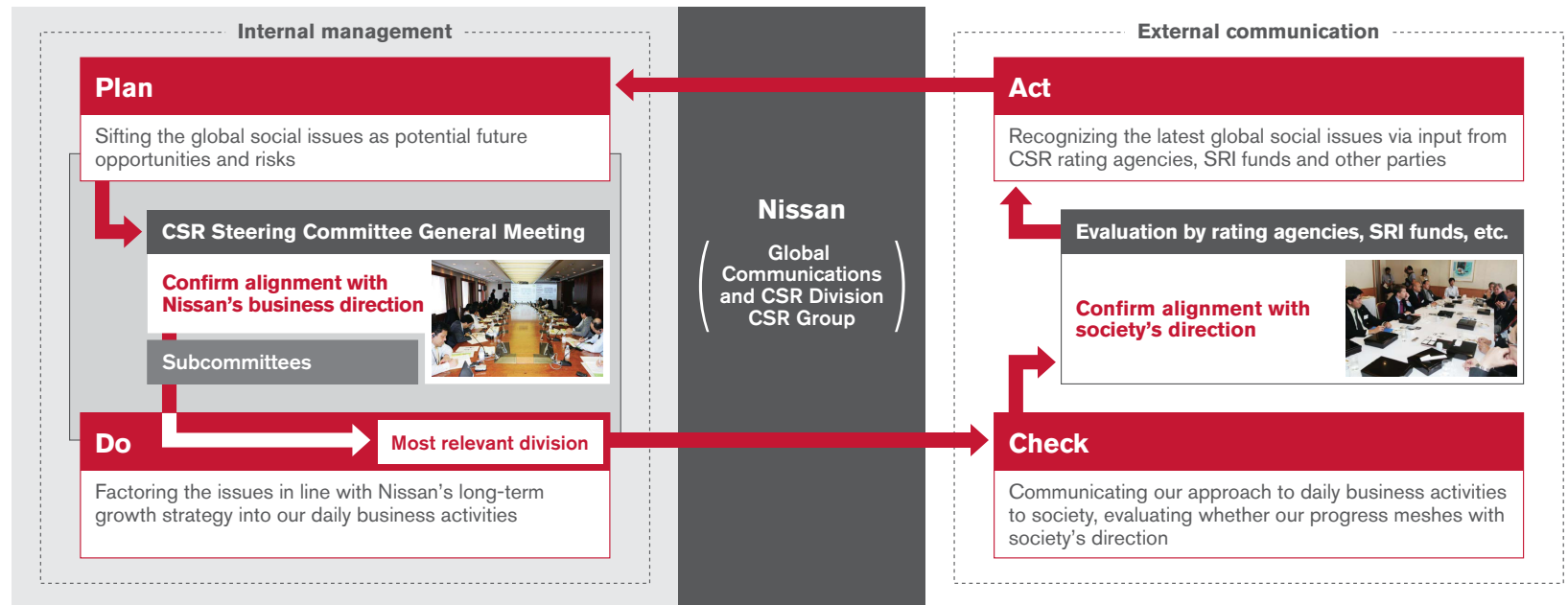
## Fiscal 2007: Delivering Our CSR Strategy

Nissan positioned fiscal 2007 as a year to share with society its newly systematized approach to CSR created through the previous year's deeper dialogue on CSR, both within the company and with outside parties. We published the CSR scorecard in the 2007 Sustainability Report, making it public for the first time.

Fiscal 2007 was also a key period as the year in which we began work on creating the framework for the Nissan CSR Management Way, our own set of guidelines for advancing our CSR efforts.

## The Nissan CSR Management Way

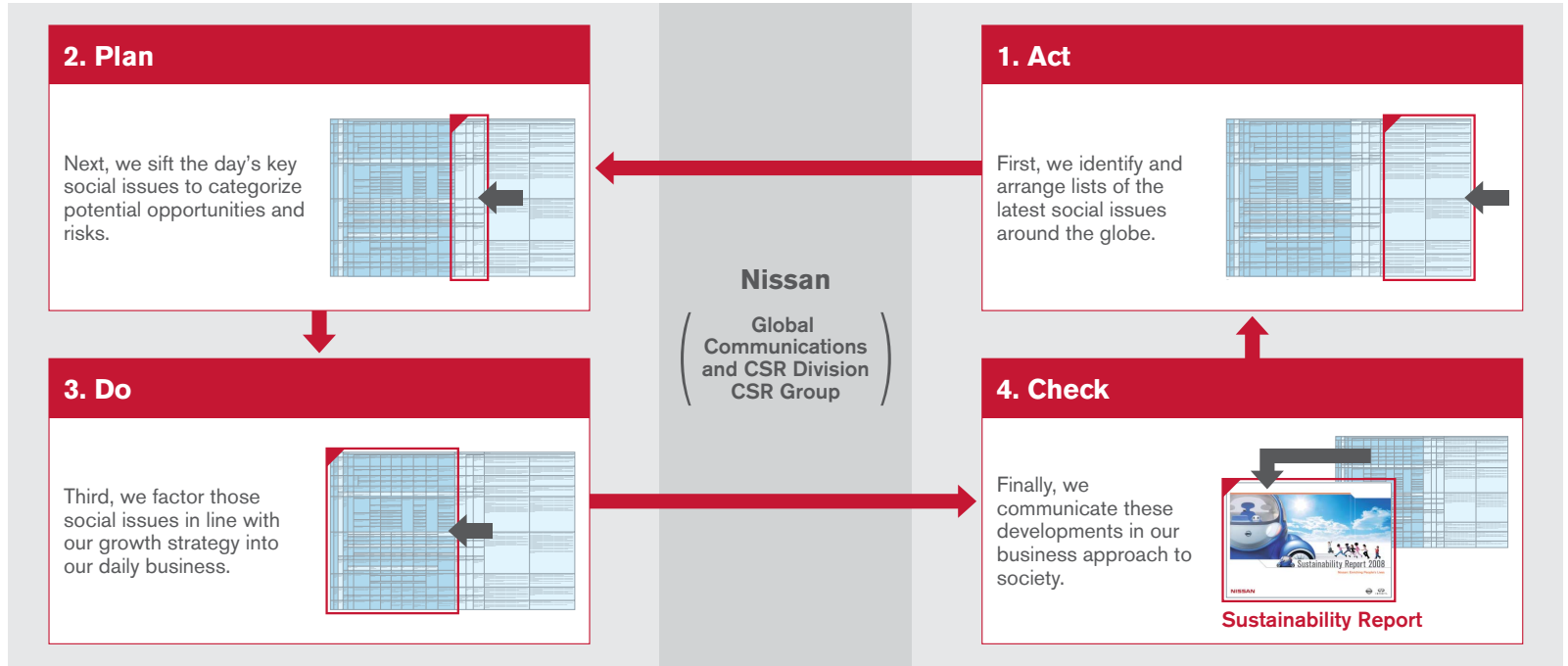
At its heart, the Nissan CSR Management Way is built on the idea of listening to the voices of society and identifying the seeds of both opportunity and risk. The framework of this plan is built around the PDCA, or "plan, do, check and act," cycle.



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The CSR scorecard is a Nissan process management tool that we synchronize with this PDCA cycle.

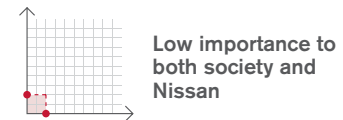
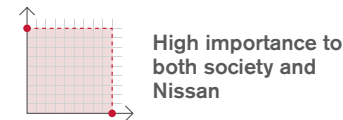
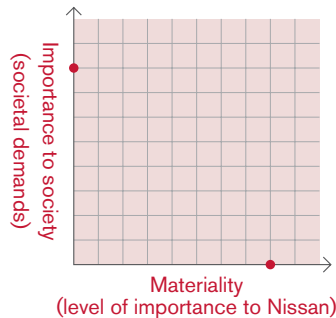
**The CSR Scorecard and Our PDCA Cycle**



In sifting through potential opportunities and risks, we make use of the concept of materiality analysis, which has recently attracted much specialist attention.

**The Conception of Materiality Analysis**

We analyze potential opportunities and risks, taking the levels of importance that society and Nissan ascribe to various issues as our indices. Highest priority is placed on issues where the X-axis and Y-axis are well balanced and the area covered is greatest.



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## Building a PDCA Track Record

From here on out Nissan intends to build a solid body of experience in working with the PDCA cycle, using this real-world track record to flesh out the framework of its CSR Management Way. Our CSR-based approach to procurement is one area of our business where we have put this cycle to work numerous times.

Today's social environment is one in which people are increasingly calling for companies to procure the parts and materials they need in sustainable ways. In response to these voices Nissan has deepened its own dialogue on the subject by holding discussions among the responsible company directors, meetings of the full CSR Steering Committee and its subcommittees mainly representing purchasing departments, and opinion exchanges with external specialists. Building on these debates we have worked with our tier 1 suppliers around the globe to develop a shared vision for CSR-aware procurement and have gradually made this approach a part of our day-to-day business policies.

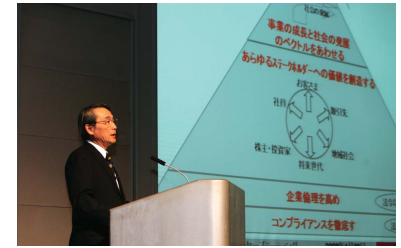
In January 2008 we moved to collect the various strands of these debates by inviting some 300 representatives from 200 of Nissan's main tier 1 suppliers to deploy Nissan's CSR procurement approach in their dealings with us. Beginning in fiscal 2008 we will advance concrete measures in line with this cooperative development of CSR procurement. Our aim is to improve CSR management throughout our supply chain.

## Internal and External Actions to Build the CSR Management Way

During fiscal 2007 we carried out a range of actions to flesh out the Nissan CSR Management Way along two main axes: one indicating our internal management and the other representing external communication.

### Internal Management

July 2007	CSR Steering Committee meeting for first half of fiscal 2007
Sept.–Oct. 2007	All CSR Steering Committee members undergo CSR self-assessment
Oct. 2007	CSR open forum held with the Nissan Technical Center's product development division
Oct. 2007	CSR open forum held with Hitachi's CSR Steering Committee (Automotive Division)
Dec. 2007	Third Environmental Advisory Meeting convened by the Global Environmental Planning Office
Dec. 2007–Feb. 2008	All CSR Steering Committee members take part in materiality analysis covering latest social demands
Jan. 2008	Suppliers meeting on CSR procurement convened with purchasing division
March 2008	CSR Steering Committee meeting for second half of fiscal 2007
March 2008	Suppliers meeting on the Nissan Green Procurement Guidelines



The January suppliers meeting on CSR procurement



Our March 2008 suppliers meeting on the Nissan Green Procurement Guidelines

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## External Communication

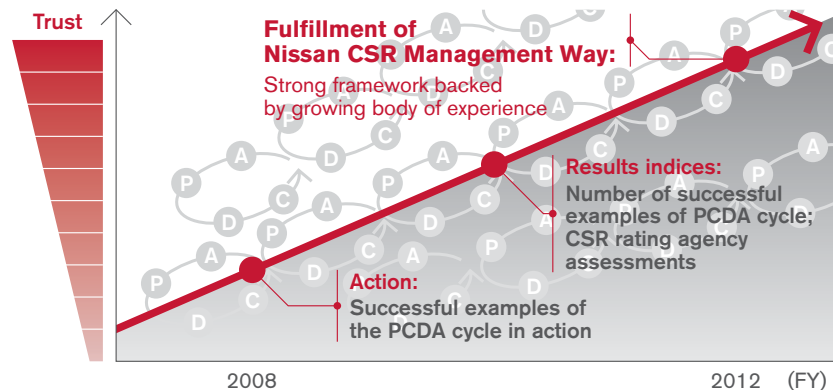
May 2007–Jan. 2008	Lectures on the Nissan CSR Management Way for students at the St. Petersburg State University (Russia) and International Christian University, Aoyama Gakuin University and Waseda University (Japan)
June 2007	Publication of 2007 Sustainability Report; first disclosure of CSR scorecard; CSR panel displays set up at annual shareholders meeting
July 2007	Media roundtable convened on Nissan's CSR Management Way
Aug.–Sept. 2007	Series of presentations to influential global CSR rating agencies (Europe, United States)
Oct. 2007	Presentation of Nissan CSR Management Way to global rating agencies, etc. at global CSR conference (United States)
Oct. 2007–March 2008	Presentation of the Nissan CSR Management Way to the Japan Association of Corporate Executives CSR Committee (Nissan Vice Chairman Tadao Takahashi is a senior member of this committee)
Jan. 2008	Renault-Nissan Alliance participation in the Davos conference
March 2008	Nissan Chief Operating Officer Toshiyuki Shiga participates in a CSR panel discussion at a conference for individual investors

## Plans for CSR in the Nissan GT 2012 Period

In May 2008, we released our new five-year business plan, Nissan GT 2012, which covers the period from April 2008 through March 2013. With “G” for growth and “T” for trust, this new plan focuses on our long-term performance and our responsibilities to stakeholders as a significant global business. During this midterm period, we plan to build a solid record of experience with the PDCA cycle of the Nissan CSR Management Way. In the process we will more fully flesh out the framework of the management way and establish a methodology for promoting CSR activities grounded firmly in this experience. As indices for checking our progress in CSR areas

### Development Image During Nissan GT 2012

During the Nissan GT 2012 period, we aim to build a solid record of PDCA experience, finalizing the Nissan CSR Management Way and accordingly increasing the trust we receive from society.



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we intend to focus on actual results, not predefined targets, such as by counting the number of successful examples of the PDCA cycle in our operations and gauging changes in evaluations from rating agencies and other voices of society.

Through this ongoing process, we will finalize the form of the Nissan CSR Management Way, our unique methodology for promoting CSR based on numerous examples of the PDCA cycle in action. In the long run, we will seek to solidify our position as a trusted company, one whose developmental vector is in line with the vector of society.

**On the 2008 Sustainability Report**



**Simon Sproule**  
 Corporate Vice President  
 Global Communications and CSR  
 Division  
 Nissan Motor Co., Ltd.

This year's Sustainability Report marks another important milestone in the progression of corporate social responsibility inside Nissan. In 2007 we published our first CSR scorecard, a tool designed to show our progress transparently across the nine areas of CSR focus for Nissan. As the chairman of Nissan's CSR Steering Committee, it is my responsibility to ensure that Nissan is fulfilling its responsibilities to stakeholders across these nine areas. I am pleased to report that in all areas we made progress—in some cases more than expected, but in some, less than we wished for. As you will see from this report, the scorecard continues with a fresh set of objectives that will form the basis for the 2009 report.

By publicly disclosing this information, we hope to build trust of stakeholders in Nissan. Our new five-year business plan—Nissan GT 2012—announced in May demonstrates a further commitment in building trust in our company and its activities. With the “G” standing for growth and the “T” for trust, GT 2012 sets out to define a new path for Nissan. We believe this is well aligned with the larger challenges facing the company and society.

The mature markets' demand is falling and costs of fuel and raw materials are increasing. At the same time, we see growing interest in automobiles from the world's emerging markets. If the desires of consumers in countries like India and China for personal mobility are to be fulfilled without severe impact to the environment, we have to look for fresh solutions. Nissan believes we are now entering an era that demands the mass-availability of zero-emission vehicles. By fiscal 2010 we have committed to having our all-electric vehicle on sale. By fiscal 2012, we plan to make this technology available to consumers around the world. This is the start of a major shift in our business.

CSR at Nissan has always been self-determined. We incorporate the opinions and needs of our stakeholders with our own business objectives to design a strategy for win-win results. We make no claim to be best in every area of CSR. Our commitment to all our stakeholders—and the driving force behind our CSR strategy—is to continuously strive to bring the benefits of our business activities to our stakeholders while dealing proactively with potential issues at the same time.

I hope you find this year's report interesting, stimulating and relevant. We welcome your feedback.



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## Nissan's Approach to CSR

# Our Nine Key Areas for CSR


Integrity	Quality	Safety
Economic Contribution	Environment	Value Chain
Brand	Employees	Philanthropy

The CSR Steering Committee uses our CSR scorecard as a tool to manage, confirm and review our progress in each of nine key areas we have defined for CSR activities. Below are messages from our "owners" of activities in each of these areas, touching on our progress in fiscal 2007 and challenges for fiscal 2008.

### Nine Key Areas

#### "Owner" Messages on the Nine Key Areas

**Integrity**



**Toshio Ueno**  
Member,  
Compliance Secretariat;  
General Manager,  
Human Resources  
Department

Compliance is all about preventing any illegality. As a first step we have worked proactively to put in place global compliance systems and regulations throughout the Nissan Group. The next step will be to ensure thorough transmission of the regulations to every single member of the Group, from the top management down. Our goal for fiscal 2008 is to introduce a system for evaluating compliance-related preventive measures across the global centers of the Nissan Group so that we can improve the quality of our work through quantitative assessments. This will allow timely reporting of compliance infractions and prompt, accurate responses to them, which will greatly strengthen the system of preventing such incidents.

**Economic Contribution**



**Joji Tagawa**  
Corporate Vice President  
IR Department;  
Treasury Department

In our new midterm business plan, Nissan GT 2012, the management index of free cash flow is an internal target. Up until now, we have worked to ensure effective economic contributions through our operating profit margin and return on invested capital; the advantage of free cash flow is that the results of corporate activities can be reflected over a wider area and can also be easily broken down internally into regional or functional targets. As free cash flow deals with absolute amounts of money rather than ratios, it will be easier to manage targets for investment in social contributions, dividends and capital for investment in growing markets or segments. We aim to enhance these activities in order to build trust among our stakeholders and ensure long-term growth.



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## Brand



**Hikoh Okuda**  
Deputy General Manager  
Brand Management Office

During fiscal 2007 we drew up a clear definition of the identity of the Nissan and Infiniti brands and the specific values that they each represent to customers. We then established a scheme to make these values a common thread running all the way from the product planning and design phases to the process of communication aimed at increasing the number of Nissan fans. Fiscal 2008 is an important beginning as it marks the start of Nissan GT 2012, our new midterm business plan. We are hoping to bring the scheme into full operation this fiscal year by ensuring that all Nissan members across the globe fully understand these brands, and that the brands serve as a shared source of positive motivation and vision.

## Quality



**Akira Wakabayashi**  
General Manager  
Total Customer  
Satisfaction Function

Our aim at Nissan is to continue to be a sincere brand that ensures the satisfaction of all our customers. For this reason, one of the commitments we make in our new midterm business plan, Nissan GT 2012, is to attain quality leadership. We will achieve the very highest quality in product appeal, products, sales and services and management. In fiscal 2007 we set up seven internal, cross-functional NEP (Nissan Excellence Program) teams, giving priority to their activities. We are accelerating our quality improvement in fiscal 2008 by giving a further boost to the activities of these teams, as well as by making optimal use of our four worldwide Field Quality Centers. We will also continue to ensure prompt, transparent responses to any recalls or service campaigns.

## Environment



**Kazuaki Iwamoto**  
Deputy General Manager  
Global Environmental  
Planning Office  
Corporate Planning  
Department

Nissan Green Program 2010 was announced in December 2006, and in fiscal 2007 we announced our performance in the three major areas of reducing CO<sub>2</sub> emissions, reducing other emissions and recycling resources. CO<sub>2</sub> emissions reduction will be a major theme of the G8 Hokkaido Toyako Summit in July 2008, increasing the momentum for reductions. As part of our new midterm business plan, Nissan GT 2012, we declared that we would become the world leader in zero-emission vehicles. This is not an easy challenge, but at Nissan we are working toward a low-carbon society by steadily taking innovative measures to reduce the amount of CO<sub>2</sub> emitted at every stage by our vehicles and our business activities.

## Employees



**Toshiaki Takahashi**  
General Manager  
Human Resources  
Department

Nissan's human resources are the company's most important asset. In order to let our people exercise their abilities to the maximum, we promote diversity; we also encourage employees to develop their own careers through personnel initiatives including education and training and through their own efforts to increase managerial capability. This puts into practice the core message of the Nissan Way, that the power comes from inside. We believe that the ambition of each member of Nissan is the source of sustainable growth. We carry out continuing surveys to assess employees' understanding of the Nissan Way and their motivation and supervisors' managerial capability, using the results to work toward improvements.

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## Safety



**Tetsuo Hasegawa**  
General Manager  
Environmental and Safety  
Technologies  
Global Government Affairs  
Department

As in the previous year, in fiscal 2008 we are continuing to work for comprehensive safety improvements from the point of view of vehicles, individuals and society at large, with the ultimate target of halving the number of fatalities or serious injuries from traffic accidents involving Nissan vehicles by 2015 compared to 1995 figures. During fiscal 2007, we released world-first accident prevention technologies like the Distance Control Assist System in Japan and the Lane Departure Prevention system in the United States. We also applied technology to make seatbelts more comfortable. We will continue to work for a safer automobile society under the "Safety Shield" concept, in which vehicles protect people, through the introduction of safety technology in conjunction with education to raise awareness of safety issues.

## Value Chain



**Seiji Uehara**  
Deputy General Manager  
Purchasing Administration  
Department

Nissan's purchasing departments set out the values and mindset we share with suppliers, compiling them into a booklet entitled *The Renault-Nissan Purchasing Way* in fiscal 2005 for our suppliers worldwide. CSR is essential to continuous, profitable growth, and the CSR of the entire supply chain is essential to providing value to the customer. CSR compliance is thus a major premise for the QCD (quality, cost, delivery) metrics of our procurement activities. We check the CSR approach when selecting suppliers, for whom we also held CSR briefings in fiscal 2007. These measures will spread the CSR mindset and help us establish a unified system of CSR management with our suppliers.

## Philanthropy



**Kyohei Noguchi**  
General Manager  
Global Brand  
Communication  
Department

At Nissan, our corporate citizenship activities fall into three main areas—support for education, environmental awareness and humanitarian relief—under our vision of Enriching People's Lives. In fiscal 2007, the Corporate Citizenship Steering Committee established during the previous fiscal year made further advances toward ensuring a consistent approach worldwide and sharing best practices. In Japan we launched a new program, the Nissan Monozukuri Caravan, which visited elementary schools in Kanagawa Prefecture to help students experience the fun of manufacturing things. We are planning to expand this program to other areas. We will continue to balance global thinking with activities best suited to the local community in order to make social contributions with Nissan's distinctive character.

## From the CSR Steering Committee Secretariat



**Keitaro Suga**  
Manager  
Communications and  
CSR Department

We made fiscal 2007 the year in which we broadcast Nissan's CSR to society at large, having held intensive internal meetings to codify our approach during fiscal 2006. We started by publishing our CSR scorecard in the 2007 Sustainability Report. During fiscal 2007, we put together the basic framework on which to build the Nissan CSR Management Way, the original CSR promotion method we are aiming to implement. The essence of this framework is to listen carefully to society in order to perceive opportunities and risks. By following the PDCA (plan, do, check, act) cycle centered on the CSR Steering Committee, we will align ourselves with society at large to become a company that receives unflinching trust.



# Nissan CSR Scorecard (1)

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

FY2007 results: target achieved target almost achieved target not achieved

Integrity	Quality	Safety
Economic Contribution	Environment	Value Chain
Brand	Employees	Philanthropy

Nine Key Areas

Nine Key Areas	Major Activity or Value	Scope of Application	Indicators of Progress	FY2005 (Result)	FY2006 (Result)	FY2007 (Target)	FY2007 (Result)	FY2008 (Target)	Long-Term Vision
<b>Integrity</b> Employees aim for fairness and honesty, adhering to Nissan's Global Code of Conduct and acting ethically in all business situations.	Establishment of a system in which conduct violations are duly reported	Consolidated companies	Establishment of compliance-promoting organizations and development of codes of conduct in regions around the world	86.0% complete	97.8% complete	Aim for 100% completion	100% complete	Global, groupwide introduction of system to evaluate activities to prevent compliance violations, with quantifiable targets set for future activities	A fully functioning global framework (processes) to prevent compliance violations
<b>Economic Contribution</b> Nissan aims for sustainable, profitable growth, contributing to economic development for all of society.	Creation of value for stakeholders and contribution to society through implementation of Nissan Value-Up	Consolidated companies	Operating profit to sales ratio (revenue used as indicator from FY2008)	9.2% (Top level among leading automakers)	7.4% (Top level among leading automakers)	Maintain top-level operating profit margins among the world's leading automakers	7.3% (Top level among leading automakers)	<ul style="list-style-type: none"> <li>Stable, profitable growth</li> <li>Average annual revenue growth of 5% over the 5 years of Nissan GT 2012 (FY2008 revenue projected to fall 4.4%)</li> </ul>	Achieve growth with sustained profitability; continue providing long-term value to all stakeholders, including customers, shareholders, employees, business partners and regional communities
			Dividend	¥29/share	¥34/share	¥40/share	¥40/share	¥42/share	
<b>Brand</b> Nissan works to create a trusted brand known for its attention to people, the environment and the communities where we do business.	Raising the value of the Nissan brand among stakeholders	Customers worldwide (indicators at right apply to conditions in Japan)	CSR index in Nikkei Corporate Image Survey of individuals (used for reference purposes as part of in-house brand management index) Score for "reliability" Score for "adaptability to social change"	33.7 (31st among approx. 1,000 companies) 15.6 (2nd among approx. 1,000 companies)	36.1 (29th among approx. 1,000 companies) 14.5 (7th among approx. 1,000 companies)	Aim for a higher score by enhancing reliability Aim for a higher score by swiftly reflecting values the market is seeking	28.6 (86th among approx. 1,000 companies) 10.2 (39th among approx. 1,000 companies)	Enhance trust among customers and aim to further improve score Swiftly reflect values sought by the markets in business activities and aim to further improve score	Aim for ongoing, steady improvement in scores by positioning the index as one measure of how well our corporate activities reflect the values sought by society
<b>Quality</b> Nissan creates products and services recognized as being of world-class quality.	Providing products that customers are comfortable using because quality is as expected	Consolidated companies (indicators at right apply to conditions in U.S.)	Results of survey by third-party firm on vehicle quality at the time of new-car purchase	Nissan: 12th Infiniti: 7th (Content of the survey was changed in 2005)	Nissan: 19th Infiniti: 9th	Aim for improved rankings	Nissan: 19th Infiniti: 2nd	Aim for improved rankings in relevant categories	Aim for leading position in most influential indicators affecting customer purchasing decisions, as indexed in each country or region

# Nissan CSR Scorecard (2)



FY2007 results: target achieved target almost achieved target not achieved

Nine Key Areas	Major Activity or Value	Scope of Application	Indicators of Progress	FY2007 (Result)	FY2008 (Target)	2010 goals (NGP2010)
<b>Environment</b> Nissan seeks to reduce the environmental burden over the life cycle of a vehicle and to contribute to the creation of a sustainable mobility society.	Implementation and promotion of Nissan Green Program 2010 (NGP2010)	Global operations	Reduction of CO <sub>2</sub> emissions	Products, technologies <ul style="list-style-type: none"> <li>Products, technologies introduced: VVEL system; 7-speed automatic transmission; clean diesel engine meeting Euro4 standards (Europe); Armada FFV (U.S.)</li> <li>Global sales of CVT-equipped vehicles reach 1.08 million for FY2007</li> <li>Nissan participates in Tokachi E10 bio-ethanol trials, aiming to increase biofuel use</li> <li>Carwings service wins Minister of Land, Infrastructure, Transport and Tourism Prize, Eco-Products Awards and Agency for Natural Resources and Energy Director-General's award, Energy Conservation Grand Prizes</li> </ul>	Steadily implement NGP2010 (as detailed at right) and achieve targets	<ul style="list-style-type: none"> <li>Steadily attain each country's fuel efficiency standards and further fuel economy progress</li> <li>Market vehicles with Nissan's proprietary hybrid technologies in North America and Japan by fiscal 2010</li> <li>Introduce all-electric vehicles in Japan, U.S. by FY2010; mass-market globally by FY2012</li> <li>Market vehicles that can travel approx. 100 km on 3 liters of gasoline (3-liter cars) in 2010</li> </ul>
			Production	Global per vehicle CO <sub>2</sub> emissions down 10% from FY2005	Reduce CO <sub>2</sub> emissions from factories worldwide by 7% from 2005 levels by fiscal 2010 (global per vehicle CO <sub>2</sub> emissions)	
			Dealers, offices	Measurement of CO <sub>2</sub> emissions and establishment of CO <sub>2</sub> management scheme to go into effect from FY2008	Begin measurement of emission levels by fiscal 2007 and launch emission management in fiscal 2008	
			Achievement of clean emissions (to preserve air, water and soil quality)	Products, technologies  SU-LEV ratio in overall sales above 85% of all gas-powered passenger vehicles in Japan	<ul style="list-style-type: none"> <li>Introduce vehicles complying with each country's future emission standards ahead of requirements</li> <li>Develop technologies to reduce emissions to near-atmospheric levels</li> </ul>	
			Production	VOC emissions in Japan down 4.2% from FY2005 (bodies and bumpers)	Global: Achieve VOC reductions exceeding each country's standards Japan: Achieve 10% reduction in volume of VOC emissions (from fiscal 2005 levels)	
			Recycling of resources (promotion of the 3Rs)	Production  100% recycling rate achieved at Nissan (4 plants, 1 office) and 3 group production companies (Japan)	Global: Achieve top factory recycling rates in each country Japan: Achieve 100% recycling rate (at Nissan and affiliate factories, according to Nissan calculations)	
			Among dealers, in the market	94.9% recovery rate achieved for FY2007 (Japan)	Global: Aim for 95% recovery rate in 4 major markets Japan: Achieve 95% recovery rate in FY2010 (5 years ahead of legal requirement)	
			Joint efforts with management and society	<ul style="list-style-type: none"> <li>Launch of global Green Procurement Guidelines</li> <li>Environmental e-learning program launched for Nissan employees (Japan); program wins Minister of Economy, Trade and Industry e-Learning Award</li> <li>Joint establishment with NEC of company to develop, produce and market lithium-ion batteries for electric vehicles</li> <li>Launch of preparatory work for mass-produced all-electric vehicle by Project Better Place and Renault-Nissan Alliance</li> <li>Nissan included in Climate Disclosure Leadership Index</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen environmental management at business partners</li> <li>Strengthen environmental management in all facets of operations</li> <li>Enhance environmental awareness among employees</li> <li>Promote comprehensive measures in conjunction with other sectors</li> <li>Disclose environment-related information and enhance communication with stakeholders</li> </ul>	



# Nissan CSR Scorecard (4)



FY2007 results: target achieved target almost achieved target not achieved

Nine Key Areas	Major Activity or Value	Scope of Application	Indicators of Progress	FY2005 (Result)	FY2006 (Result)	FY2007 (Target)	FY2007 (Result)	FY2008 (Target)	Long-Term Vision
<b>Safety</b> Nissan develops innovative technology and plays an active role in safety promotion, making the automobile society safer for all.	Establishment of quantitative reduction targets for Nissan-related traffic deaths, etc., real-world analysis of accidents to build safer cars and implementation of driver-education programs	Japan and U.S. (figures at right are for Japan only)	Reduction from 1995 levels in Nissan-related traffic deaths and injuries (figures unavailable for 2 years due to the use of official statistics)	Japan (Nissan Motor; figures for calendar 2005): 34%	Japan (Nissan Motor; figures for calendar 2006): 41%	Make efforts to halve deaths and injuries by 2015 through the development of safety-related technologies based on Nissan Safety Shield approach	Figures for calendar 2007 to be calculated after data is published	Make efforts to halve deaths and injuries by 2015 through the development of safety-related technologies based on Nissan Safety Shield approach	Halve deaths and injuries involving Nissan vehicles by 2015
<b>Value Chain</b> Nissan promotes ethical, environmentally sound actions in all stages of the supply chain.	Ask suppliers to uphold the values, laws and regulations that are respected by Nissan and Renault	All primary suppliers to Nissan-Renault Purchasing Organization (NRPO; responsible for 83% of total Nissan-Renault procurement by value, fiscal 2007)	Extent to which values and codes of conduct are shared with suppliers	Published booklet for suppliers containing values and codes of conduct to be shared; launched implementation at all primary suppliers for NRPO	Introduced a framework basing the selection of suppliers for NRPO on their commitment to CSR perspectives	Establish evaluation criteria for suppliers' CSR policies and organizations based on supplier commitments; promote integrated CSR management with business partners	Began promotion of integrated CSR management with business partners (policy set forth at January 2008 suppliers meeting)	Ensure that CSR policies and concepts are shared more fully by our suppliers	Work to enhance CSR frameworks at suppliers and bolster management by including sustainability items in contracts, etc., with an eye on the permeation of CSR concepts among suppliers
	Reduce the environmental impact of products through green procurement activities	All primary suppliers around the world	Ascertaining compliance with Japan's green procurement guideline for environment-impacting substances in purchased parts, and promotion of such activities with regard to global guideline	Completion of activities with nearly 100% of suppliers in Japan	Preparations completed for launch of green procurement activities on a global basis	Successively expand green procurement standards to cover all primary suppliers around the world	Global Green Procurement Guidelines launched (suppliers meeting held in Japan in March 2008)	Begin extending coverage of Green Procurement Guidelines worldwide (first in Europe, then China, then North America)	Set targets for reducing the environmental impact at suppliers to reduce the environmental impact of Nissan vehicles throughout their life cycle
<b>Philanthropy</b> Nissan contributes to the prosperity of people and communities (e.g. through partnerships with NGOs).	Clarification of Nissan's philanthropy policy, reinforcement of in-house organization and enhancement of philanthropic activities	Global	Clarification of Nissan's philanthropy policy and establishment of an in-house promotion organization	Global philanthropy policy formulated and implemented in activities	Established in-house, cross-functional Corporate Citizenship Steering Committee and enhanced linkage among related groups	Establish Nissan's original philanthropy program focused on education or environment	Launched Nissan Monozukuri Caravan program for elementary school students (Japan)	Perceive social needs going beyond single countries or regions; plan and implement coordinated programs to address them	Continually implement an original philanthropy program centered on "support for education," "the environment" and "humanitarian assistance," balancing global perspectives with the most appropriate activities for each region

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## Nissan's Approach to CSR

# Stakeholder Engagement 2007

During fiscal 2007 Nissan created a number of opportunities for dialogue with its stakeholders, putting their opinions to use in its corporate activities.



### Informal reception with shareholders



Since 2002 the entire Board of Directors has met with shareholders after the annual general meeting. This event has become an eagerly awaited chance for exchanges of views. (See p. 56.)  
Pacifico Yokohama, June 20, 2007

### Management-employee meetings



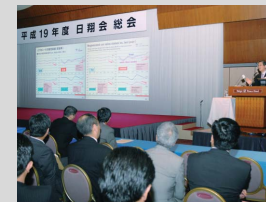
Nissan forums allow employees to hold direct dialogue with executives. Similar meetings with local workers are part of the itinerary when executives travel domestically and overseas. (See p. 59.)

### Environmental Advisory Meeting



Every year we invite scholars and businessmen who are globally active on the front lines of the environmental field. (See p. 91.)  
Nissan headquarters, December 2007

### Nissan Suppliers Meeting



We hold suppliers meetings throughout the year focused on particular topics. We also hold a ceremony in July to announce the recipient of our Global Supplier Awards. (See p. 70.)  
Tokyo, July 12, 2007

### Executive meeting with dealer employees



CEO Carlos Ghosn and COO Toshiyuki Shiga visit Nissan dealerships and discuss products, services and customer satisfaction with the car-life advisors and technical staff.

### Joint safety research in China



Beginning in July 2005, Nissan (China) Investment Co. and Nissan spent two and a half years working with the China Automotive Technology and Research Center (CATARC) on a project exploring ways to boost pedestrian safety. (See p. 127.)



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# Performance and Corporate Governance

Aiming for Sustainable and Profitable Growth



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# Fiscal 2007 Financial Review and Our Midterm Business Plan: Nissan GT 2012

## Renewing Our Commitments to Growth and Trust

### Fiscal 2007 Financial Review

For fiscal 2007, Nissan's global sales increased 8.2% from the previous year to 3,770,000 units, despite total industry volume declining in Japan and the United States. Around the world, the company introduced 11 all-new models.

In Japan, total industry volume declined 5.3%. Nissan's sales decreased 2.5% to 721,000 units, with a market share increase to 13.6%. In the United States, total industry volume decreased 3.5%. In contrast, Nissan's sales increased 3% to 1,059,000 units, which resulted in its highest-ever market share of 6.7%. In Europe, sales increased 17.9% to 636,000 units with an increase in market share to 2.9%. In the General Overseas Markets, sales were up 22% to 1,061,000 units. Middle East sales increased 36%, to 198,000 units. Sales in China increased 26% to 458,000 units, while the market was up 22%.

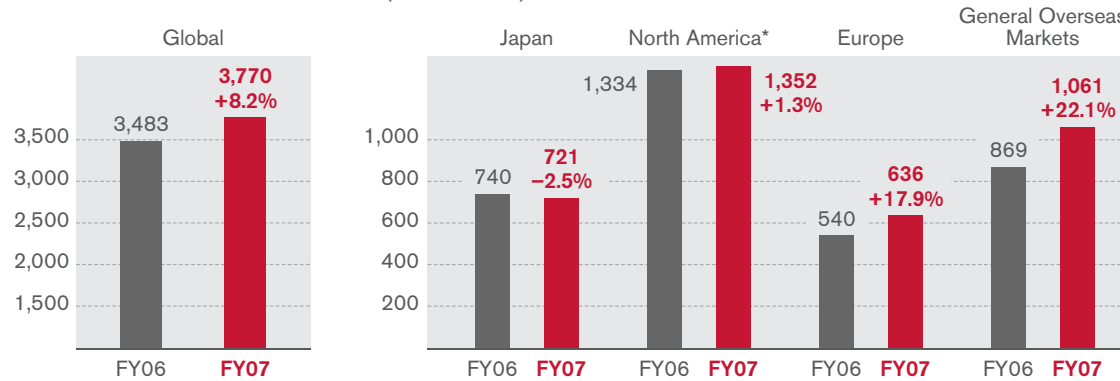
#### ■ Fiscal 2007 Financial Performance (billion yen, unless otherwise indicated)

	FY06	FY07	Change
Consolidated net revenue	9,701.0	<b>10,824.2</b>	<b>+11.6%</b>
Consolidated operating profit	755.5	<b>790.8</b>	<b>+4.7%</b>
Operating margin	7.8%	<b>7.3%</b>	<b>-0.5 points</b>
Non-operating loss	-12.9	<b>-24.4</b>	—
Ordinary profit	742.6	<b>766.4</b>	<b>+3.2%</b>
Net extraordinary loss	-60.8	<b>+1.6</b>	—
Net income	449.2	<b>482.3</b>	<b>+7.4%</b>
CAPEX	509.0	<b>428.9</b>	—
R&D	464.8	<b>457.5</b>	—
Depreciation	356.1	<b>370.9</b>	—
Net cash (auto business)	254.7	<b>180.3</b>	—

FOREX for FY07 ¥114.4/\$  
¥161.6/€

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■ Fiscal 2007 Sales Performance (thousand units)



\*Including Canada and Mexico

For the purpose of comparison with fiscal 2007, fiscal 2006 excludes the one-time fifth quarter inclusion made in 2006 to harmonize the fiscal years of overseas subsidiaries such as Europe and Mexico.

For fiscal 2007, Nissan's consolidated net revenue increased 11.6% to ¥10,824.2 billion.

Consolidated operating profit increased 4.7% to ¥790.8 billion, compared to ¥755.5 billion in fiscal 2006. As a percentage of net revenue, operating profit margin came to 7.3%.

Net income reached ¥482.3 billion, an increase of 7.4% compared to ¥449.2 billion in fiscal 2006.

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## Nissan Value-Up Update



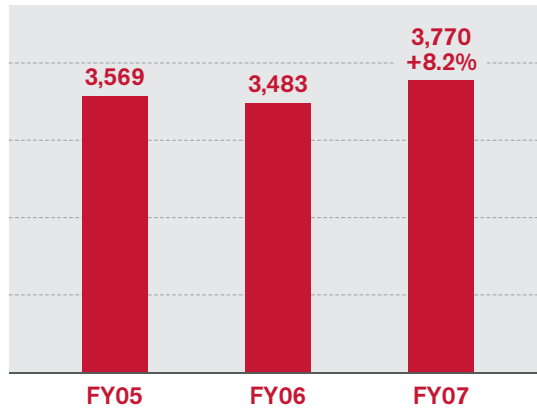
In the Nissan Value-Up business plan, the company made three key commitments:

1. Top-level operating profit margin among global automakers in fiscal 2005 to 2007.
2. Global sales of 4.2 million units in fiscal 2008.
3. Average return of 20% on invested capital over the plan.

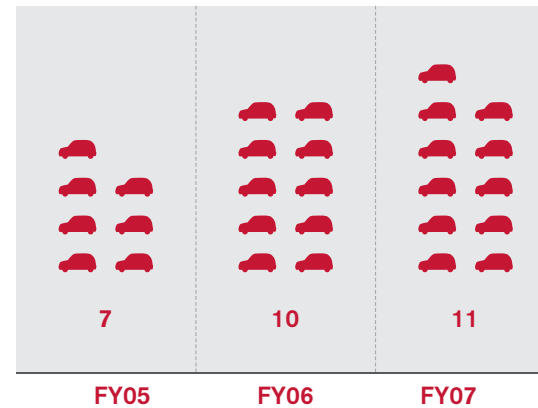
Under Nissan Value-Up, the company pursued four major breakthroughs:

1. Establish Infiniti as a globally recognized luxury brand.
2. Build a global presence in light commercial vehicles.
3. Develop new supply sources in leading competitive countries for parts, machinery and equipment, vendor tooling and services.
4. Expand geographic presence in emerging markets by establishing new localized production facilities, distribution channels and sales financing companies.

■ Global Sales Volume (thousand units)



■ Launch Models



The first commitment was to deliver a top-level operating profit margin. Although this figure was not as high as the company desired, Nissan continues to maintain a margin at the top level in the industry. The second commitment of 4.2 million unit sales was moved to fiscal 2009, as announced last year, as a milestone in our next midterm business plan. While the result of the third commitment was below the 20% mark, Nissan's return on invested capital (ROIC)\* averaged 17% over the three fiscal years, which was at the top level among global automakers.

$$*ROIC (\text{auto business}) = \frac{COP}{[\text{Fixed assets} + \text{net working capital}]}$$

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## Our Midterm Business Plan: Nissan GT 2012

Nissan has released an outline of its new five-year business plan called "Nissan GT 2012," which covers the period from April 1, 2008, to March 31, 2013. With "G" for growth and "T" for trust, this new plan is focused on the company's long-term performance combined with its responsibilities to stakeholders as a significant global business.

Nissan GT 2012 contains corporate commitments and business breakthroughs.

The three commitments are:

1. **Quality leadership:** In addition to focusing on product quality, the company will continue and accelerate actions to improve service, brand and management quality.
2. **Zero-emission vehicle leadership:** Nissan will introduce an all-electric vehicle in the United States and Japan in 2010 and then mass-market vehicles to consumers globally in 2012.
3. **Average revenue growth of 5% over five years (fiscal 2008 to 2012):** Revenue growth will be supported by a product plan that will launch 60 all-new models in the next five years and more than 15 new technologies every year from 2009.

The three commitments of Nissan GT 2012 will be backed by five business breakthroughs:

1. **Quality leadership**
2. **Zero-emission vehicle leadership**
3. **Business expansion:** Infiniti, light commercial vehicles and global entry cars
4. **Market expansion:** India, Middle East, Brazil, Russia and China
5. **Cost leadership**

Nissan GT 2012 reflects the determination of our company to play a major role in the development of a sustainable mobile society. There is a balance to be sought between the potential growth in world markets and the demand for a cleaner planet. We are convinced that the mass availability of affordable zero-emission vehicles is the most significant breakthrough our industry could deliver, and, together with Renault, Nissan intends to be the breakthrough leader.



**NISSAN GT 2012**

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■ Five Business Breakthroughs



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## Corporate Governance

### Building Corporate Value with Transparency

Corporate governance policies that ensure the transparency of Nissan's operations are a key part of our corporate social responsibility. To make our CSR approach more effective, we present our stakeholders with business goals and guidelines that clearly indicate management responsibility, and we share information on our progress toward these goals as early as possible. Nissan's corporate governance is rooted in the maintenance of a top-quality management system that fulfills our responsibilities to society. It also lies in our creation of relationships of trust with our stakeholders, built on transparency in dialogue between management and employees and between Nissan and society at large.

#### THE NISSAN WAY

##### Our Corporate Culture in Action

Nissan creates value while working toward the coexistence and diversity of different cultures. This unique corporate culture is a source of our strength as an automobile manufacturer. The synergy of the Renault-Nissan Alliance has generated a comprehensive management philosophy, underlying mindset and approach to action in step with the age of borderless business. At the core of our corporate culture is the Nissan Way, which includes our "cross-functional, cross-cultural" business approach and our "commit and target" strategy. This was an essential guide during our revival, and it remains a set of principles allowing us to achieve profitable, sustainable growth into the future.

##### Individual Drive Leads to Sustainable Growth, Corporate Value

Since fiscal 2006 the Nissan Way has been shared throughout our global organization, written in Japanese, English, French, Chinese, German, Spanish and Dutch so that every single employee



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can put it into action. Our constant focus is our customers, who provide the starting point for all our efforts to improve Nissan's corporate value while sustainably creating value for society. Our belief is that "the power comes from inside." Building on this, we aim to make further progress in an environment of diversity by learning from different people and society at large to encourage greater achievement and deeper ties among all parties involved in this dialogue.

**"The power comes from inside"**

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

<p><b>Mindset</b></p> <ol style="list-style-type: none"> <li><b>1. Cross-functional, Cross-cultural</b> Be open and show empathy toward different views; welcome diversity.</li> <li><b>2. Transparent</b> Be clear, be simple, no vagueness and no hiding.</li> <li><b>3. Learner</b> Be passionate. Learn from every opportunity; create a learning company.</li> <li><b>4. Frugal</b> Achieve maximum results with minimum resources.</li> <li><b>5. Competitive</b> No complacency, focus on competition and continuous benchmarking.</li> </ol>	<p><b>Actions</b></p> <ol style="list-style-type: none"> <li><b>1. Motivate</b> How are you energizing yourself and others?</li> <li><b>2. Commit and Target</b> Are you accountable and are you stretching enough toward your potential?</li> <li><b>3. Perform</b> Are you fully focused on delivering results?</li> <li><b>4. Measure</b> How do you assess performance?</li> <li><b>5. Challenge</b> How are you driving continuous and competitive progress across the company?</li> </ol>
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## INTERNAL CONTROL SYSTEMS AND COMPLIANCE

### Internal Control Systems for Fair, Transparent Business

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

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



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## Legal Compliance: Our Framework for Ethical Business

Compliance lies at the foundation of all our CSR efforts. In 2001 we produced the Nissan Global Code of Conduct, a set of guidelines for all employees of the Nissan Group worldwide. The Global Compliance Committee was also launched, charged with enhancing the company's compliance with legal and ethical considerations and preventing lapses before they occur. Committees overseeing Japan, the Americas, Europe and the General Overseas Markets work together to maintain and promote our compliance policy.

### Global Code of Conduct for Nissan Group

#### Principle

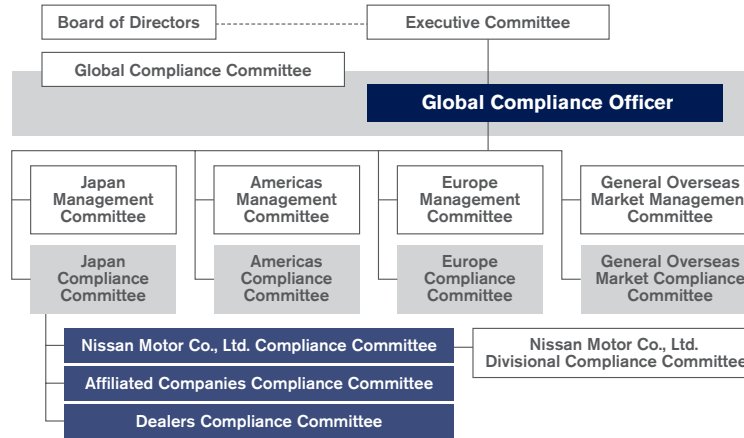
Nissan shall consistently treat customers, employees, shareholders, suppliers and communities with honesty, integrity, fairness and respect.

The following standards apply to all employees in Nissan Group companies. Each member of the companies 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 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.

## Promoting Nissan's Code of Conduct

As part of its activities to boost compliance awareness throughout its organization, Nissan has set up groups and placed officers in charge of promoting compliance policy in each of the regions where it does business. We place special emphasis on education to ensure that all employees internalize the Code of Conduct and make fair, transparent judgments in the course of their duties.

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To ensure full understanding of the code in Japan, all employees, from executives on down, are expected to take a course in the content of the Japanese version of the Nissan Code of Conduct—"Our Promises," which was drawn up in 2004—via e-learning or video, and to sign an agreement to abide by it. During fiscal 2007, in response to legal amendments we revised the code and carried out retraining of all employees to further boost compliance within the company.

In North America, regular education programs are held for all employees to promote compliance, and in Europe we have drawn up a set of universal guidelines for all countries in the region. Guidelines taking into account the conditions of different countries have also been drafted for the General Overseas Markets, where we are also undertaking compliance-related training. All group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct.

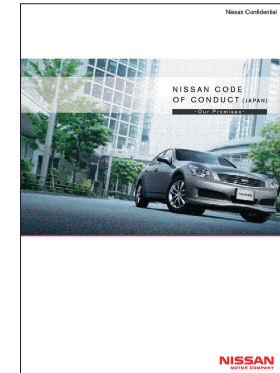
We have also created sets of internal regulations covering the global prevention of insider trading and the management of personal information. Through these documents and a variety of educational and training programs, Nissan seeks to heighten awareness of compliance throughout its global organization.

## Creating a Culture of Corporate Ethics

To create a corporate environment capable of rectifying its own problems, Nissan makes use of the Easy Voice System, an internal reporting mechanism allowing employees to submit opinions, questions or requests to the company. This system, which offers full protection to any persons offering information in accordance with Japan's Whistleblower Protection Act of April 2006, has been put in place in all Nissan Group companies in Japan.

## Effective, Independent Internal Audits

Nissan's Domestic Internal Audit Office is an independent group under the direct control of the chief operating officer, overseeing the business activities of Nissan and its domestic affiliates. On the global level, audit teams have been set up in our foreign subsidiaries leading Nissan's business activities in each region. Under the control of the chief internal audit officer, these teams carry out efficient, effective auditing of Nissan's activities on a groupwide and global basis.



The Nissan Code of Conduct

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## A Management System for Increasingly Diverse Risk

For Nissan, the term *risk* refers to any factor that may prevent us from reaching our business objectives. By detecting risk as early as possible, examining it, planning the necessary measures to address it and implementing those measures, we work to minimize the incidence of risk and the damage caused should it arise.

In order to achieve this objective, Nissan and its group companies implement the Global Risk Management Policy. To deal with risks that must be controlled at the corporate level, members of the Executive Committee, the body in charge of Nissan's overall strategy and business decisions, craft specific responses to risk issues, such as risk management manuals. To handle individual business risk factors and minimize risks when they occur, Nissan has also placed power in the hands of each of its divisions so they can all prepare the necessary measures as part of their regular business processes.

## Protecting Personal Information

Japan's Personal Information Protection Act came into force in April 2005. Nissan has set up internal systems, rules and procedures for handling personal data that are fully compliant with this law. All members of the company took an e-learning course in data management when the systems were first introduced, and since then all new employees—including both recent graduates and those joining the company mid-career—have taken this course.

Nissan's central office in charge of privacy protection issues is taking a leading role in the implementation of necessary measures to prevent data leaks and otherwise bolster data security. All companies in Japan associated with Nissan are taking similar steps.

In fiscal 2007, we implemented a new e-learning program for all employees based on our Data Security Handbook, which was revised in September 2006.

Nissan Financial Services Co., Ltd. offers financial support services for Nissan auto sales in Japan. Due to the financial nature of its operations, this firm has been working to reinforce its data protection systems since before the Personal Information Protection Act came into effect. At the end of fiscal 2005 Nissan Financial Services gained Privacy Mark certification, which is awarded only to companies doing business in Japan that have the appropriate systems in place for handling personal information.



[http://www.nissan-global.com/EN/SITE\\_INFO/PRIVACY/](http://www.nissan-global.com/EN/SITE_INFO/PRIVACY/)

Please see our website for additional details on Nissan's measures to protect privacy.

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## Nissan as a Responsible Global Citizen

Since January 2004, Nissan Motor Co., Ltd. has participated in the United Nations Global Compact, a corporate responsibility initiative built around universal principles regarding human rights, labor, the environment and anti-corruption.

The U.N. Global Compact was originally proposed by then U.N. Secretary-General Kofi Annan in an address to the World Economic Forum (Davos forum) in 1999. Businesses may pledge to support its principles of their own free will.

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

### The 10 Principles of the Global Compact

#### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

#### Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

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



<http://www.unglobalcompact.org/>

Additional information on the Global Compact is available online.

## Joining the World Business Council for Sustainable Development

Nissan is a member of the World Business Council for Sustainable Development (WBCSD), an international association of companies with a shared interest in sustainable development based on three pillars of economic growth, environmental preservation and societal fairness. Some 200 companies from more than 35 countries and 20 major industrial sectors have joined the WBCSD. The Council's objectives in contributing to industry are to:

- Show business leadership on sustainable development
- Help guide policy development
- Develop the business case for sustainability
- Foster best practices
- Encourage global outreach



World Business Council for Sustainable Development



<http://www.wbcsd.org/>

Additional information on the WBCSD is available online.

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## THE RENAULT-NISSAN ALLIANCE

### Pooling Our Strengths Through Partnership

The Renault-Nissan Alliance, signed on March 27, 1999, is based on respect for the brand identities and corporate culture of both partners. It is the first such alliance formed between a Japanese and a French company. Under the agreement, the two Alliance partners pursue a joint strategy for profitable growth and mutual benefits.

#### Our Alliance Vision

In March 2004, Renault and Nissan marked the fifth anniversary of the Alliance partnership with a declaration of determination to make continued progress together. In this Alliance Vision we reconfirmed the values and principles we share with each other.



The Renault Laguna (left) and Nissan Teana

### The Renault-Nissan Alliance

#### Constitution

The Renault-Nissan Alliance is a unique partnership of two global companies united for performance and linked by cross-shareholdings. It is based on two founding principles:

- I. Developing all potential synergies by combining the strengths of both companies through a constructive approach to deliver win-win results
- II. Preserving each company's autonomy and respecting their own corporate and brand identities

#### Alliance Vision: Destination

##### Ambition

- The Alliance contributes to global sustainable development
- The Alliance generates attractive returns for the shareholders of each company
- The Alliance attracts and retains the best talents, provides good working conditions and challenging opportunities: it grows people to have a global and entrepreneurial mindset

##### Management principles

- The Alliance is based on trust, transparency and mutual respect
- The Alliance Constitution is associated with the best established standards of corporate governance, ensuring:
  - Clear decision making for speed, accountability and a high level of performance
  - Maximum efficiency by combining the strengths of both companies and developing win-win synergies

##### 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

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**The Alliance and Its Decision-Making Process**

The Alliance organization is composed of nine steering committees, 18 cross-company teams, nine functional task teams and five task teams. It also encompasses two joint companies, the Renault-Nissan Purchasing Organization and Renault-Nissan Information Services. The steering committees, which are headed by executive and senior vice presidents from the two companies, oversee the cross-company teams, functional task teams and task teams, as well as resolving issues beyond the scope of these teams. The steering committees deal with operational issues, while questions relating to strategy are discussed and resolved at the Alliance Board Meeting, consisting of Executive Committee members from both partners.



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

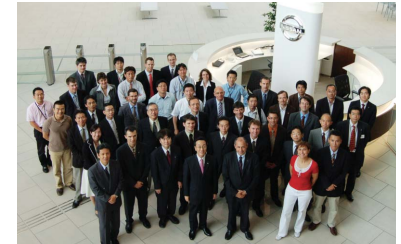
See our website for additional information on the Renault-Nissan Alliance.

**Global Alliance Sales for 2007**

Global sales for the Renault-Nissan Alliance reached 6.16 million units in 2007, a new record. This figure amounts to a 9% share of the global automotive market.

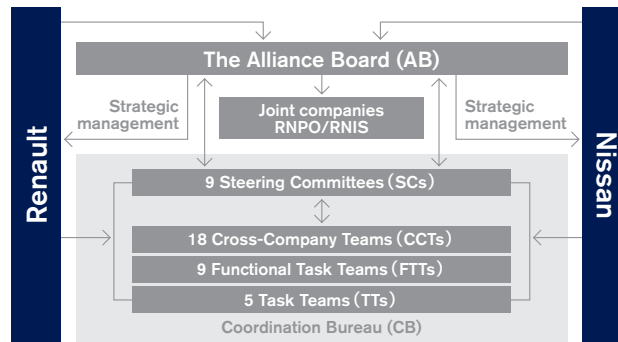
**Boosting Technical Exchange Through the AEEP**

Through the Alliance Engineer Exchange Program (AEEP), Nissan and Renault select young engineers to pair with one another and tackle technical issues faced by both Alliance partners. This exchange program aims to strengthen the partners' ties in technical fields. Since its launch in fiscal 2005, the AEEP has seen exchanges carried out by the Vehicle Engineering CCT, the Quality FTT and the Process Engineering CCT, and in fiscal 2007 it was expanded to include exchanges by the Logistics and Manufacturing CCTs as well. Following the exchange activities, which last from six months to one year, reports on the potential synergies gained are presented to the board members of both Alliance partners responsible for the areas in question. The results of the AEEP are put to use in the realization of joint technical projects and the fostering of Alliance human resources.



Participants in the AEEP

**The Alliance Organization**



**AB:** The Alliance Board steers the Alliance's medium- and long-term strategy and coordinates joint activities on a worldwide scale.

**SCs:** Steering committees. Coordinate the activities of the CCTs, FTTs and TTs, making operational decisions going beyond the CCT level and reporting to the AB.

**CCTs:** Cross-company teams. Explore opportunities for Alliance synergies, and propose, plan and monitor joint projects.

**FTTs:** Functional task teams. Assist the CCTs and contribute to Alliance synergies through process, standards, management, information tools and other support functions.

**TTs:** Task teams. Assigned to address and solve specific issues as they arise.

**CB:** The Coordination Bureau (with offices at Renault in Paris and Nissan in Tokyo) provides functional support to the SCs, CCTs, FTTs and TTs and prepares the meetings of the Alliance Board.

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## Enhancing Value for Stakeholders

Realizing Sustainable Development for People and Society



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Enhancing Value for Stakeholders

## For Our Customers

### Going Beyond Expectations

**Our goal at Nissan is to offer customers all over the world products and services that exceed their expectations. Nissan's approach to quality improvement focuses on the customer's viewpoint, providing a level of "ordinary quality" that promises years of care-free driving enjoyment. We continuously work to improve quality from the design and development stage to customer ownership, pushing ourselves to attain world-class standards of quality for all of our vehicles, in every class category. We believe that there are no shortcuts to quality improvement, and we will continue to deliver high-quality vehicles by constantly evaluating our production activities and incorporating necessary improvements from the standpoint of customers.**

#### WORKING TO IMPROVE RELIABILITY

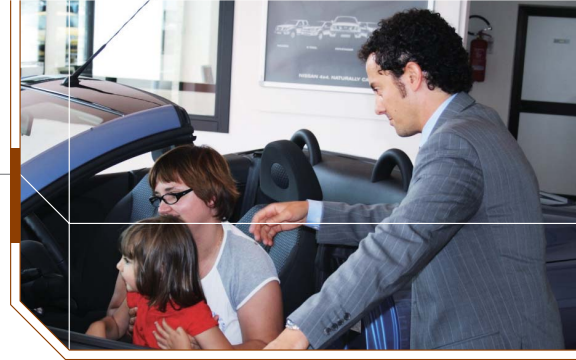
##### Quality Through the Customer's Eyes

Since customers are the ultimate judge of Nissan quality, we pay careful attention to what they have to say. Our approach to quality assurance centers on listening to customer feedback and meeting their expectations.

Nissan focuses on three categories reflecting the customer view of quality: "ordinary quality," the security of driving a car you can rely on; "attractiveness quality," the pleasure of driving an aesthetically pleasing car; and "sales and service quality," the satisfaction that comes with reliable ownership.

We make use of surveys by consumer research organizations to gauge global customer satisfaction, determining objectively whether we are achieving our quality assurance targets in these three categories, and if not, taking action to improve our performance.

We want to make vehicles that our customers can feel safe driving and enjoy for many years to come. Above and beyond "ordinary quality," we want to offer a variety of attractive quality features that give customers in all regions of the world a feeling of deep satisfaction with our vehicles.



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

Please see our website for additional information on our quality initiatives.



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## Nissan's Quality Policy

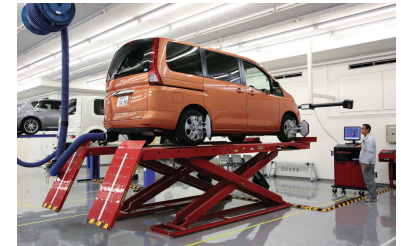
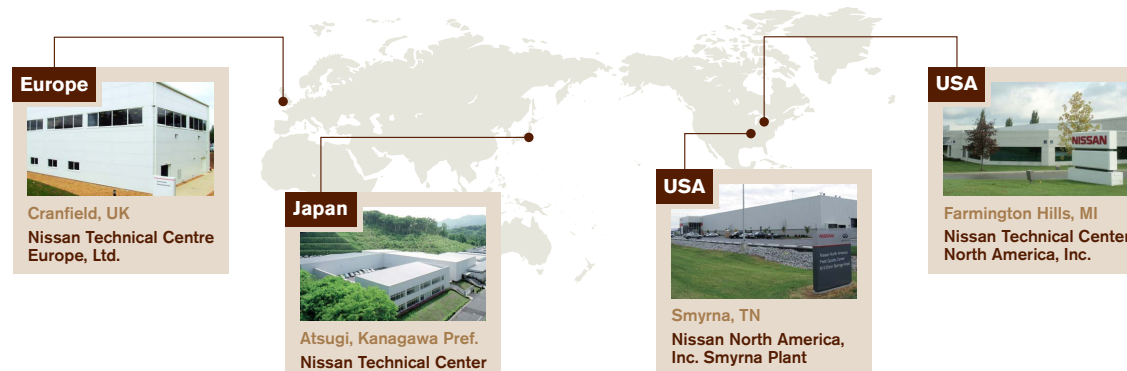
We established the Nissan Product Quality Policy (NPQP) in order to better achieve our goal of deep customer satisfaction around the world. NPQP is built on three fundamental guidelines: evaluating quality from the customer's point of view and maintaining the highest level of quality across all segments in all markets; applying common global standards that take into account the market demands in each region where we operate; and maintaining a global standard of quality by implementing the Nissan Quality Assurance Way (NQAW).

We use the NQAW as a roadmap to help us reach the top of the customer satisfaction rankings for every model of vehicle we produce, in every country where we do business. The NQAW is a fully integrated, cyclical approach to quality based on Nissan's years of experience and expertise as a car manufacturer. Its aim is to guarantee the same quality standard for all Nissan vehicles, during all phases of production, from design and development to sales, and to allow us to achieve even higher quality with each new generation of vehicle.

## Our Centers for Quality Improvement

In July 2007 we opened a Field Quality Center (FQC) at our Nissan Technical Center in Atsugi, Kanagawa Prefecture. The FQC is a base from which we can promptly respond to any quality problems that develop in the market, as well as a center for promoting improvements and advancements in "field quality," which refers to the customer usage stage. Nissan's desire to produce quality vehicles and provide complete satisfaction to a diverse range of customers take shape in our FQCs.

The quality of a product determines its value, and quality as a whole is an important factor in deciding the value of our brand. Since the needs of customers vary according to the region and environment in which they live, Nissan has set up FQCs at four of its development and



At the FQC testing ground, we install recalled parts in vehicles to reproduce the conditions when problems occurred.

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manufacturing bases around the world. This arrangement enables us to respond quickly in the case of a manufacturing defect or a recall and to reflect any necessary improvements in the next generation of vehicles as we strive to increase the quality of our products globally.

Our FOCs serve as a base for conducting Field Quality Investigation Analysis (FQIA), a process in which we carry out mass recalls of a faulty part, reproduce the conditions in which the problem occurred, use highly reliable methods to determine the problem's cause and develop measures for speedy improvement. The centers are also places where members of all Nissan's relevant divisions can meet with suppliers. Activities carried out at the FOCs focus on improving quality by analyzing the source of problems through hands-on testing and evaluation in a real-life environment, and revising standards or specifications to prevent recurrences or to progress to the next stage of development.

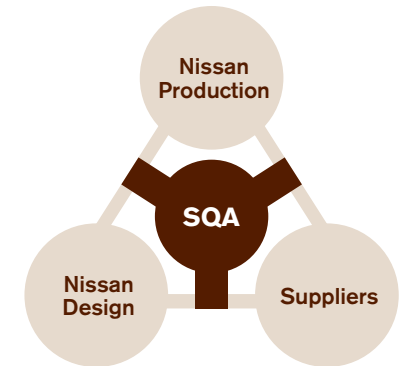
We strive to identify even the smallest differences that may occur between "shipping quality," which is before the vehicle is sold, and "field quality." In this we adhere to the "three *gen*" principle, which stands for *genba* (onsite operating conditions), *genjitsu* (fact-based data) and *genbutsu* (real parts). We keep in mind our customers' best interests as we aim to offer them a level of quality that instills confidence and earns their trust.

## Working with Suppliers for World-Class Quality

Automobiles are complex products made with thousands of parts. Nissan purchases from suppliers around 70% to 80% of the roughly 10,000 parts used in building just one vehicle. In order to raise the quality of the final product, we must ensure the quality of each and every part we receive from the approximately 5,000 suppliers that we currently work with. Nissan promotes Supplier Quality Assurance (SQA) activities as a means of guaranteeing the quality of suppliers and ensuring the procurement of high-quality parts.

Building strong partnerships with reputable suppliers is also important in insuring a stable, continuous supply of parts. Through its SQA activities, Nissan aims to foster mutually beneficial relationships with suppliers, working together as business partners on an equal footing. The Supplier Quality Assurance Group, which promotes our SQA activities, continually works to improve the quality of purchased parts by acting as a neutral mediator between Nissan's design and production divisions and its suppliers, promoting deeper mutual understanding while also facilitating speedy improvements in the quality of parts.

In 2001 Nissan established global standards for quality with its suppliers in every part of the world, making clear its position on quality assurance for each and every part. In particular, Nissan took action to strengthen its global management system in relation to suppliers after forming the Alliance with Renault, leading to a stable, consistent supply of parts that meet Nissan's quality standards from suppliers around the world.



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## Handling Recalls Quickly and Fairly

A manufacturer must do everything possible to make sure all its products are free from defects. In the process of manufacturing a complex product like an automobile, however, unexpected defects can occur. Nissan is dedicated to prompt action in the event that a recall is necessary, placing the highest priority on ensuring the safety of our customers and minimizing their inconvenience. At Nissan, the decision to institute a recall is based purely on technical factors, rather than being a management decision, and recalls are conducted quickly, fairly and transparently, with the customer's best interest always in mind.

## Concentrating Service and Support Functions

In March 2008, we launched full-scale operations at the Nissan Customer Service Center (NCSC). The NCSC brings together a variety of service and technological operations related to product quality, offering after-sales service to facilitate dramatic improvements in the speed and quality of service support provided to our customers and dealers.

The NCSC serves various functions, such as providing technical expertise in equipment and maintenance service, offering maintenance support for dealers, conducting training in sheet metal painting and collecting information on market defects. The NCSC also operates the Customer Support Center to respond to customers' questions and concerns. We have strengthened relations between this call center and our service technology support teams, enabling us to provide high-quality, informative responses to customers. The call center receives about 230,000 inquiries a year.

Nissan is currently carrying out an "amazingly quick repairs" campaign, aiming to reduce as much as possible the time between when customers first notice a problem and when they are back behind the wheel, satisfied by the inspection and repairs that have been carried out. Just as we strive to produce vehicles without defect, it is also important to quickly fix any problem that does occur, to the customer's full satisfaction. At the NCSC we conduct investigations to identify the cause of lengthy repairs and analyze each step of the maintenance process after a vehicle has been brought into a service center, resulting in improvements to our parts procurement system and in the support provided to dealers.

## Increasing Repair Efficiency with Consult-III

Nissan has been progressively introducing Consult-III—a proprietary diagnostic system for automotive electronic systems that enables the speedy and accurate diagnosis and repair of

## Major Recalls in Fiscal 2007

April	Serena (muffler and exhaust pipe): about 113,000 vehicles (Japan)
July	Altima (engine air filter element): 155,000 vehicles (North America, other)
September	Pathfinder QX4 (fuel filler tube): 417,000 vehicles (North America)
November	Altima, Sentra (electronic control module): about 686,000 vehicles (USA)



The NCSC's Customer Support Center in Japan



The Consult-III system can accurately identify problems in today's complex cars. (Japan)

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electronic problems in high-performance vehicles—in the service departments of its dealerships throughout the world.

By quickly and accurately diagnosing complex problems that cannot be spotted visually, Consult-III lets technicians determine problems in about a third of the time that it previously took. Results are displayed via graphs and other aids that make it easier to communicate the problem to the customer. Such services as online ordering of replacement parts have contributed to a drastic reduction in the time from diagnosis to repair, making vehicle servicing more efficient. Consult-III can also be used in a moving vehicle under actual operating conditions, allowing the diagnosis of problems that would otherwise be difficult to find when the vehicle is stopped, such as engine noises heard when driving in rainy weather or problems that always occur at certain road locations.

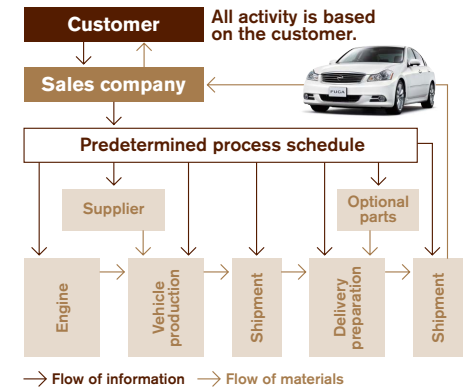
### Speedy Delivery of Attractive Products

Nissan is constantly challenging itself to achieve still higher levels of manufacturing quality. We are proud of our quality and productivity, metrics by which we rank at the top level of the global automotive industry. Underpinning our success in this area is the Nissan Production Way (NPW). Through the NPW we aim for efficient production of high-quality vehicles and rapid delivery to get those cars to customers on schedule. In the NPW approach we make use of data on customer orders not only to adjust the production of whole cars, but to synchronize the production of components, such as engines and assemblies, so they can be put together into complete vehicles in shorter times.

### Reduced Development Lead Time

In April 2007 Nissan's Global Production Engineering Center (GPEC) began full-scale operations at our Zama Operations Center in Kanagawa Prefecture. Here we carry out efforts to boost quality from the production trial stage onward and to ensure consistent quality on a global basis. Before the start of volume production of a new vehicle, this center carries out computerized and real-world analysis of all steps in the production process, from the press shop to body-welding and final assembly, to fully optimize the manufacturing stage. By preparing and distributing packages of data on this manufacturing-line information and know-how, we can apply it at all of our worldwide production sites to enhance quality and decrease the lead time for introduction of new models.

### Synchronized Manufacturing Under the NPW



Testing at the GPEC

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## DIVERSITY IN OUR SALES OUTLETS

### Responding to Customer Diversity with Female Staff

In Japan's automobile industry, the ratio of women in the workforce remains low. This situation does not reflect the reality of the consumer market, though, where women are deeply involved in the car purchasing process. Of the roughly 6 million vehicles sold in Japan each year, around a third are purchased by women, while another third are purchased by a man and a woman together, giving women a role in at least two-thirds of all purchasing decisions.

Nissan actively employs and trains women to meet the demands presented by this situation and to reflect society's diversity in its own operations. As of the end of fiscal 2007 we had roughly doubled the ratio of female car-life advisors (CAs) from the end of fiscal 2003 to reach 6%, and raised to 13% the ratio of female technical advisors (TAs), around double the percentage of the end of fiscal 2003.

Our efforts in this area were recognized in January this year when Nissan won the 2008 Catalyst Award. Presented by the nonprofit research group Catalyst USA, this award is presented to businesses that show a solid track record in recruiting, developing and advancing women in management positions. (See page 62 for more on this recognition.)



A training conference for CAs and dealership managers

### Infiniti Spreads Its Wings

As one part of its long-term global strategy, Nissan is introducing the Infiniti line of luxury vehicles in more markets worldwide. The 1989 introduction of the Infiniti brand in the United States was followed by launches in Canada, the Middle East, Taiwan, Korea and Russia. Most recently, Infiniti began sales in China in July 2007 and in the Ukraine in September. Future plans call for expanding the brand's sales and service network in Europe as well.



An Infiniti dealership in China

### Bringing the Joy of Mobility to More People

Occupying an important position in the Nissan vehicle lineup is the LV, or lifecare vehicle, which helps provide mobility for the elderly and people with physical disabilities. Certified LV dealerships, which have these vehicles on display and expert LV advisory staff members on hand to answer questions, have been established in every prefecture in Japan. Customers can test-drive these vehicles at these dealerships, which offer a variety of products and services to meet customer needs. As of the end of March 2008, the number of certified LV dealers stood at 395, and the number of LV advisors at 4,141.

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Nissan is also taking various steps to ensure that attendees who arrive in LVs or other wheelchair-ready vehicles will enjoy uninhibited access at the Nismo Festival. This annual motor sports fan appreciation event, organized by Nissan Motorsports International Co., Ltd., takes place at Fuji Speedway in Shizuoka Prefecture. One way we provide this access is with the Caravan Chair Cab LV shuttle service that we began in 2005.



LV advisors have extensive knowledge about these special vehicles.

Messages from Our Stakeholders

**Simple Hand Operation Makes Nissan LV a Joy**



Nissan vehicle owner (Japan) **Yoshiharu Hashiba**

I suffered spinal caries as a child, so my car is vital to giving me mobility in my daily life. However, I lost confidence in my ability to operate the foot brake after an accident eight years ago. I was using a third-party hand-operation device with my Nissan March, but I found the big arm movements tiring. The year before last, I bought Nissan's specially outfitted Cube model, which lets me smoothly operate the brake and accelerator just with wrist movements. The spacious interior and the Intelligent

Key system, which lets me open or lock the doors at a touch, are very convenient, as I walk with crutches. I also like the tight turning radius and excellent visibility. The car is invaluable for shopping or going to the hospital. When my children were small, we often went out for drives as a family. I'm sure I will be able to go for long trips again in this Cube.

**DESIGNING FOR HUMAN HEALTH AND EXCITEMENT**

**Innovating for a Universal Design Society**

By exploring the diverse ways in which people use their vehicles and the emotions they experience while driving, Nissan is working to create attractive, safe and comfortable automobiles as a positive contribution to the realization of a safe and convenient mobility society. Based on our research, we have assembled cross-division task teams whose goal is the creation of distinctive Nissan vehicles.

Our Pivo 2 commuter concept car, which incorporates a number of user-friendly innovations and advanced technologies, is one such example. In addition to incorporating a 360-degree revolving cabin that eliminates the need for driving in reverse, an advanced technology for which the first-generation Pivo received wide acclaim, the Pivo 2 features advanced control technology that allows the vehicle to move sideways, providing the ultimate in maneuverability. Following our



The Pivo 2 concept car showcases Nissan's universal design.

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belief that people can enjoy a “partnership” with a vehicle, the Pivo 2 employs the Robotic Agent. This interface connects car and driver by using facial recognition and speech analysis to gauge the driver’s mood, communicating through speech and gestures and inspiring affection almost like a pet. Nissan’s new concept in car culture combines function and feeling in a way only possible with an electric vehicle.

Sustainable mobility is a major issue for cars today. Nissan believes it can provide high value to customers by pursuing design and development activities that utilize the special characteristics of environmentally friendly technologies to create attractive and unique cars.

Nissan aims to continue developing original, high-value products to enrich people’s lives.

### Sharing Excitement Through Motor Sports

Motor sports provide a thrilling way for automakers to push their technological skills to the limit. Nissan is proud to take part in the Super GT Series, home to some of Japan’s top championship racing, as well as a number of other competitive events in Japan and around the world. We also participate in various grass-roots programs and events with the aim of sharing with as many people as possible the fun and excitement of motor sports. For example, we host the March Cup, an entry-level racing series held in Japan; we support the Nissan Racing School, which is staffed by pro drivers; and we provide technical assistance to private teams taking part in professional races.

Additionally, in 2006 we established the Nissan Driver Development Program (NDDP) to help nurture Japan’s motor sports culture and groom young drivers for activity on the world stage. In the 2008 season we are offering scholarships to five promising young racers between the ages of 16 and 22, helping them to gain valuable experience on the racing circuit both inside and outside Japan.



Racing team members pose with the new Nissan GT-R (January 2008).



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## With Our Shareholders and Investors

### Maintaining Market Trust Through Disclosure

**Nissan's investor relations are founded in a firm commitment to continual disclosure with the highest standards of transparency. Our aim is to communicate accurate, detailed information about the company's strategy, vision and management plans, not only to our corporate investors, but also to financial analysts and our increasingly diverse individual investors. In this way we can build market trust and ensure a consistent match between the company's intrinsic value and its market value. Making full use of market feedback is essential to maximizing Nissan's long-term corporate value. We therefore do our utmost to maintain good communication with our shareholders and investors so that they are satisfied with our transparency and able to make sound investment decisions.**

#### Ensuring World-Class Transparency

As a global company, Nissan works to ensure a world-class level of transparency in its information disclosure. In addition to reporting our financial results through quarterly visits with institutional investors around the world, interviews with journalists and meetings for general investors, we also provide opportunities for direct observation of our day-to-day operations through tours of our production facilities in Japan and elsewhere around the globe, as well as our dealerships. To promote continued support for and understanding of our management strategies, we are increasing opportunities for direct dialogue with executive managers. Alain Dassas, appointed chief financial officer in September 2007, directs our efforts to strengthen communication with shareholders and investors.

At Nissan, we carry out investor relations geared to the creation of long-term value for shareholders by fairly and promptly disclosing information that will help shareholders and investors more accurately forecast future corporate performance.



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

Detailed information for investors is available on our website.



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## Setting a Clear Dividend Plan

Nissan announced the Nissan GT 2012 business plan in May 2008. Part of this plan was the proposal of a long-term dividend policy to allow more visibility for and improve transparency in the ways Nissan rewards its shareholders.

In Nissan GT 2012, we made a commitment to these dividend amounts: ¥42 per share for fiscal 2008, ¥44 per share for fiscal 2009 and ¥46 per share for fiscal 2010.

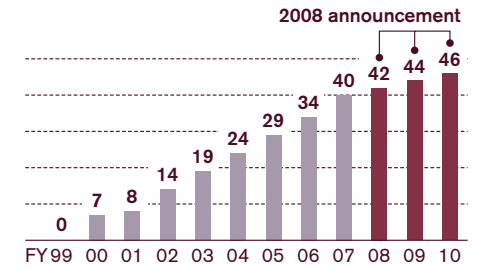
## Attendance High at Shareholders Meeting

Nissan was pleased to welcome 2,135 shareholders to the 108th ordinary general meeting of shareholders, held on June 20, 2007, at the Pacifico Yokohama in Kanagawa Prefecture. The agenda included the management report for fiscal 2006 and an explanation of the business forecast for 2007. At the informal gathering held after the conclusion of the meeting, shareholders had the opportunity to frankly exchange ideas and opinions with company executives, including CEO Carlos Ghosn. An exhibition corner with a panel display outlining Nissan's CSR activities—including its philanthropy efforts, one of the company's nine key areas for CSR—was also set up at the venue to help shareholders gain a better understanding of Nissan's business.

## Increasing Communication with Individual Investors

As opportunities for stock ownership by individuals have increased in recent years, the number of individual investors holding shares in Nissan has also risen steadily. At the end of fiscal 2007, 249,000 individual investors held shares in Nissan, an increase of 28% from the previous year. In response to this heightened interest we are boosting activities to meet with individual investors. In addition to hosting regional investment forums to present Nissan's strategies for corporate growth, during 2007 we also held conferences to explain Nissan's measures to protect the environment and safety technologies and conducted special tours of our production plants. To provide our individual investors with further access to information on our activities, we launched a Japanese-language website exclusively for them in March 2007. We also started a first-ever hospitality program for shareholders at the end of March 2008 with the aim of increasing investment appeal. In April 2008 we launched an e-mail reporting service in Japanese for individual investors.

### Three-Year Dividend Plan (yen/share)



Nissan executives mingle with shareholders at the post-meeting informal gathering.



A presentation at a Nissan investment forum



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

Please see our website for more information on investor relations.

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## Nissan at the Top in Corporate Disclosure

Nissan received the fiscal 2007 Award for Excellence in Corporate Disclosure from the Security Analysts Association of Japan (SAAJ), ranking first in the automobiles, auto parts and tires category. The SAAJ's corporate disclosure evaluation and award system comprises an annual ranking by securities analysts of the IR activities of companies in various industries, based on responses to industry-specific questionnaires, with the objective of promoting quality and promptness of corporate disclosure. Nissan received high marks for its measures for fair disclosure as well as its voluntary, proactive efforts in this area. This year marks the third consecutive year that Nissan has placed among the top companies in this category, and the first year it has taken the top spot.



COO Toshiyuki Shiga receives the SAAJ award.

### Survey of Individual Investors

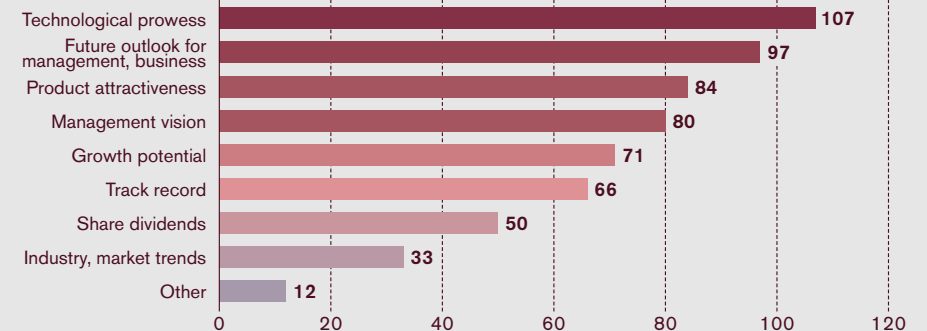
This survey was distributed to 200 participants at a November 2007 investment forum, with respondents answering questions on Nissan's safety and environmental technologies. Below are some selected survey results.

Nearly 70% of the respondents noted that their evaluation of Nissan technologies had improved thanks to the content of the investment forum, a sign that we are seeing success in deepening understanding of our technological improvements through these gatherings.

#### Investment Outlook

Approximately 80% of survey respondents owned no shares in Nissan, but around 60% of these respondents noted an improved perception of Nissan as an investment target following the forum.

#### Criteria Used to Evaluate Companies (Number of respondents choosing each item, with multiple responses possible; 185 valid responses received.)



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## Enhancing Value for Stakeholders

## With Our Employees

### A Bright Future Founded on Diversity

**Nissan believes that diversity is a vital source of strength. When diverse groups of people come together to develop innovative solutions to the issues we face, it results in better, more creative ideas that add value for our company. Fostering diversity and creating an environment to support it within Nissan are strategic imperatives.**

**As of March 2008, the number of people employed by Nissan and its affiliates stood at 180,535. We consider them to be our most valuable asset, and it is through their diversity that we equip ourselves to meet the diverse needs of our customers and achieve sustainable growth for all our stakeholders.**

#### BUILDING TRUST THROUGH COMMUNICATION

##### Putting Employee Input to Use

Nissan regularly carries out surveys of its employees worldwide, gauging their attitudes and using these results to help improve the company's management and corporate culture. We analyze the results for the company as a whole as well as for individual regions and functions to measure employees' views on the jobs they do, as well as judging whether the results of earlier surveys have been put to effective use. We then formulate action plans to address specific needs.

In fiscal 2007 we put into action the results of the fiscal 2006 Nissan Value-Up Employee Survey, which was conducted in all of our business locations around the world as part of our Nissan Value-Up business plan, carrying out various improvement activities based on specific action plans for each business division.



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## Efficiently Sharing Information

Nissan's WIN (Workforce Integration @ Nissan) corporate intranet system, which we use to instantly and simultaneously broadcast key business information to our locations, is a valuable tool to promote information sharing and work-flow efficiency throughout the company. The introduction of web conference and collaborative workplace tools has also contributed to enhanced work efficiency. Further in this regard, we renewed our intranet system at the beginning of 2008 to make it an even easier way for Nissan employees to get the information they need right away.

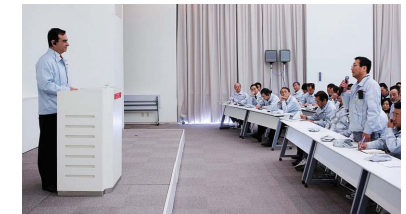
WIN has been rolled out to our business offices in regions including Japan, North America and Europe, as well as to our major business partners, while future plans call for expanding the global network to include other areas where Nissan does business, such as Asia and Oceania. We are also planning an in-house social networking site as a communication tool that will let our employees collaboratively improve the work environment. This community-style website will help all members of our workforce create ties among themselves, forming new networks that will improve information sharing inside the company.



The home page of our WIN intranet system

## Opportunities for Employee-Executive Exchange

At Nissan, we believe that clear communication, between executives and employees as well as among employees themselves, is important to building mutual trust. One way in which we promote such communication is through opinion-exchange meetings involving executives and employees. In addition to providing managers with the opportunity to inform employees of the current situation of the company and to deliver management messages, these meetings give employees the chance to ask questions and voice their concerns in a direct and open manner. We plan to continue with such meetings as a means of keeping the lines of communication open and active.



CEO Carlos Ghosn exchanges opinions with employees at the Kyushu Plant.



CEO Carlos Ghosn exchanges opinions with employees at Nissan Technical Center North America, Inc.

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## Major Opinion-Exchange Meetings in Fiscal 2007

Date	Participating employees	Participating executives
2007 May	Nissan International S.A. employees	CEO Carlos Ghosn
May	Nissan Technical Center North America, Inc. employees	CEO Carlos Ghosn
May	Nissan Motor Co., Ltd. Oppama Plant employees	COO Toshiyuki Shiga
June	Nissan Motor Co., Ltd. R&D employees	CEO Carlos Ghosn, EVP Mitsuhiko Yamashita
June	Nissan Asia Pacific Pte., Ltd. and Nissan International Finance Singapore Pte., Ltd. employees	CEO Carlos Ghosn
June	Nissan LCV Business Unit employees	CEO Carlos Ghosn, CVP Andy Palmer
June	Siam Nissan Automobile Co., Ltd. employees	CEO Carlos Ghosn
July	Nissan Motor Co., Ltd. headquarters employees	CEO Carlos Ghosn
Aug.	Nissan Motor Co., Ltd. Yokohama Plant employees	COO Toshiyuki Shiga
Sept.	Nissan Motor Co., Ltd. Tochigi Plant employees	COO Toshiyuki Shiga
Nov.	Nissan Motor Co., Ltd. production supervisors	COO Toshiyuki Shiga, SVP Toshiharu Sakai, SVP Minoru Shinohara
Nov.	Nissan Motor Co., Ltd. Kyushu Plant employees, Fukuoka Prefecture dealership car-life advisors and technical advisors	CEO Carlos Ghosn
Nov.	Nissan Motor Co., Ltd. purchasing employees	CEO Carlos Ghosn, EVP Hiroto Saikawa, SVP Shigeo Shingyoji, CVP Yasuhiro Yamauchi
2008 Feb.	Nissan Motor Co., Ltd. Kyushu Plant employees	COO Toshiyuki Shiga
March	Tan Chong Motor Assemblies Sdn. Bhd. employees	CEO Carlos Ghosn

## NISSAN'S RESPECT FOR DIVERSITY

### Promoting Diversity as a Global Strategy

Diversity is a key component of Nissan's management strategies. In keeping with our commitment to promoting diversity, we established a Diversity Development Office (DDO) in Japan in October 2004. We are working together with human-resource departments and cross-functional teams in North America, Europe and the General Overseas Markets in a variety of ways to realize our common goal of achieving sustainable corporate growth while respecting diversity. The Diversity Steering Committee, headed by executives representing each business division, sets the direction and establishes strategies for promoting diversity throughout the company.

### Organization of the Diversity Steering Committee



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Not only does the DDO focus on finding ways to make full use of the talents of female employees, since fiscal 2006 it has been actively exploring ways to create higher value through cultural diversity, utilizing the cross-cultural nature of the Alliance formed with Renault in 1999.

### Utilizing the Talents of Women

Since fiscal 2004 the DDO has been working to find ways to utilize the talents of female employees. The following three areas form the cornerstones of these activities.

#### 1. Helping women develop their careers

Diversity takes on different meanings in various regions of the world. In Japan, where the ratio of women in the automobile industry workforce has traditionally been low, making full use of the abilities of women in ways that increase value for customers is a key task. Nissan believes it is important for its female employees to take on positions of responsibility.

In addition to providing personalized support to female employees through individual counseling sessions with career advisors, the DDO organizes various career-management events, as well as training courses in which participants work with Nissan's human-resource departments to develop the skills they need to advance along their chosen career path. Moreover, interviews with senior female employees are posted on the corporate intranet system, offering further encouragement.



A consultation with a career advisor

#### 2. Helping employees strike a work-life balance

Nissan has implemented a variety of work arrangements to allow employees to effectively balance work with family responsibilities, such as childcare and nursing of elderly relatives. These arrangements include systems for pregnancy leave, reduced working hours for employees to provide childcare or nursing care and home-based telecommuting. We have also set up a daycare center, called "March Land," in our Technical Center in Atsugi, Kanagawa Prefecture. Nissan has been recognized by the Japanese government as a corporation actively promoting childcare support, successfully implementing programs to achieve the goals set forth in the action plan of the Ministry of Health, Labor and Welfare, based on an April 2005 law outlining measures to support the development of future generations.



Nissan has been certified by the Japanese government as a company supporting the development of future generations.

#### 3. Nurturing a diversity mindset

Since 2005 we have encouraged employees to think about diversity in the workplace by hosting Nissan Diversity Forums at our business locations. In addition to hearing company managers explain the importance of diversity to Nissan's corporate strategy, employees also listen to guest lectures and take part in hands-on seminars to deepen their understanding of diversity and how they can reflect it in their own actions.

### Initiatives to Support Cultural Diversity

Nissan recognizes the necessity of utilizing to the fullest extent the strengths and abilities of its multinational and multicultural family of employees as the company develops its business



Company events give employees a chance to discuss cultural diversity issues.

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globally. We believe that Nissan's strength is the cross-cultural environment we have created since teaming up with Renault. We will continue to promote cultural diversity as a means of creating higher value through our cross-cultural alliance.

As part of our cultural diversity activities, since fiscal 2006 we have hosted intercultural exchange events to give our employees from different cultural backgrounds opportunities to meet and share experiences, which they can utilize in their business activities. We also organize training workshops to help employees deepen their understanding of the cultural backgrounds of their colleagues and learn about different styles of work.

### Diversity Activities Acclaimed Internationally

In January 2008 Nissan was recognized with the 2008 Catalyst Award, marking a milestone as the first company with headquarters in Asia to receive the award. This award is presented annually by Catalyst USA, a nonprofit research and advisory organization that for more than 40 years has been working globally with businesses to foster inclusive environments and expand women's opportunities. The Catalyst Award honors businesses and other organizations that achieve results through steps to boost the recruitment, development and advancement of women in managerial positions. Nissan received high acclaim for its use of the abilities of female employees in its business activities, as well as its great potential for influence globally.

Also in January 2008 Toyo Keizai Inc., a leading publisher and commentator on Japanese politics and economics, selected Nissan as the first recipient of the company's Diversity Award Grand Prize, which recognizes companies that promote diversity management, utilizing a diverse workforce as a valuable management resource.



Nissan receives the Toyo Keizai Diversity Award Grand Prize.



At the 2008 Catalyst Award ceremony

## SUPPORTING CAREER DESIGN

### Fair Evaluation of Individual Employees

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

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## Assisting Employees in Career Design

Nissan encourages employees to “design their own careers” and actively supports their efforts in doing so. We provide opportunities for our employees to map out their own future by giving new hires just starting their careers the chance to choose what type of job they would like to pursue at Nissan, and also by hosting career-design seminars and workshops with the aim of helping workers clarify their mid- and long-term career visions.

After joining the company, employees can take advantage of our Shift Career System (SCS) and Open Entry System (OES). The SCS enables employees to apply for positions in other departments and work areas that interest them regardless of whether there is a position immediately available, while the OES allows them to apply for all openly advertised positions. During fiscal 2007 around 250 employees applied for some of the 360 open posts, with about 80 of them getting the positions they sought.

## Accumulating Specialized Knowledge for Development

Helping employees develop their own specialized skills over the medium to long term so that they can contribute to making wise management decisions is another strategy vital to sustainable growth at Nissan. We introduced the Nissan Expert Leader System as a means of helping select employees with world-class research skills and expertise to polish their talents and transfer such specialized skills to the next generation. In fiscal 2007 we designated as Expert Leaders 30 employees with exceptional skills spanning 82 fields of specialization.

While utilizing their expertise to contribute to Nissan’s business endeavors, the Expert Leaders also play a key role in the enhancement and advancement of their respective fields of specialization. In addition to sharing their knowledge with others using the company’s various communication tools, starting with the corporate intranet, they also help to nurture the next generation of leaders by passing on their specialized skills in seminars and training courses.



The kick-off meeting for the Nissan Expert Leader System

## CREATING A CULTURE OF LEARNING

### Providing Places of Learning

As an organization that continues to grow through constant learning, Nissan supports the growth of employees through systematic human-resource development and training. The act of learning is one in which people stretch themselves to develop whatever skills are lacking to



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create new value. We believe that a corporate culture of learning cannot be achieved without the motivation to take part in this value creation.

In addition to our training workshops and career-design seminars, we provide learning opportunities for employees with the Learning Navigation system on our intranet. This system lets employees search for information whenever they want to undergo training in specialized skills or management techniques, participate in e-learning programs, take distance-learning classes or attend outside lectures. We regularly update the site to provide employees with the information they need to increase their skills and build their career, meeting their growing thirst for knowledge.

We also established the Nissan Learning Center to further strengthen our human-resource development, bringing together in one place the various educational resources of our business divisions as well as our affiliates.

## Passing On the "Nissan DNA"

In 2005 we established the Nissan Learning Center Management Institute in Hakone, Kanagawa Prefecture. Here we foster innovation and pass the "Nissan DNA" on to the next generation by cultivating leadership rooted in the Nissan Way along with the specialized skills needed for future development.

The Management Institute contributes to creating Nissan value through a number of programs, including human-resource development seminars that provide leadership training to pass on the company's accumulated experience and knowledge to the next generation and cultural diversity workshops. Here we also host our Consortium Program, in which we invite other global companies to take part in cross-industry exchange.

Furthermore, the leaders of our business activities around the world who have taken part in our Nissan Way Workshops are now active in transmitting the Nissan Way—the crystallization of experience and knowledge gained through our company's revival—to all our employees.

## The Global Training Centers

In line with advancements toward globally standardized R&D, production and sales, developing human resources to achieve the best product quality possible at all of our production facilities around the world is an issue of vital importance. To address this issue, Nissan established Global Training Centers (GTCs) at its Oppama and Yokohama Plants in Kanagawa Prefecture, Japan, in fiscal 2006, and at its Sunderland Plant in the United Kingdom in fiscal 2007 to educate trainers who go on to share their knowledge at Nissan plants around the world.



A training session at the Management Institute



Employees polish their skills at a Global Training Center.

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Trainees are selected from among all employees at our production facilities worldwide and brought to the GTCs to take part in the Master Trainer Program. One of the standard training tools used at the GTCs is a visual manual produced in five different languages. Once they finish their training and become certified Master Trainers, they are ready to take on the task of instructing other employees at regional training centers using a globally standardized curriculum and materials. As of the end of March 2008 there were 455 Master Trainers working hard to pass on their technical skills to local employees at our plants worldwide.

## INCREASING WORKPLACE SAFETY

### Global Promotion of Workplace Improvements

In our manufacturing activities at Nissan, we strive to carry out "human-friendly production" based on the Nissan Production Way. In this pursuit we seek to improve the workplace environments of our facilities around the world through ergonomic science. We have introduced methods pioneered by our Alliance partner Renault to objectively gauge the difficulty and physical burden of workplace tasks. Based on our shared know-how, we are working to promote practices aimed at reducing worker burdens and boosting productivity. One example of this work-flow improvement is the "strike zone" approach, which provides a line worker with easy physical access to all needed parts, reducing stressful body positions and wasteful movement in the production process. By achieving an environment where all workers can concentrate on their tasks without undue stress, we are contributing to improved product quality.

Every year Nissan hosts a global conference on ergonomics and safety. This meeting provides an opportunity to share information from different countries on ways to improve workplace safety, leading to the introduction of production-line improvements at our facilities worldwide.

### Toward Safer, Healthier Workplaces

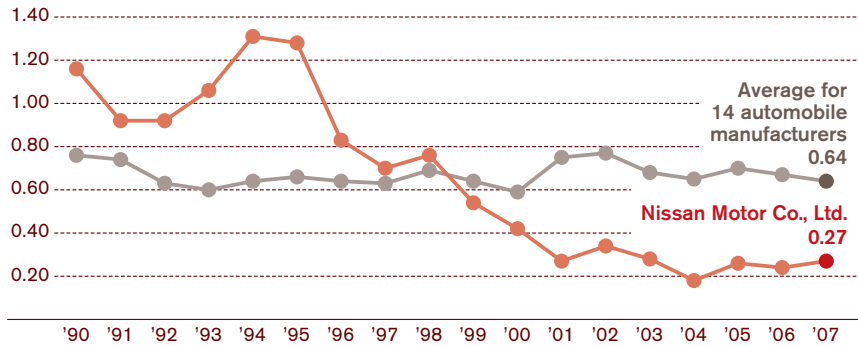
A company has the obligation to ensure the health and safety of its employees. In fiscal 2004 Nissan introduced a risk-assessment approach to workplace management aimed at preventing accidents by proactively inspecting facilities to identify potential dangers. We also bring trainees together from around the world to give them practical instruction in labor safety management. In April 2007, we also included "promotion of employee health" in our companywide declaration on workplace safety as an addition to the existing tenets related to occupational safety.



Workers had to squat to assemble parts before introduction of the "strike zone" approach (above); these stressful positions are no longer needed thanks to conveyors that can raise and lower the cars being worked on (below).

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## Trends in Occupational Accidents (Total Accident Frequency Ratio)



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

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

## High-Quality Mental Healthcare

Recognizing the importance of caring for the mental health of employees, Nissan has put together a care team led by a psychiatrist. In fiscal 2005 Nissan introduced a mental healthcare program, Advantage EAP (Employee Assistance Program), in cooperation with external mental healthcare specialists, and in fiscal 2007 extended the program to include production-line workers. Now Nissan employees in Japan and their families are able to take advantage of this program and benefit from consultations with these care professionals. The EAP also operates an online counseling service called eMe. All these efforts emphasize the protection of patient confidentiality while providing top-quality mental healthcare to those who need it.

## The Battle Against HIV/AIDS

Protecting the health of employees is a vital task for a company pursuing sustainable growth. Nissan Motor Company South Africa (Pty.) Ltd. has since 1999 lived up to this responsibility through its HIV/AIDS Workplace Program, which was improved through the launch of an integrated Employee Wellness Program (EWP) in 2003. In addition to advocating wellness intervention through measures to prevent and manage HIV/AIDS, a health consultation service, HIV counseling and testing, and community outreach to support neighboring communities in their fight against HIV/AIDS, the EWP also promotes health measures among suppliers to Nissan S.A. In 2006 the company succeeded in raising the total percentage of employees who participated in Volunteer Counseling and Testing (VCT) from 21% to 52%. Efforts are being made to further increase this number, with the aim of achieving 100% participation by 2011.

### 日産自動車安全衛生基本方針

私たちは、トップから社員一人ひとりに至るまで、全員が人間尊重の考え方を共に認識しあい、職場環境の最適化、心身にわたる健康増進を積極的かつ継続的に進め、災害や疾病のない明るく活気ある職場づくりを推進する。

日産自動車株式会社 最高執行責任者(COO)

志賀 俊之

COO Toshiyuki Shiga's declaration on workplace safety



Nissan S.A. operates an Employee Wellness Program for its workers.

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In Japan, meanwhile, we are working under the guidance of the Ministry of Health, Labor and Welfare to distribute pamphlets to new employees and carry out educational activities to boost awareness of HIV/AIDS and its prevention. Nissan North America offers employees support in this area by arranging insurance coverage for HIV/AIDS in addition to mental healthcare and substance abuse treatment. The benefit levels are among the most competitive in the industry.

Messages from Our Stakeholders

**Growing Through Employee Diversity**



**Mitsuru Furuichi**  
Supplier Quality Assurance Group  
Total Customer Satisfaction Function  
Nissan Motor Co., Ltd. (Japan)

For more than three years up to March 2008 I promoted internal diversity in Nissan's Diversity Development Office. I sensed deeply that respect for individual differences was permeating more through the company every year. It was a period of growth for me personally, too, as I gained a better understanding of the significance of promoting diversity.

My current group works to improve the quality of parts we procure for our vehicles. The members of the group show

tremendous diversity in terms of gender, nationality and work experience in Nissan and elsewhere. This diversity is a huge advantage when it comes to creating mutually beneficial relationships with our suppliers around the world. I hope to contribute to Nissan's quality leadership by making use of this diversity to produce results.



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## Sharing Our Alliance Purchasing Values

The purchasing departments of Nissan and Renault have produced a booklet, *The Renault-Nissan Purchasing Way*, outlining the values and processes important in supplier relations. In addition to reaffirming Nissan's and Renault's key principles of dealing fairly and impartially with all suppliers and maintaining a transparent selection process, the booklet explains the Alliance partners' shared objectives, principles, processes and management tools for the supply chain. The ideas presented therein are applied to Nissan and Renault purchasing activities worldwide, and are shared with all of our suppliers. Both companies have distributed this booklet to the Renault-Nissan Purchasing Organization's primary suppliers around the world. Through this sharing of values, we are working to build mutually beneficial partnerships with our suppliers.

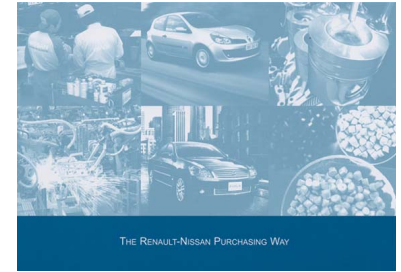
## Working Together for CSR Management

Nissan works to promote business with its various partners worldwide in ethical and environmentally conscious ways at every step in the supply chain. In addition to publishing and distributing *The Renault-Nissan Purchasing Way*, we modified our selection process in fiscal 2006, requiring our suppliers to provide a written statement about their commitment to preventing environmental pollution and abolishing child labor and forced labor.

We are currently working with our suppliers to establish a unified process for CSR management. On January 22, 2008, we held a special meeting for 170 of our suppliers. There we explained Nissan's policies on CSR and socially responsible procurement, and asked our suppliers to reinforce their activities in such areas as corporate responsibility and compliance. Our aim is to work together with our suppliers to further improve CSR-related activities, thereby meeting the needs of society.

## Best Practices with the Project Partner System

Nissan has introduced the Project Partner System to involve suppliers at early stages of the product development process in mid- and long-term projects. This system aims to facilitate best practices through closer consultation with suppliers in such areas as new technology development, product improvement and efficient investment in production capacity, which are expected to render significant results over the long term. We are striving to enhance our competitiveness by cooperating with suppliers from the early development stages. Project partners are selected through the same fair, transparent process as are our standard suppliers.



The Renault-Nissan Purchasing Way



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

This booklet is available for download from our website.



The suppliers meeting on CSR and procurement



COO Toshiyuki Shiga addresses the Nissan Suppliers Meeting.

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## Recognizing Global Supplier Contributions

Nissan recognizes the contributions that suppliers make to the development of our business in every region that we operate. With this aim in mind, in fiscal 2005 we established two new global Nissan supplier awards—the Global Quality Award and the Global Innovation Award.

Recipients of Global Quality Awards are selected by our purchasing and quality departments based on supplier quality standards that we apply uniformly around the world. Global Innovation Awards, meanwhile, are presented in the categories of product technology and process management to suppliers selected from among the candidates nominated by our production, development and quality departments. In fiscal 2007, four companies received awards in the product technology category and four companies in the process management category.

We hope that these awards will inspire our partners throughout the global supply chain to adopt management approaches that balance the economic pursuits of quality, cost reduction and technological development with consideration for the environment and social responsibility.



Suppliers receive recognition at our Global Supplier Awards ceremony.

## Mutually Advantageous Growth Through Nissan 3-3-3

The Nissan 3-3-3 Program is a cooperative initiative involving suppliers, the Nissan purchasing department and the Nissan product development department. It aims to identify best practices and maximize performance by reducing costs and increasing quality. The three parties continuously strive to improve product competitiveness, sharing ideas based on scientific evaluations carried out by cost engineers and through close communication between Nissan and its suppliers. We also send personnel to work with suppliers around the globe to find ways to improve their production processes and make them more competitive.

## Promoting Green Procurement Throughout the Supply Chain

Through its Green Procurement Standards, first issued in 2001, Nissan has asked its suppliers of parts and materials to standardize their approach to environmental issues and to reduce their environmental impact. As of the end of 2006, more than 95% of our suppliers had received certification under ISO14001, an international standard for environmental management, or Eco Action 21, the environmental activity evaluation program established by Japan's Ministry of the Environment.



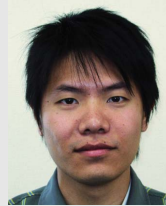
A seminar held to share information on green procurement issues

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In fiscal 2007 we revised the Green Procurement Standards, which had applied only in Japan, expanding coverage globally and launching them anew as the Nissan Green Procurement Guidelines. Through these we ask our primary suppliers to work with us in promoting systems to manage substances that impact the environment and achieving continual reductions of such substances throughout the entire supply chain.

Messages from Our Stakeholders

**Developing Products to Meet Customer Needs**



**Yuji Ryosho**  
Research and Development Department  
Japan Polypropylene Corporation

I am in charge of the research and development of polypropylene resin for use in automobiles. This resin is used in a wide variety of products, including filing folders and other stationery items, kitchen utensils, tableware, packaging film, disposable diapers and such medical supplies as disposable syringes. In automobiles, it is used for bumpers and interior materials, as well as in parts around the engine. Close to 50 kilograms of polypropylene resin goes into every car in Japan.

Since our product is a component material, the supply chain leading to the finished product is long, and it is difficult to perceive the needs of the end user. We communicate closely with Nissan from the initial stages of development, helping to create better, more innovative automobiles. We would like to continue offering our new technologies and products globally.

**WITH OUR DEALERS**

**Providing Services with Nissan Value**

Nissan's approach to service is centered on the customer. We strive to see things through our customers' eyes and to provide professional, high-value services that meet their individual needs. To improve the services offered to customers around the world, Nissan established a set of guidelines known as the Nissan Sales and Service Way (NSSW). Based on the principles in these guidelines we carry out a range of activities to improve customer satisfaction.

Examples of such initiatives include training for dealership staff to improve product knowledge and customer care skills, the establishment of outlet presentation guidelines to revitalize Nissan's brand image and surveys to gauge customer satisfaction. In designing and carrying out these activities, we keep in mind the cultural conditions and customs that make requirements different in each part of the world so we can provide the best customer service possible in areas including car purchase and maintenance and repair services.



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## Recognizing Contributions to the Nissan Brand

Through the Global NSSW Awards program, Nissan recognizes dealerships around the world that have made substantial contributions to the Nissan brand by achieving exceptional customer satisfaction ratings for sales and service.

In 2007 a total of 42 dealers from 31 countries received Global NSSW Awards, including two in Japan, six in North America, 16 in Europe and 18 in the General Overseas Markets.

Each year we compile information on the successful practices of the award-winning dealerships, distributing it to our dealerships worldwide to share expertise in customer satisfaction management. Through the Global NSSW Awards program we seek to recognize and share examples of success from outstanding dealerships around the globe and, in turn, to provide greater motivation for our dealerships to work harder for customer satisfaction, contributing to further enhancement of Nissan's customer service.



The 2007 Global NSSW Awards ceremony

## Putting Dealership Staff Behind the Wheel

In the fall of 2007 Nissan opened the Grandrive test course at its Oppama vehicle proving ground in Yokosuka, Kanagawa Prefecture. In addition to being a site for vehicle evaluation and development testing, Grandrive is designed to showcase the driving dynamics of Nissan products to employees, dealers and other stakeholders. The four-kilometer course simulates a range of driving conditions, including rough surfaces and the bumps that can be found on Japanese expressways, allowing drivers to experience the steering stability, responsiveness and handling of Nissan vehicles during everyday driving.

A test-drive event specifically for car-life advisors was held in September 2007, and in November another event was held as part of the training program for prospective new employees at Nissan dealerships. These events give employees the opportunity to experience for themselves the pleasure of driving, allowing them to communicate this feeling as well as the merits of Nissan vehicles to customers.

Future plans call for hosting similar events at Grandrive for dealership staff, from both in and outside Japan, as we aim to strengthen the skills of our dealers.



Dealership employees got to test-drive vehicles at the new Grandrive course.

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## A New Visual Identity in Japan

In 2005 Nissan consolidated its two affiliated dealership networks in Japan, Red Stage and Blue Stage, so that all Nissan dealerships in the country now sell all models. Marking this integration of sales operations, the dealerships adopted a new visual identity and made steady progress on the shift to new store designs. As well as carrying out renovations to project the new Nissan image, the dealerships boosted their lineup of display and test-drive vehicles.

In January 2007 a huge outlet shop for used cars, Carminal Tokyo, opened right next to a new Tokyo Nissan Auto Sales store—Shinsha no Hiroba, or “new car plaza”—on the site of the former Nissan Murayama Plant. The synergetic effect of having both dealerships on the same site, providing the best possible range of choices to customers unsure of whether to purchase a new or used car, contributes to raising Nissan’s brand value.



Carminal Tokyo, Nissan's giant used vehicle outlet

### Messages from Our Stakeholders

#### Measuring Success by Customer Satisfaction



**Craig Pearce**  
Dealer Principal  
Ferntree Gully Nissan  
(Australia)

Over time we have learned that customers come first and profits second. Most businesses focus on bottom-line profitability as a measure of success, but the true yardstick of success is sustainable profitability. In the retail world, sustainable profits come from one thing only: customer retention through customer satisfaction. Our focus on this truth has earned us five consecutive Global Nissan Sales and Service Way Awards, an achievement of which we are extremely proud.

Positive word of mouth and repeat business are direct results of satisfied customers. If you satisfy your customers, you will more than likely make high, sustainable profits and command a solid share of the market.

As a dealer and stakeholder I congratulate Nissan for its continued focus on customer satisfaction at the dealer level. Nissan's communication of its initiatives and expectations to its dealers helps promote mutually beneficial relationships among us all.

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Enhancing Value for Stakeholders

# With Society

## Contributing to a Sustainable Society

**Nissan's corporate vision is Enriching People's Lives. While striving to be a company that provides products and services needed by society, we earnestly desire to contribute to the development of a sustainable society, creating a prosperous future for the next generation. In addition to pursuing our goal of achieving long-term corporate sustainability, we are concerned about social sustainability. We take very seriously our role as a member of the global community and have set out a range of social contribution activities demonstrating our commitment to fulfilling it.**

### CONTRIBUTING TO COMMUNITIES

#### Activities in Partnership with Society

Through activities in the fields of education, environmental awareness and humanitarian relief, Nissan is fulfilling its role as a responsible corporate citizen, working toward a sustainable society. While these activities are carried out globally under our shared corporate vision, we are careful to give due attention to the local conditions and needs of the communities in the countries and regions where we work. Nissan of course brings economic benefits to the communities around our offices and plants by providing employment, but we also make great efforts to build solid relationships with those communities through our social contribution activities. It is our duty to address problems that go beyond a single geographic area. We address these problems by balancing a global vision with the activities best suited to each community where we operate, an approach that we believe enables us to make the sort of social contributions that are uniquely Nissan.

Moreover, in 2006 we established a companywide organization, the Corporate Citizenship Steering Committee, bringing together executives and those divisions in charge of social contribution activities to discuss ways of further unifying our efforts in this area.



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

Please see our website for additional details about our corporate citizenship activities.

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Organization of the Corporate Citizenship Steering Committee



In our social contribution activities at Nissan, we place great importance on the following three points:

**1. Fostering a spirit of voluntary participation among employees**

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

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

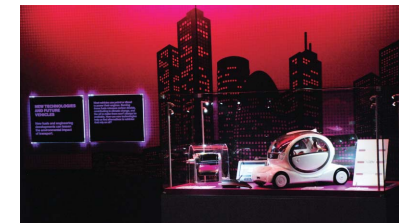
Some of our contributions are financial in nature, but we also aim to go beyond this by making full use of the resources built up through our business activities, such as our expertise and our facilities, to carry out sustainable activities.

**3. Cooperating with specialized NPOs and NGOs**

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

The Science of Survival

As part of its environmental education programs and its global social contribution activities, Nissan is co-sponsoring the Science of Survival. This exhibition—scheduled to appear at 20 venues around the world, starting with the Science Museum in London, over the course of five years—offers glimpses into the world of 2050 and explores how we will survive on a changing planet. The exhibition, which was designed to stimulate children to think about environmental issues through a program of easy-to-understand, interactive presentations, also provides participants with a basic understanding of the essence of our Nissan Green Program 2010 and our advanced technologies. The exhibition is scheduled to travel to major science centers and museums around the world, including North America and Japan.



The Science of Survival

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## SOCIAL CONTRIBUTIONS IN JAPAN

### Promoting Creative Literature for Children

One way in which Nissan supports education is through a program introducing children to richly imaginative storybooks and picture books. Since 1984 we have been working together with the International Institute for Children's Literature, Osaka, to present the Nissan Children's Storybook and Picture Book Grand Prix to amateur authors as a way of encouraging the production of creative literature for children. In the 24th Grand Prix, held in fiscal 2007, a total of 2,336 storybooks and 696 picture books were submitted as entries from all across Japan, of which 38 were selected for awards.

The prizewinning works are published and copies are donated to around 650 kindergartens in the vicinity of Nissan's business locations, as well as to some 3,500 public libraries across Japan. In the 24 years of the program, we have donated over 150,000 books.

In another initiative, Nissan co-hosts the Joyful Storybook and Picture Book Exhibition with a children's welfare foundation at the National Children's Castle in Tokyo's Shibuya Ward. This exhibition, which has been held every year since 1992, aims to stimulate children's curiosity and creativity, while nurturing and encouraging empathy for others through displays of and workshops based on children's stories and picture books. Many Nissan employees and local university students support the event as volunteers.



Award ceremony at the 24th Joyful Storybook and Picture Book Exhibition, Japan

### Fostering Future Leaders Through Learning Scholarships

The Nissan-NPO Learning Scholarship Program is one of Nissan's initiatives to form partnerships with nonprofit organizations. Launched in 1998, this program offers internship positions to university and graduate students interested in gaining practical NPO experience. Successful applicants receive scholarships according to their achievements. Through their experiences in the NPOs where they are assigned, the participants develop creativity, insight and a capacity for action. The 10th annual program was carried out in fiscal 2007, with 34 applicants from 23 universities. After screening and interviews, 11 of the applicants were selected to receive scholarships and went to work for organizations involved in the environment, international exchange and social welfare, among other fields. In October 2007 Nissan hosted a midterm meeting for the interns at its headquarters in Tokyo, giving them an opportunity to report on their operations and exchange information with fellow interns with the aim of improving their activities.



Participants pose after finishing the 10th annual NPO Learning Scholarship Program.

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## Continuing Partnerships in Environmental Education

In November 2007 Nissan co-hosted an extension course, the Environmental Volunteering School, with Waseda University's Hirayama Ikuo Volunteer Center (WAVOC). The course, which provided a chance to learn about Nissan's environmental efforts, was attended by 25 students. In addition to lectures on the Nissan Green Program 2010, the program included a group work session with staff from Nissan's Global Environment Planning Office to discuss environment-friendly cars of the future.

Also in November 2007 Nissan employees visited six public junior high schools in the city of Nikko, Tochigi Prefecture, to conduct classes about fuel-cell vehicles (FCVs), using the company's 2005-model X-TRAIL FCV as an example. This year, the second year for these classes based on a special agreement between Nissan's Environmental and Safety Technologies Global Government Affairs Department and the Nikko Board of Education in 2006, more than 300 students and teachers had the opportunity to ride in an FCV, providing food for thought on the future of our mobility society. Nissan employees also visited three public elementary schools in the town of Karuizawa, Nagano Prefecture, to conduct similar classes during the Karuizawa Arts Festival 2007, which we co-sponsored. All of the 277 participants enjoyed a ride in the FCVs, which were also used to transport performers to and from the festival grounds.



One of the X-TRAIL FCVs used at the Karuizawa Arts Festival 2007

## Encouraging Employee Volunteer Activities

We launched the Nissan Financial Support Program for Volunteer Activities in 1996 with the aim of supporting volunteer activities and community involvement by employees. In this program, Nissan pledges to match employee donations and provides financial assistance when there are insufficient funds for employees to carry out volunteer activities or purchase the necessary supplies for such activities. We actively encourage voluntary social involvement and fund-raising activities among our employees, and we are working hard to create an environment in which our workers can carry out such volunteer activities on their own initiative.

## Community Partner in the National Wheelchair Marathon

From November 30 to December 2, 2007, Nissan's Oppama Plant joined with local community groups to co-host a national wheelchair marathon, the Nissan Cup Oppama Championship 2007. Organized jointly by corporate and community hosts, the marathon serves the dual purpose of revitalizing the local community and fostering awareness of sports for the disabled.



Racers take part in the Nissan Cup Oppama Championship 2007.

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The 2007 event, which marked the eighth time for Nissan to be involved in the wheelchair marathon, attracted approximately 200 participants, including some of Japan's top wheelchair athletes. Following a new course that included the Oppama Plant's Grandrive test course as well as public roads, racers competed in marathon and half marathon categories. There were also short-distance time trials and instruction sessions for beginners, mainly younger athletes. Contributions from the Taiyo Fund, a donation program set up by Nissan employees especially for this event, were also presented to various organizations supporting athletics for the disabled.

## Supporting Academic Culture

The Nissan Science Foundation was established in 1974, commemorating the 40th anniversary of the company's founding, with the goal of contributing to the improvement of academic research and culture in Japan. With a specific focus on research in the three areas of the environment, cognitive science, and science and technology or environmental education, the foundation aims to "create solutions for social progress" through its various activities. The Nissan Workshop in IPoS (Intensive Program on Sustainability), for example, brings together young Southeast Asians to help raise their understanding of transportation-related sustainability and environmental issues, thereby fostering future leaders for the region. To date, the Nissan Science Foundation has provided cumulative assistance of ¥6 billion to roughly 2,000 projects.

Every year since 1993, we have awarded the Nissan Science Prize to a promising researcher in the environmental technology field. In 2007 Professor Masayuki Yamamoto, vice-dean of the Tohoku University Graduate School of Medicine, received the prize for his research into the molecular structure of environmental response and adaptation in living things. Yamamoto's work examines accumulations of harmful oxidants in the human body, as well as the stress mechanisms that respond to the introduction of toxins and other foreign substances. Hopes are high that this research will shed light on the origin of a number of diseases at the molecular level.

## The Nissan Monozukuri Caravan

In July 2007 we launched a new social contribution project, the Nissan Monozukuri Caravan. Established in collaboration with the Kanagawa Prefecture Board of Education, this program aims to provide 10-year-olds in the prefecture with the opportunity to experience firsthand the fun of *monozukuri* (crafting things) and the feeling of creating something big through a series of small steps, as well as the importance of teamwork. Some of the activities planned for the program, which was designed exclusively by Nissan, include a session for assembling model toy cars and discussing how to improve the manufacturing process, as well as a hands-on session in



Nissan Workshop in IPoS (Intensive Program on Sustainability) 2007



Some of the children who took part in the Nissan Monozukuri Caravan

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which the children learn about the various tools used on the factory floor. The first class of the Nissan Monozukuri Caravan was held on July 10, 2007, at Tateno Elementary School in the city of Yokohama; in all more than 4,500 children at 49 schools have taken part. We plan to continue the caravan program, which provides a different kind of experience from factory tours, expanding it to other prefectures in Japan.

### Aid to Earthquake Victims

On March 25, 2007, the Noto Peninsula Earthquake struck the Hokuriku region of Japan, on the Sea of Japan coast. Nissan contributed to effective volunteer relief efforts by providing four rental vehicles free of charge to local volunteer centers in the area affected by the quake. Nissan employees also demonstrated their concern, donating approximately ¥2 million to a special earthquake fund that was forwarded to such organizations as the Community Chest of Ishikawa Prefecture.

Nissan provided ¥5 million in emergency assistance to the region affected by the powerful Niigata Chuetsu-oki Earthquake, which occurred on July 16, 2007, along the Sea of Japan coast of Niigata Prefecture. Of the total amount, ¥3 million went to a disaster volunteer activity fund set up by the Central Community Chest of Japan, while the remaining ¥2 million took the form of four vehicles for use in relief operations. In addition to a donation of 1,000 towels through Nippon Keidanren (the Japan Business Federation), Nissan also sent supplies of nonperishable food and drinking water from each of its offices and plants to the city of Kashiwazaki, one of the hardest hit areas. Nissan employees, in cooperation with the workers' union, raised ¥3.5 million in donations, which they sent to various organizations assisting disaster relief in the prefecture, including the Community Chest of Niigata Prefecture.



Nissan provided free rental vehicles for use in earthquake relief efforts.

## WORKING FOR SOCIETY IN NORTH AMERICA

### Partnership with the SAE Foundation

In May 2007, Nissan announced its contribution of \$1.5 million to the Society of Automotive Engineers (SAE) Foundation for the development and initial distribution of the "A World In Motion" (AWIM) K-3 curriculum. AWIM gives students hands-on learning experiences in the fields of science, technology, engineering and math, and enhances learning by bringing volunteers, often engineers, to classrooms to work with students and teachers. The K-3 curriculum provides math and science instruction to students in the earliest years of formal learning and is designed to pique their interest in these subjects. Nissan is proud to support the SAE Foundation in its efforts to educate the next generation of engineers and scientists.



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## Supporting the Future of Nature

Nissan North America and the World Wildlife Fund (WWF) have formed a partnership to empower young leaders on college campuses to become effective advocates for the environment. The Nissan-WWF Environmental Leadership Program provides tomorrow's leaders with opportunities to learn about the most pressing issues facing the global environment; to meet with scientists, policy makers and business leaders addressing these issues; to develop leadership skills; to receive hands-on experience in scientific field research; and to build a network of peers from around the country in a variety of academic disciplines.

In addition to investing in the future of young leaders, through this annual \$1 million partnership, Nissan North America is providing support for the WWF's conservation efforts in its priority places. Our funding for the WWF's U.S. Southeast Rivers and Streams program has enabled the WWF to provide small grants to local NGOs working to save freshwater resources in the Southeastern United States, including the Harpeth River, which runs by Nissan North America's new Tennessee headquarters. With this innovative partnership, together Nissan North America and the WWF are supporting the future health of the natural environment.



The Nissan-WWF Environmental Leadership Program trains tomorrow's environmental leaders.

## Nissan Aids in Disaster Recovery Efforts

In February 2008 tornados ravaged the Southeastern United States, injuring hundreds, killing many and displacing families. In response to the disasters affecting central Tennessee, Nissan volunteers joined clean-up efforts to help whole communities that were devastated by the tornados. The group gathered their tools, put on protective clothing, and helped clear debris from affected neighborhoods, working alongside thousands of local residents.

To further support recovery efforts, Nissan donated \$120,000 to the American Red Cross Nashville Area Chapter. The Red Cross is coordinating relief efforts in Tennessee with other organizations. Nissan is proud to be a part of a community that cares deeply about its neighbors.

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## EUROPEAN PROGRAMS

### Nissan Humanitarian Activities

Nissan International S.A. in Europe is helping crisis responders offer aid around the world in times of emergency. On February 8, 2008, Nissan International provided a Nissan Patrol 4x4 vehicle to Télécoms Sans Frontières (TSF) for use in crisis-torn areas around the globe. The Patrol is equipped with a satellite communications dish provided by Eutelsat.

TSF is a nongovernmental organization that plays an essential role in providing communications services in crisis zones. The group can deploy specialist teams within 24 hours of an emergency anywhere in the world. This partnership with TSF was piloted by the International Independent Institute for Space and Satellite Solutions (3i3s), which aims to highlight technological applications for space and satellites while affirming their humanitarian and social benefits.



This 4x4 Nissan Patrol will help TSF carry out its activities in crisis-hit areas around the globe.

### Christmas Donations in Europe

In December 2007, Nissan International S.A. donated its €4,000 Christmas card fund to its NGO partner, CARE France. In consideration of the environmental impact of printing cards, beginning in 2005 Nissan International has opted to send simple e-cards via the Internet. The money saved goes to CARE France, which puts it to good use in further supporting its many humanitarian actions around the world. In Spain, meanwhile, Nissan Iberia S.A. and Nissan Motor Ibérica S.A. teamed up to present €5,000 to UNICEF, the United Nations Children's Fund.

### Children's Visits to the Barcelona Plant

Nissan Motor Ibérica S.A. in Spain runs a program bringing students from two schools each week to visit Nissan production sites. The educational visit program has been taking place at the Barcelona Plant, giving elementary school students aged eight to 12 the chance to see where our vehicles are made.

The two-hour visits are organized twice a week with the main objective of enhancing Nissan's message and sharing it with children. Around 50 people, including students and teaching staff, take part in each session. As an explanatory guide to the assembly lines, we have produced a storybook especially for the children, with easy-to-understand text and illustrations.

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**CONTRIBUTING TO THE WORLD**

**“Imagination Factory” Design Forum Series**

Beginning in 2006, Nissan Motor Co., Ltd. sponsored a series of forums across Asia focusing on automotive design. Titled “Imagination Factory,” these forums were held in collaboration with local design associations in Singapore, Taiwan, China, Malaysia, the Philippines, Thailand and Hong Kong. The gatherings included panel discussions in which Nissan and local creators explored new design possibilities. The forums also featured exhibitions of Nissan’s design philosophy, strategy and practices open to the public, offering people a view deep into automotive design trends.

In some of the locations we also held one-day workshops for students interested in careers in the fields of automotive or industrial design. Many young people welcomed these opportunities to have their visions of “the cars of 2030” critiqued by Nissan designers. Our “Imagination Factory” events, which drew the participation of some 2,000 people in all, were the first such design-related gatherings to be organized by an automaker.



Our “Imagination Factory” forums took place all around Asia.

**Fund-Raising Along the Silk Road**

The Nissan Ten-Year International Silk Road Walk is a fund-raising event that covers the whole 7,000 kilometers of the historic Silk Road over the course of a decade. Sponsored by Nissan China Investment Co., Ltd., this walk provides participants with the moving opportunity to experience for themselves the wonders of China’s history and art as they travel through different regions, along with fresh insight into China’s educational and environmental issues. The event includes fund-raising activities for elementary schools in some of China’s poorest regions.

In 2006 Nissan China Investment made a 100,000-yuan (around ¥1.4 million) donation to the Lifeline Express, a mobile, train-based medical clinic offering free treatment to people in the poor regions of the Chinese interior. Our help was received with gratitude and official recognition from the Chinese Ministry of Commerce and the Chinese Foundation for Lifeline Express, which operate the mobile medical program.



The Silk Road walk spans 10 years and 7,000 kilometers to raise money for charity.

**Keeping Children Safer on China's Roads**

In September 2007, Nissan (China) Investment Co., Ltd. gave its support to a road safety education event for elementary schoolchildren in China’s central western region. This event was organized by the China Road Traffic Safety Association, the PR department of the Communist



Nissan supported the donation of traffic safety caps to children in central western China.

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Party of China's Guizhou Provincial Committee, and the Guizhou Provincial Government. The event's goals were to provide elementary schoolchildren in the economically underdeveloped inland region with road safety items and to encourage them to boost their road safety awareness. Students from Tianlong and Nanhua Miao Xiwang Elementary Schools in Guizhou Province received yellow caps and school materials bearing road safety messages, and a kids' traffic police rhythmic exercise contest gave them an enjoyable way to acquire a sense for road safety.

### The Nissan Adbag Project

An "adbag" is a sturdy canvas bag made from recycled billboards for Nissan products. The Nissan Adbag Project, organized by Nissan South Africa, emphasizes environmental sustainability and humanitarian assistance. In this project the materials to create adbags are collected from dismantled Nissan billboards and assembled by people with mental and physical disabilities. They are then distributed to schoolchildren in rural villages, who welcome the chance to replace the plastic bags typically used to carry books to school.

Originally started in the northern province of Limpopo in 2006, the project distributed more than 15,000 adbags within a year. It is now expanding to other South African provinces, including North West, KwaZulu Natal and the Eastern Cape.

Adbags have become part of the numerous NSA projects that involve underprivileged children. NSA plans to incorporate the adbags into a unique flagship program that also involves mobile eye clinics.



The Nissan Adbag Project sees billboard material recycled into school bags for children.

### Promoting Learning in South Africa

Nissan South Africa (NSA) also supports numerous learning initiatives that promote educational and professional development in South Africa.

For the past decade, NSA has been part of the Rally to Read, which takes place every May in seven provinces. At the rally, companies donate reading and writing materials that are then given to rural schools across South Africa. The rally also provides educators with training materials to help them more effectively tend to their students' needs.

In 2007, NSA also benefited 450 college students by donating 15 unused engines from its discontinued line of Almera family cars to 15 colleges with motor mechanical training programs in three provinces that surround the Nissan manufacturing plant in Rosslyn, Pretoria.



Nissan South Africa provides active support for a range of educational and professional-development initiatives.

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Finally, for the past three years NSA has conducted "learnership programs" that aim to bridge the technical skills gap in South Africa by teaching young people the skills they need to become successful candidates for employment. Some 350 people have taken part in the program, which benefits not only participants but also the country's manufacturing sector as a whole.

### Mobile Eye Clinic

In September 2006, Nissan South Africa launched a multiyear plan to promote the optical healthcare of the people of South Africa, beginning with the donation of a Nissan Interstar van fully equipped with optometry equipment to an organization operating a mobile healthcare project. This plan has been expanded with the partnership of a nonprofit organization, the International Centre for Eyecare Education, and NSA will donate two additional mobile eye clinics in 2008 and 2010 at a total project expense of 4.8 million rand (around ¥65 million) over five years.

Mobile eye clinics provide elementary school students in rural South African villages with optometry care. Eye tests and screenings can be conducted inside the cabin of the Interstar, which can dispense 4,000 pairs of prescription eyeglasses to children in need each year. The first van began offering service in KwaZulu Natal province in 2007, and the current and subsequent vans will expand coverage across South Africa.

Because primary healthcare and adequate transportation are not readily available in rural areas, the mobile eye clinic project provides an essential service to the schoolchildren it visits.



This Nissan-provided mobile clinic offers eye care to people in remote farming districts in South Africa.

#### Messages from Our Stakeholders

### Recycling to Help Children



**Susan Mavhungu**  
Production Supervisor  
The Gateway Village

When material from Nissan's advertising billboards arrives at the Gateway Village to be recycled and turned into Nissan adbags, there is great excitement in the air. This is because the project involves almost all of our facility's people with disabilities, helping to raise their self-worth and dignity as they take part in the meaningful work.

By assigning this project to our organization, thus providing us with the cash income we need to continue our

services, Nissan South Africa is helping to ensure our sustainability. And by providing the adbags we create from the recycled signs to schoolchildren in rural areas, who would otherwise be carrying their textbooks in plastic bags, the company is helping to reduce the rubbish produced when those fragile bags are discarded.

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# Protecting the Environment

Achieving a Symbiosis of People, Vehicles and Nature



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Protecting the Environment

# Protecting the Environment

## Facing Environmental Challenges

Nissan's environmental philosophy, "A Symbiosis of People, Vehicles and Nature," aptly sums up our ideal society. We adopted this philosophy in 1992, and since then we have worked hard to make it a reality. We constantly strive to assess the type of impact that our vehicles and corporate activities have on the global environment, and we work to address all issues that need to be resolved.

In 2008 the first commitment period of the Kyoto Protocol begins. In May 2008, meanwhile, the price of crude oil broke the \$130 per barrel mark on the New York Mercantile Exchange. The Fourth Assessment Report of the Intergovernmental Panel on Climate Change, which was issued in November 2007, states that the climate system is warming up, and international discussions aimed at working out a post-Kyoto framework are gaining momentum.

We are already living in a carbon-constrained society. Tackling the challenges facing the global environment is a fundamental part of Nissan's business. What do we need to do so that we can continue to provide the richness of a lifestyle with mobility to the next generation, and to generations after that? Based on our midterm environmental action plan, Nissan Green Program 2010, we are making sincere efforts toward further innovations that will bring about a society in which people and vehicles coexist with nature.

### NISSAN'S BUSINESS ACTIVITIES AND THE ENVIRONMENT

#### A Better Environment for a Better Tomorrow

Motor vehicles are built using a variety of resources and run primarily on gasoline and diesel fuels. As a global automaker, Nissan takes active steps to gauge the impact of its business on the environment and to minimize such impact. As our ultimate goal, moreover, we seek to reduce the environmental impact caused by our operations and the usage of Nissan vehicles to a level that can be absorbed naturally by the Earth. Our goal is to leave as small a footprint on the planet as possible.



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Nissan's desire is to be a "sincere eco-innovator." By *sincere*, we mean a proactive stance toward addressing environmental challenges and reducing the real-world environmental impact. Being an *eco-innovator* means providing our customers with optimal value in the form of innovative products, technologies and services to contribute to the development of a sustainable mobility society.

At Nissan, we believe that we can make meaningful efforts to help protect the global environment. The exhaust emission levels of the cleanest vehicle today are under 1/100 to 1/250 of the levels defined in regulations in the early 1970s, and our ultimate goal is to reduce this amount to levels near to the clean air of the atmosphere. We will contribute to global environmental protection by creating a sustainable mobility society and achieving "a Symbiosis of People, Vehicles and Nature."

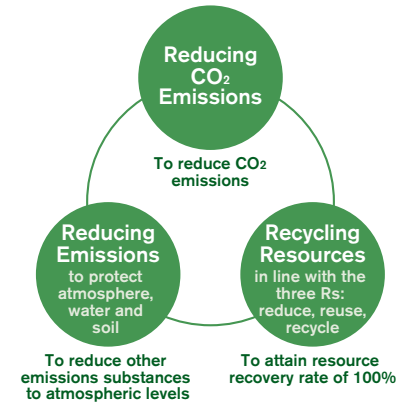
**Nissan's Three Key Issues**

After considering the impact of various issues like climate change, the burden placed on the ecosystem and humans by environment-impacting substances and dwindling stores of mineral and water resources, Nissan has identified three major issues to be addressed: managing CO<sub>2</sub> emissions; protecting the air, water and soil; and recycling resources. We have established and are working to achieve specific goals in each of these areas in order to minimize the impact on the environment of Nissan's motor vehicles and business activities.

We feel that these issues can be resolved in a sustainable way only by offering the right products to customers at the right cost and the right time. The management of CO<sub>2</sub> emissions, which Nissan considers to be a high priority, is being advanced under a "QCT-C" framework that adds a CO<sub>2</sub> component to the traditional management indices of quality, cost and time. In this way we are undertaking companywide management of CO<sub>2</sub> emissions.

**Nissan Green Program 2010**

In December 2006 we announced our Nissan Green Program 2010, or NGP2010. This is a set of medium-term targets to be reached by 2010 as a means to help Nissan as a whole globally achieve its ultimate environmental goals. A step forward from Nissan Green Program 2005, NGP2010 strongly reflects our perceptions and resolve to protect the environment. Based on NGP2010, we will continue to rise to the various challenges of creating a sustainable society by offering products that customers want and that are environmentally friendly.



**NISSAN GREEN PROGRAM**



[http://www.nissan-global.com/EN/ENVIRONMENT/GREENPROGRAM\\_2010/](http://www.nissan-global.com/EN/ENVIRONMENT/GREENPROGRAM_2010/)

Please see our website for more information on Nissan Green Program 2010.



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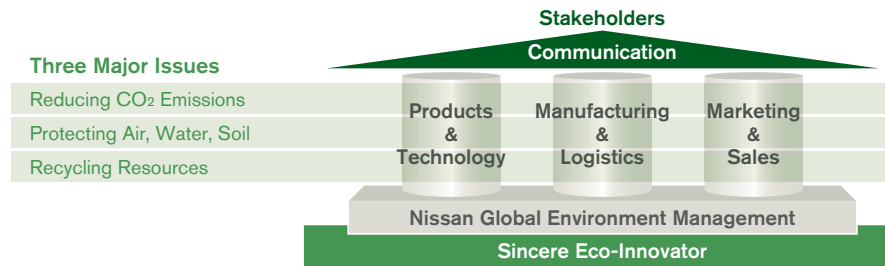
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**ENVIRONMENTAL MANAGEMENT**

**Global Environment Management**

To achieve progress toward its goals in the three major issues to be tackled, Nissan considers it necessary to link the efforts of its divisions engaged in product and technical development, production, distribution, marketing and sales. This form of management is capable of achieving the greatest results possible through a cooperative approach that enhances our actions' effectiveness. We have established a global environmental management framework to develop our activities across this spectrum. By setting numerical targets and creating action plans for each area of our operations, we are making it possible to tackle the issues in an integrated manner.

**Our Framework for Global Environment Management**



The organization outlined on the next page promotes environmentally oriented management on a scale that covers all our activities around the world. The Global Environment Management Committee (G-EMC), chaired by Nissan's chief operating officer, makes decisions on companywide policies and proposals to the Executive Committee. In 2007 we launched the Global Environmental Planning Office, which manages PDCA tasks—planning, doing, checking and acting—by making decisions on proposals forwarded to the G-EMC and specific actions to be taken in various divisions of the company, as well as tracking progress in these areas.

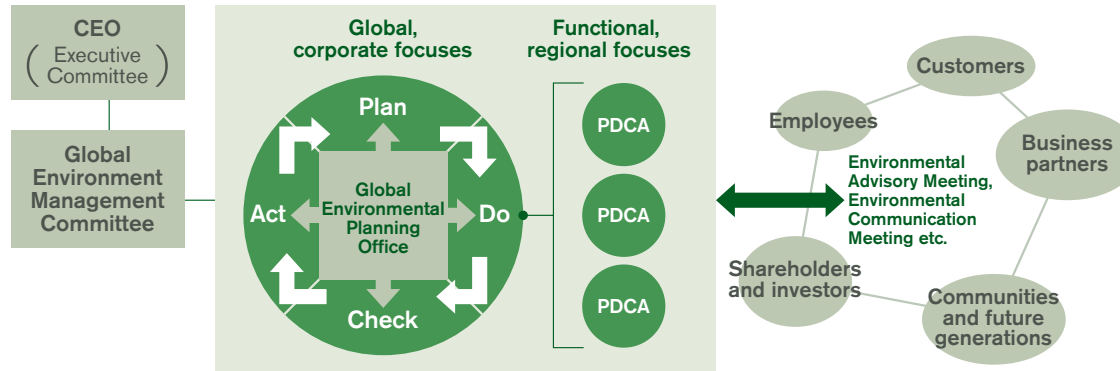
Nissan draws on external input as well as these internal organizations in refining goals and actions. We seek to deepen understanding of the views of all our stakeholders, for example through discussions with external experts and specialist organizations at our Environmental Advisory Meeting. We also work to improve the content of our actions by examining them from the perspective of trends in institutional SRI, or socially responsible investment, and by making use of rating agency evaluations.

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**Nissan's Global Environment Management Organization**



**A Sustainable Environmental Management System**

All companies in the Nissan Group worldwide, including production sites, sales companies and affiliate companies, have been introducing environmental management systems to promote environmental activities.

At Nissan's main global production plants and R&D centers, we have been introducing ISO 14001. Today 16 of 18 production companies, which include Nissan and its consolidated manufacturing affiliates, have obtained ISO 14001 certification. Our basic policy is to establish environmental management systems according to the same standards whenever we expand our business into new areas.

In Japan we have built on ISO 14001 certification to introduce the Nissan Green Shop certification system, a unique environmental management system for our dealerships. As of the end of March 2008, some 3,200 dealership outlets in Japan belonging to 185 companies, including those handling parts and forklifts, had been designated as Nissan Green Shops. Every three years these dealers undergo audits by Nissan headquarters, which decides whether they can renew their certification; the dealers themselves work constantly to improve their environmental performance, carrying out their own internal examinations twice a year.

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### ISO 14001 Certification for Global Product Development Process

Nissan began applying the ISO 14001 standards to its product development process in fiscal 1998. In March 2008 we expanded this to our worldwide operations, receiving global ISO 14001 certification. We carried out a new review of our management systems, in line with Nissan Green Program 2010, with the aim of making solid advances in the field of product development. As a result, we were able to build uniform processes across our global operations, making it possible to establish mechanisms for expanding a more effective and efficient PDCA (plan, do, check, act) cycle.

### Nissan Green Procurement Guideline Expanded Globally

In 2006 the purchasing divisions of Nissan and Renault compiled *The Renault-Nissan Purchasing Way*. This sets forth our thinking in regard to doing business with our suppliers, who are our business partners, and it forms the basis of our supply chain management. In addition to this, in April 2008 we expanded the environmental standards for suppliers of automobile parts and materials, releasing them as the Nissan Green Procurement Guidelines. We have started work on extending the operation of the guideline, beginning in Japan and moving on to other regions as well. We are working together with our suppliers toward making our environmental philosophy, "a Symbiosis of People, Vehicles and Nature," a reality.

### Deeper Communication with Stakeholders

Nissan provides various venues for two-way communication with stakeholders on environmental topics. We seek to reflect our understanding of their positions in our planning and business strategies in ways that help us increase our corporate value. Forums to exchange opinions with external experts help us to adjust our goals and the direction of our progress. Stakeholder engagement is a fundamental part of our corporate management, giving us access to valuable third-party reviews of our actions.

Nissan's information disclosure efforts include its Sustainability Reports, other printed materials for both adults and children and informative websites. To enhance communication with stakeholders, we organize informational exhibits, test-drive events, environmental panel displays in the guest halls at our plants, public tours of our environmental facilities, internal communications measures and Environmental Advisory Meetings.



Suppliers meet to discuss the Nissan Green Procurement Guidelines. (Japan)



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

Publications and other data on our environmental measures are available at our website.

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**Nissan's Environmental Advisory Meetings**

Our annual Environmental Advisory Meetings bring experts who are on the front lines of global environmental issues to meet with Nissan executives. These gatherings aim to generate discussion whose results can be put to work in the company's environmental strategies, and are a valuable venue for us to collect input from specialists as we craft our global environmental strategy.

At the third advisory meeting, held in December 2007, a presentation on the Nissan Green Program 2010, our midterm environmental action plan, was followed by discussion based on outside responses and feedback on initiatives for Nissan to pursue in the future. We will continue to take third-party opinions to heart and evaluate them for inclusion in our environmental strategies, as part of our efforts to create a sustainable mobility society.



The annual Environmental Advisory Meeting

**Environmental Education at Local Elementary Schools**

Nissan started a continuing program of environmental classes at Yokohama's Honcho Elementary School, near the new Nissan headquarters, in fiscal 2006. We also give environmental classes at elementary schools near our regional offices. In fiscal 2007 we augmented our lectures on environmental problems with a new "science classroom" program. Students in the program make model fuel-cell cars that run on hydrogen and oxygen and enjoy rides in a real fuel-cell vehicle, our X-TRAIL FCV. In this way we aim to boost environmental awareness among children, on whose shoulders the future rests, by giving them the chance to experience for themselves the energy of the future. An additional goal is to help reverse the recent decline in young people's interest in science in Japan. We intend to widen the scope of our activities in the future and offer classes in more elementary schools.



Elementary schoolers learning in Nissan's environmental course (Japan)

**Internal Communication for Employee Awareness in Japan**

Nissan is also committed to internal communication to raise environmental awareness. In fiscal 2007, we marked Japan's Environment Month, observed in June, with a number of programs under the theme "NGP2010 and Environment Month." One of these was an on-site screening of an environmental documentary at our headquarters and nine other Nissan locations. Many employees responded positively to a questionnaire distributed after the screening, noting that the film provided them with fresh insight into their work.



Employees viewing the documentary film

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**Unique Education for Employees**

To promote employee awareness of environmental issues, Nissan provides focused training for all its employees in Japan. Basic environmental education forms part of the orientation program for new hires, all of whom attended the program in fiscal 2007. New managers, too, undergo training when they are appointed to their posts to give them the knowledge and awareness they need to lead our environmental preservation activities. Nissan has developed a unique training curriculum that includes discussion programs with the participation of outside experts, courses to boost the eco-awareness of the company's middle management and environmental seminars for top managers in the research and development division. Nissan also plans to develop an even more systemic program that can be rolled out on a more uniform global basis.

**Improving Environmental Literacy Through e-Learning**

Nissan's environmental e-learning program is one of its in-house educational tools for employees. January 2008 saw the full-scale launch of courses in this program for employees in Japan. This learning tool, which we developed in concert with the Natural Step, an NPO focusing on sustainability education, clearly illustrates global environmental mechanisms and the importance to automakers of involvement with environmental challenges. We plan to take our basic environmental education program, which includes e-learning, and develop it into a global program covering affiliate companies as well.

The Nissan environmental e-learning program received the Japanese Minister of Economy, Trade and Industry's Award at the Fourth Japan e-Learning Awards, earning high praise for its simplicity and goals.

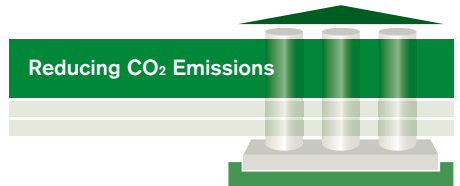


Nissan won the Japanese Minister of Economy, Trade and Industry's Award for its e-learning program.

**REDUCING CO<sub>2</sub>**

**Tasks to Pursue for a Low-Carbon Society**

Some scientists have predicted major changes in the environment as a result of CO<sub>2</sub> emissions. The reduction of CO<sub>2</sub> is a challenge that humanity must meet on a global scale. At Nissan we take a variety of steps to minimize the emission of CO<sub>2</sub> at all stages of our operations, as well as during the life cycle of Nissan cars—from their production and transport to dealerships through their use by customers and their final disposal.

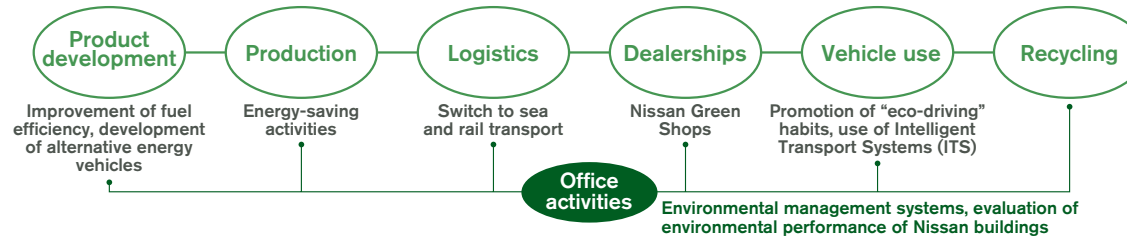


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**Nissan's Efforts to Reduce CO<sub>2</sub> Emissions**



In November 2007 the Intergovernmental Panel on Climate Change (IPCC) released its Fourth Assessment Report, which states: "Warming of the climate system is unequivocal." In 2008 the world entered the first commitment period of the Kyoto Protocol, which runs through 2012, and international debate is now intensifying on the next framework agreement for climate change, to take effect thereafter. There are likely to be further developments this year, with the G8 Summit taking place in Hokkaido in July and the Fourteenth Conference of the Parties to the UN Framework Convention on Climate Change (COP14) scheduled for December. Against this backdrop many national governments are enforcing stricter emissions and fuel-efficiency standards for motor vehicles.

Meanwhile, the price of crude oil passed the \$130 a barrel mark on the New York Mercantile Exchange in May 2008. Rising fuel costs are leading to increasing demand among our customers for environmental technologies.

We are already living in a carbon-constrained society, and today there is a need for a sense of urgency. One of our top priorities is the management of CO<sub>2</sub>. This calls for innovative technologies and business models. We at Nissan are speeding up our efforts to pave the way to a low-carbon society.

**Nissan's CO<sub>2</sub> Emission Levels**



Calculated according to Nissan's internal standards (annual figures)

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### The Nissan Approach to Reducing CO<sub>2</sub>

We believe that technology can play a significant role in advancing significant reductions of CO<sub>2</sub>. Nonetheless, reducing emissions is a task that will require joint efforts by all of society. Furthermore, it is not enough for environmental technology to aim for CO<sub>2</sub> reductions alone. To be truly sustainable, technological development must also take into account such factors as basic performance and cost, and must have the potential for broad acceptance. With this awareness, we are making proactive efforts in the development of our products, and in every area of our business activities, to reduce CO<sub>2</sub> emissions. Our goal is to turn the challenges posed by CO<sub>2</sub> emissions into opportunities for Nissan.

### Improving CO<sub>2</sub> Emission Management Through QCT-C

Nissan has introduced its Global CO<sub>2</sub> Management Way, QCT-C, in order to strengthen its efforts to reduce CO<sub>2</sub> emissions. In this new set of management indices, we add a CO<sub>2</sub> component (C) to the traditional QCT indices of quality, cost and time in order to indicate the CO<sub>2</sub> reduction initiatives taking place across the whole company. QCT-C involves reducing CO<sub>2</sub> emissions not only from our products, but also from all aspects of our corporate operations. Balancing the often-conflicting demands of QCT and CO<sub>2</sub> reduction is a big challenge, but we believe that achieving this balance and providing Nissan customers with added value are essential tasks for our business.

### Nissan's Long-Term Reduction Roadmap

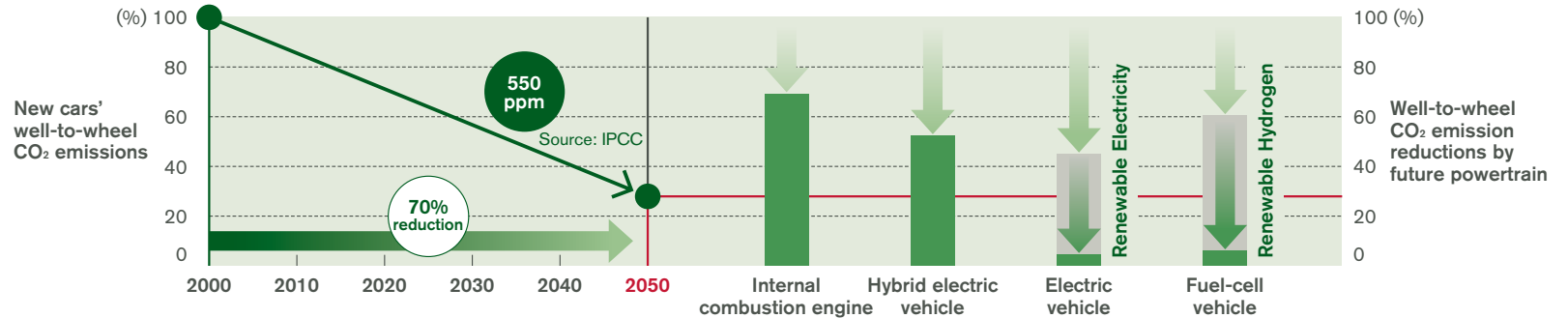
We at Nissan have established long-term CO<sub>2</sub>-reduction targets and are carrying out the necessary research and development to achieve those goals. Opinion is divided over the extent to which humanity needs to control rising global temperatures and atmospheric concentrations of CO<sub>2</sub>. In line with the IPCC's Third Assessment Report, we believe that if society at large can stabilize atmospheric CO<sub>2</sub> at 550 parts per million, it will help prevent average temperatures from rising more than 2 degrees Celsius. To achieve this, we calculate that the "well-to-wheel" CO<sub>2</sub> emissions of new vehicles in 2050 will need to be reduced by 70% from 2000 levels. (Well-to-wheel emissions are the total CO<sub>2</sub> emissions from oil extraction through its consumption as refined fuel when the vehicle is driven. Well-to-tank emissions—over which automakers have very little control—include emissions from oil extraction through refining and delivery of fuel to the customer.) The latest scientific forecasts in the IPCC's Fourth Assessment Report, issued in November 2007, suggest that further reductions may be necessary.

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**Long-Term CO<sub>2</sub> Reduction Goals**



Looking in terms of vehicle power source, gasoline engines have the potential for an additional 30% cut in CO<sub>2</sub> emissions over the long term. Over the short and medium term, the focus of CO<sub>2</sub> reduction efforts will be on enhancing the fuel efficiency of engines. Diesel engines produce less CO<sub>2</sub> than gasoline, but we are fully aware of the need to make diesel emissions cleaner.

Further reductions, however, will require the spread of new types of electric-powered vehicles, such as hybrid, fuel-cell and electric vehicles. Nonetheless, the 70% CO<sub>2</sub> reduction target cannot be met even with these technologies unless renewable energy is used to power the motors and/or recharge the batteries. It will therefore be key to strengthen coordination with the energy sector.

**“Four Rights”**

Our focus at Nissan is on making steady reductions in CO<sub>2</sub> emissions by providing effective technologies at prices that customers can afford, thus ensuring that the technologies can be quickly and broadly embraced by the market. We therefore take the view that technology must be introduced in accordance with “four rights”: the right technology, at the right time, in the right market at the right value to the customer.

Through the four rights, we strive to meet the needs of our customers and society as a whole, providing technologies that have genuine value. We see this as our responsibility to society as a global automaker, and as an indication of our unwavering sincerity.

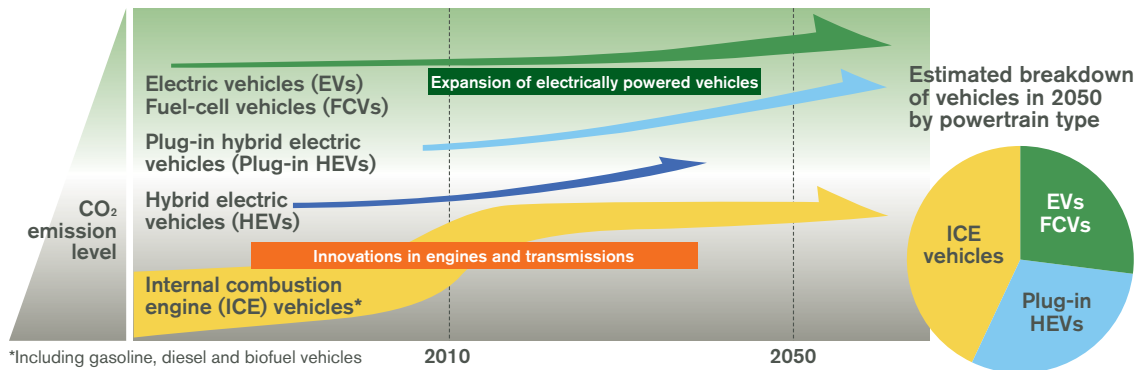


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**Nissan's Powertrain Roadmap**



\*Including gasoline, diesel and biofuel vehicles

**Integrated Approach for Reducing CO<sub>2</sub> Emissions**

Nissan takes a holistic approach to CO<sub>2</sub> reduction that links together vehicles (the Nissan product), drivers and the driving environment. The amount of CO<sub>2</sub> emitted while driving is influenced not only by a vehicle's performance and the type of fuel, but also by how the vehicle is driven and under what road and traffic conditions. For this reason, we aim for more effective CO<sub>2</sub> reductions by developing and popularizing fuel-efficient vehicles while at the same time encouraging environmentally friendly driving practices and working in cooperation with regional and national governments and other industries to improve the driving environment.

**Utilizing the Merits of the Alliance**

Research on and development of technologies to reduce CO<sub>2</sub> are undertakings that require considerable resources. Nissan works with its Alliance partner, Renault, by developing joint platforms and sharing the tasks of engine and transmission development. The fruit of this collaboration, our new X-TRAIL, will be released in Japan in 2008. This X-TRAIL model features a clean diesel engine based on the M9R engine co-developed with Renault and Nissan's own high-performance catalyst and advanced engine-management technologies.

**Vehicles**  
Improvement of fuel economy, development of alternative energy vehicles, etc.



**Drivers**  
Encouragement of eco-driving, etc.



**Driving environment**  
Use of Intelligent Transport System (ITS) technologies, etc.

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**Reducing CO<sub>2</sub> Through Products and Technologies**

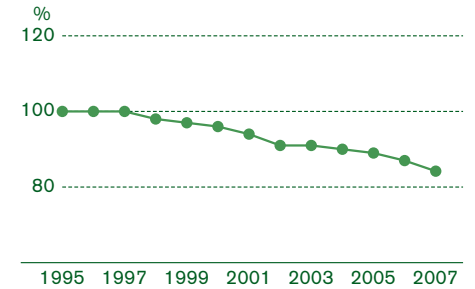
**Aiming for a 70% Reduction by 2050**

Nissan has established a long-term goal of reducing CO<sub>2</sub> emissions from new vehicles by approximately 70% from 2000 levels by 2050, and is working on a variety of approaches to achieve this target. Nissan discloses fuel-consumption data for its vehicles in accordance with the measurement standards prescribed in each country, and it also sets its own in-house standards for average real-world fuel economy by considering a mix of figures for city, highway and heavy-traffic road conditions to be used as an index for enhanced fuel efficiency.

We also calculate the companywide averages for fuel consumption in Japan and North America, and for CO<sub>2</sub> emissions in Europe, by taking note of the number and type of vehicles shipped each year. This helps us set targets to meet regulatory standards in each region and to reduce overall CO<sub>2</sub> emissions.

The figure at right shows the average annual CO<sub>2</sub> emissions of new Nissan cars sold in the Japanese, U.S. and European markets based on actual shipments.

**Sales-Weighted Average CO<sub>2</sub> Emissions of New Passenger Cars (Japan, EU, USA)**



**Fuel-Efficient Engines and CVTs**

As part of Nissan's efforts to enhance the fuel efficiency of gasoline engines and reduce CO<sub>2</sub> emissions, it has developed a new 1.5-liter gasoline engine and the electronically improved Xtronic continuously variable transmission (CVT) system for the Note 2WD. This gives a 6% improvement in mileage compared to the earlier models, at the same time allowing us to achieve a recoverability rate of 95%.

The Note surpasses fuel-efficiency standards for fiscal 2010 by 20%. It has been certified as a Super Ultra-Low Emission Vehicle (SU-LEV), with emission levels 75% lower than 2005 standards. It thus qualifies for the highest available "green tax" breaks in Japan for low-polluting vehicles.



We have achieved top fuel-efficiency levels in a number of models, including the Nissan Note.

**Annual Global Sales of CVT Vehicles Reach 1 Million**

Under Nissan Green Program 2010, we set forth the goal of increasing annual global sales of vehicles fitted with our CVT to 1 million units by fiscal 2007, and we have been working to boost vehicles using this technology. In fiscal 2007 we achieved this goal as sales of CVT vehicles reached 1,088,000 units. Approximately 28.6% of all Nissan cars sold worldwide were CVT vehicles, compared to just 7% in fiscal 2004. The ratio in North America was 47.7%, and in Japan, 43.8%.



Global sales of CVT-equipped vehicles broke the 1 million mark.

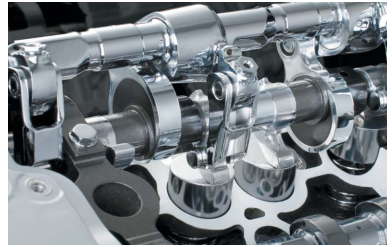
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**Global Rollout for VVEL**

Nissan uses the variable valve event and lift (VVEL) system in its V6 and V8 engines, and is introducing the system on a global basis through such models as the Skyline Coupe. The VVEL system achieves higher response, greater power, lower fuel consumption and cleaner emissions by continuously varying the angle and lift of an engine's intake valve according to the pressure applied to the accelerator, so that there is direct control over the amount of air fed to the engine. Combining this system with continuous valve timing control (C-VTC) allows control over the timing and lift of the valves, giving improvements in intake resistance and air intake response. This leads to both better vehicle performance and improved environmental performance, with CO<sub>2</sub> emissions reduced by up to 10%, according to internal measurements comparing the CO<sub>2</sub> output of engines with and without VVEL systems.



The VVEL system is available in the Skyline Coupe.

**Aiming for 30 Kilometers per Liter**

Nissan is targeting the introduction of gasoline-powered cars that reduce CO<sub>2</sub> emissions to levels equivalent to hybrid vehicles by 2010, starting in the Japanese market. The aim is a car that can run for 100 kilometers on just 3 liters of gasoline, meaning it gets more than 30 kilometers per liter. Nissan is working toward this goal by combining ultra-efficient, supercharged engines with next-generation CVTs, a hydrogen-free diamond-like carbon (DLC) coating for valve lifters and integrated control systems.



Clean diesel engines offer reduced CO<sub>2</sub> emissions.

**Introducing Clean Diesel Vehicles**

Clean diesel engines are seen as a promising technology for reducing CO<sub>2</sub> emissions. Nissan has already launched clean diesel engines running on blended biodiesel fuel on the European market, beginning with the release in 2007 of the Qashqai fitted with a clean diesel engine. The new X-TRAIL—the first car on the Japanese market with a clean diesel engine, which complies with Japan's Post-New Long-Term Exhaust Emission Regulations—is slated for launch in fall 2008. In North America, the clean diesel engine will be installed in the Maxima in fiscal 2010, and we have plans to take the technology to the Chinese market as well.



This 2008 X-TRAIL features a clean diesel engine.

**Developing the 100% Biofuel Car**

Biofuels, which are made mainly from plant matter, are a renewable energy source. The main biofuels used for automobiles are bioethanol and biodiesel. All new gasoline-fueled vehicles released by Nissan can already run on gasoline with a 10% blend of bioethanol (E10), and in North America, Nissan markets the Titan FFV and Armada FFV, which can run on 85% bioethanol fuel (E85). We plan to introduce a 100% bioethanol model in Brazil in 2008.



The Titan pickup sold in North America can run on fuel mixtures of up to 85% biofuel (E85).

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**Participation in Tokachi Biofuel Trials**

Since April 2008 Nissan has been taking part in the Tokachi E10 trials, a project held in Hokkaido's Tokachi region that aims to spread the use of E10 fuel, a gasoline mixture including 10% bioethanol. As part of its participation Nissan has developed an E10-compatible Murano, the first car in Japan to receive official certification from the Minister of Land, Infrastructure, Transport and Tourism as an E10 vehicle. The bioethanol used for the Tokachi trials is made from substandard wheat and sugar beet, and so has little impact on food supplies, yet according to our estimates it has the potential to replace 1% (15,000 kiloliters) of the annual gasoline demand of Hokkaido.



The Nissan Murano was the first car in Japan certified as compatible with E10 fuel.

**Nissan-Exclusive Hybrid Vehicles**

Hybrid electric vehicles (HEVs), which combine a gasoline engine and an electric motor, have such eco-friendly features as low CO<sub>2</sub> emissions and cleaner exhausts. Nissan launched the Atlas 20 Hybrid truck in Japan in 2006 and the Altima Hybrid in North America in 2007. In fiscal 2010, it will launch new HEVs with Nissan's original hybrid technologies in North America and Japan.



The Altima Hybrid achieves low exhaust emissions and outstanding fuel economy without sacrificing the acceleration and power performance of conventional vehicles.

**Plug-in Hybrid Development**

Research and development is being carried out into plug-in hybrid technology, which is an effective technology for reducing vehicle CO<sub>2</sub> emissions. Plug-in HEVs can run on motors whose batteries may be charged using ordinary electric sockets to enable CO<sub>2</sub>-free driving when operating on electric power, just like conventional electric cars.

**The Next Generation of Fuel-Cell Vehicles**

Fuel-cell vehicles (FCVs) run on electricity generated from hydrogen and oxygen. FCVs do not give off CO<sub>2</sub> or other exhaust gases, as the only waste emitted during driving is water. With our X-TRAIL FCV, equipped with a 70 megapascal high-pressure hydrogen tank and a Nissan-developed fuel-cell stack, we have achieved cruising ranges and acceleration on a par with gasoline models. In Japan, Nissan vehicles became part of the world's first FCV chauffeur-driven hired-car business in 2007.



Nissan's latest FCV, the X-TRAIL FCV 2005 model

**Rolling Out New Electric Vehicles**

Electric vehicles, which run on motors and batteries, are very clean cars that do not give off CO<sub>2</sub> or other exhaust gases. Nissan has been developing electric vehicles since the 1960s, and has announced and marketed numerous models. We will introduce an all-electric vehicle in the United States and Japan in fiscal 2010 and then mass-market vehicles to consumers globally in fiscal 2012, working closely with other industries on recharging facilities and other infrastructure.



Our Pivo 2 concept car, unveiled at the 2007 Tokyo Motor Show

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### Promoting a Shift to Electric Cars

The core technologies in electric-powered cars are the motor, battery and inverter. Nissan has long focused its energies on development in these areas, and it will continue to do so under Nissan Green Program 2010, working particularly hard to reduce costs for mass production. Our innovations include the establishment of a battery manufacturing company as part of these efforts, and we are striving to improve performance and further reduce costs. The batteries produced are slated for use in hybrid, next-generation fuel-cell and electric vehicles.

#### Joint Venture to Produce Li-ion Batteries

Nissan has established Automotive Energy Supply Corp. (AESC), a joint venture with NEC Corp. and NEC Tokin Corp., to manufacture lithium-ion batteries. AESC aims to supply lithium-ion batteries for electric-powered vehicles to Nissan, as well as to other automakers worldwide, by fiscal 2009. AESC was established in the belief that lithium-ion battery technology offers a key solution for achieving a sustainable mobile society.

#### Reducing Congestion in Beijing, China

In October 2006 Nissan launched the ITS Project, an experimental effort in Kanagawa Prefecture that aims to reduce traffic accidents and relieve congestion through the use of Intelligent Transport Systems (ITS). The following year we began work on the Star Wings project in Beijing, China, in collaboration with the Beijing Transportation Information Center. This project aims to develop a new traffic system to relieve congestion and improve driving conditions in Beijing and across China. Nissan has thus gone beyond the conventional role of an automaker in our proactive efforts to bring about the social infrastructure that will improve the driving environment.

#### Ranking Drivers' Eco-Drivings

In Japan, Nissan is using its Carwings car navigation service to calculate drivers' average fuel consumption. The system compiles a monthly ranking of drivers according to their fuel efficiency, displaying the results on the navigation system screens. This is a fun way to prompt drivers to adopt sustainable eco-driving habits.

The Carwings service was awarded the 2007 Minister of Land, Infrastructure, Transport and Tourism Prize in the Eco-Services Category of the 2007 Eco-Products Awards for the combination of its eco-driving advisory program and its high-speed route search function, which suggests detailed routes to drivers. In 2008 Carwings also received the Agency for Natural Resources and Energy Director-General's award, given as part of the Energy Conservation Grand Prize program.



Laminated Li-ion batteries can provide twice the power in half the size of older battery packs.



Nissan teamed up with NEC to form Automotive Energy Supply Corp., a manufacturer of Li-ion batteries.



Star Wings, our new traffic information system being developed in Beijing



Ranking eco-drivers with the Carwings navigation service

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## Reducing CO<sub>2</sub> in Our Business Activities

### Global Reduction of CO<sub>2</sub> Emissions from Manufacturing

Most of the CO<sub>2</sub> emissions from the manufacturing process are due to the consumption of fossil fuels. As a part of the Nissan Production Way, Nissan is engaging in a variety of energy-saving activities in manufacturing its vehicles.

In the area of production technology, we have introduced more efficient facilities, improved production methods and installed energy-saving lighting in our business locations. We carry out careful management of lighting and air-conditioning systems as well as complete operations of the facilities with lower levels of energy loss. We are moving forward with CO<sub>2</sub> reductions by sharing these activities and other optimal methods among all manufacturing sites worldwide.

We have also started to utilize renewable energy sources in line with the geographical conditions of each plant. Nissan Motor Manufacturing (UK) Ltd. has introduced wind-generated electricity, and in Japan, Nissan Motor Co. participates as a Y-Green Partner in a wind electricity project in the city of Yokohama. We are making use of solar energy in Spain, where Nissan Motor Iberica S.A. has installed photovoltaic panels, and in Mexico, where Nissan Mexicana, S.A. de C.V. is introducing facilities to produce hot water by solar power.

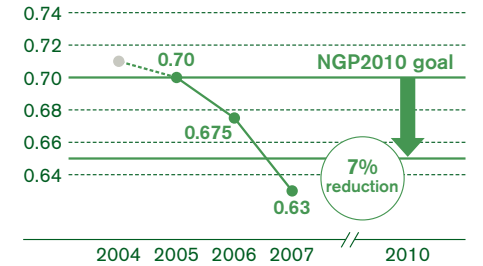
Nissan's target is to reduce CO<sub>2</sub> emissions by 7% below the fiscal 2005 level by fiscal 2010 as measured by the indicator "CO<sub>2</sub> emissions per global vehicle" (total emissions generated from global Nissan vehicle manufacturing sites divided by the total Nissan vehicle production volume). In order to achieve this, Nissan is promoting CO<sub>2</sub> emission reduction activities and disseminating Japan's cutting-edge energy conservation technology to all its plants worldwide, and the plants in all countries are learning and sharing best practices with each other.

CO<sub>2</sub> emissions per vehicle in our global manufacturing sites for fiscal 2007 were approximately 0.63 tons, a 10% reduction from the fiscal 2005 level.

### Increasing Our Use of Wind Power (UK)

In March 2008, Nissan Motor Manufacturing (UK) Ltd. added two more wind turbines to the wind power facility at its Sunderland Plant. A further two turbines are also planned to be installed within fiscal 2008, which will bring the total number to 10. Electricity generated by these turbines accounts for approximately 7% of the annual electricity requirements of the plant. This is expected to reduce CO<sub>2</sub> emissions by approximately 5,600 tons per year.

Global CO<sub>2</sub> Emissions per Vehicle (t-CO<sub>2</sub>/vehicle produced)



\*2004 figure is per vehicle emissions for major global production plants.



Wind turbines at the Sunderland Plant (U.K.)

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## Modal Shifts and Increased Transport Efficiency

The transport of parts and finished products, an integral aspect of any production activity, is handled mainly by trucks that emit large quantities of CO<sub>2</sub>. Nissan is seeking to enhance the efficiency of its overall distribution network and reduce emissions by shifting to other transportation modes, such as rail and sea. We are also improving our parts packaging to increase the loading ratio.

The CO<sub>2</sub> emissions resulting from Nissan's distribution activities in Japan totaled about 111,000 tons in fiscal 2007. In establishing targets for Nissan Green Program 2010, we recalculated emissions during distribution using updated energy consumption methods based on ton-kilometers and the type and amount of fuel used. At the same time, we increased the number of activities included in our calculations of CO<sub>2</sub> emissions. These activities include all domestic transport, including between ports, of finished vehicles, as well as parts for production and repair. In fiscal 2006 we included such new categories as delivery of internal documents between our offices, shipments of industrial waste and the distribution of pamphlets and other promotional materials to dealers. A further expansion of our scope of calculations came in fiscal 2007, when we began tracking and managing emission levels during shipments between Japanese and foreign ports, as well as those from distribution within the North American, European and other markets.

### Measures to Improve Loading Ratios

Nissan has been sending its own trucks to take delivery of parts from suppliers since 2000, the first Japanese automaker to do so. Compared to the earlier practice of having the suppliers deliver the parts themselves, this led to an improvement in the loading ratio. Whereas deliveries used to require some 2,500 10-ton trucks a day, under the new system we have been able to reduce the number of trucks to 2,200. We have introduced this approach in China and Thailand, and we plan to extend it to other countries as well.

In Europe, Nissan has an arrangement with Renault for the joint shipment of parts and completed vehicles. Both companies ship finished cars across the English Channel together on the same ferries, and we have included other automakers in this joint use to further improve transport efficiency.

Nissan has also made innovations to the containers used for packing parts. We have independently developed 55 varieties of container to hold parts more efficiently. These containers can be folded after use to save space, giving a 10% increase in the loading ratio when the containers are shipped back after delivery. Our Parts Logistics Engineering Department, which specializes in developments of this type, is working to bring further efficiency to our distribution of parts.



Modal shift to ferry transport

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### Modal Shifts to Streamline Shipping

To increase transportation efficiency and reduce CO<sub>2</sub> emissions, Nissan has been promoting a modal shift from truck to maritime and rail transport. Some 60% of our completed vehicles in Japan are transported by sea. We are also moving forward with use of the Nissan Car Pack, a dedicated rail freight car that can hold vehicles on upper and lower decks; in fiscal 2007 we transported 6,000 vehicles in this way. Furthermore, vehicle parts manufactured by makers in the Kanto region that used to be sent to Nissan's Kyushu manufacturing plant by truck are now being sent by rail container, which results in less than half the CO<sub>2</sub> emissions of transportation by ship.



Modal shift to rail

### Steps Taken at Offices and Dealerships

We are currently working to upgrade the Nissan Green Shop program implemented throughout Japan to introduce comprehensive CO<sub>2</sub> management measures at our dealers. In fiscal 2008, based on Nissan Green Program 2010, we commenced management of CO<sub>2</sub> emissions resulting from the business activities of Nissan dealers.

The Nissan Advanced Technical Development Center in Atsugi, completed in May 2007, has qualified for the top "S" ranking under the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE), which is implemented by Japan's Ministry of Land, Infrastructure, Transport and Tourism. The new Nissan headquarters in Yokohama, scheduled for completion in 2009, received a local CASBEE certification from the city of Yokohama in March 2007 and is expected to gain the "S" ranking from MLIT. CASBEE forms part of the Japanese government's efforts to fulfill its obligations under the Kyoto Protocol by promoting energy-saving structures, and Nissan is helping Japan meet the government's challenge.

In the United States, too, Nissan has taken environmental concerns into consideration in the design of its new Nissan North America headquarters, an energy-efficient facility scheduled for completion in July 2008.



Nissan's new Yokohama headquarters will be an eco-friendly facility.



The Nissan Advanced Technical Development Center in Atsugi, Kanagawa Prefecture



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## PROTECTING THE AIR, WATER AND SOIL

### Eco-Friendliness as a New Value for Nissan Cars

Nissan has worked to comply fully with vehicle exhaust regulations and restrictions on materials that can impact water or soil quality when vehicles are disposed of, and to meet targets for the reduction of volatile organic compounds (VOCs) in vehicle cabins. We have promptly responded to these regulations by developing cars that comply with them, or else with our own voluntary standards, which are even more rigorous. Today, emissions from our SU-LEV (Super Ultra-Low Emissions Vehicle) models are under 1/250 of the level permitted in the early 1970s. Our focus is on bringing the direct and indirect environmental burden of the total life cycle of our cars and of our corporate activities as close to zero as possible. We are dedicated to making this a new value for our customers and for society, and to developing the environmental technologies that will make this possible.

### Meeting Global Environmental Quality Standards

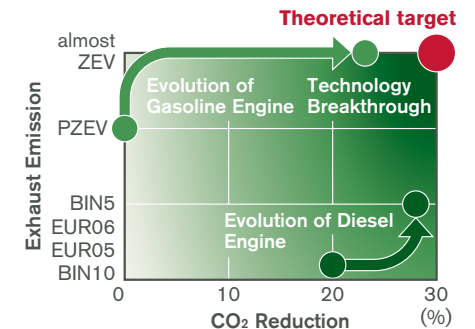
In order to reduce our use and emissions of substances that adversely affect the air, water and soil, Nissan considers the automobile over its entire life cycle—from development and production through use and disposal.

The impact of Nissan's products on air quality comes primarily in the form of emissions released while a car is on the road. Regulations covering these exhaust emissions are becoming stricter all around the world. Euro4, the European Emissions Standards Level 4, went into effect in Europe in 2005, and the follow-up Euro5 standards will come into effect in 2009; in the United States, meanwhile, the Environmental Protection Agency's Tier 2 or California Air Resources Board's Zero Emission Vehicle (ZEV) requirements regulate vehicle emissions in that country; and Japan is now implementing new long-term emission standards. The technology of diesel vehicles is an effective means of reducing CO<sub>2</sub> emissions, and governments are expected to bring the regulations on them into line with those now covering gasoline vehicles. And China and other countries are now moving toward closing the time lag in implementation of exhaust regulations as stringent as those seen in Japan, Europe and North America.

Nissan is making aggressive efforts to reduce the health effects of formaldehyde, toluene and other VOCs that can be released in vehicle cabins. Under a voluntary program carried out by the Japan Automobile Manufacturers Association to reduce cabin VOCs, all new models launched for Japan from April 2007 will meet standards set by the Japanese Ministry of Health, Labor and Welfare for concentration levels of 13 compounds in vehicle interiors. There is also a need to minimize the VOCs released on the painting lines in our plants.



### Advances in Gasoline and Diesel Engine Technologies



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The European End-of-Life Vehicles (ELV) Directive is a set of advanced regulations seeking to reduce the environment-impacting substances used in vehicles around the world. Nissan sources an increasing portion of its parts from locations all across the globe, and we are strongly aware of our responsibility to reduce the environmental impact of the substances we use in all the areas where we do business.

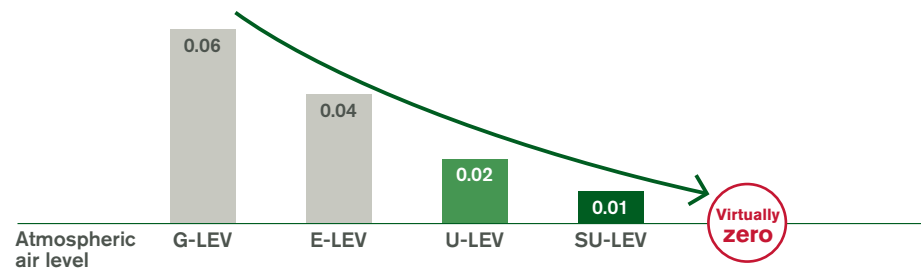
In accordance with the European Commission's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation, adopted in December 2006, we are also working on the management of chemical substances all the way up our supply chain.

### Production to Meet Future Environmental Standards

To become a more eco-friendly auto manufacturer, Nissan sets strict regulations and targets for the design and production of its vehicles. Our Sentra CA, released in the United States in January 2000, was the first gasoline-powered car in the world to comply with the emissions requirements of CARB, the California Air Resources Board, receiving Partial Zero Emissions Vehicle (PZEV) certification. Our Bluebird Sylphy, released in Japan in August 2000, became the first vehicle to gain certification from the Ministry of Transport (now the Ministry of Land, Infrastructure, Transport and Tourism) as an Ultra-Low Emission Vehicle (U-LEV), a vehicle producing 75% less nitrogen oxide (NOx) and hydrocarbon (HC) than the level prescribed in the 2000 emission standards. In 2003 this model became Japan's first to receive SU-LEV certification as a Super Ultra-Low Emission Vehicle producing 75% less NOx and non-methane hydrocarbon (NMHC) emissions than prescribed by the standards for 2005. As of the end of December 2007, over 85% of all Nissans sold in Japan are SU-LEVs.

Nissan has set itself the ultimate goal of emissions as clean as the atmosphere, and we are continuing research and development in this direction. Nissan Green Program 2010 sets a target of achieving early compliance by 2010 with upcoming exhaust emission regulations in each region.

### Exhaust Emissions Reductions and Future Target for LEVs (NOx and HC) [g/km]



### Major Nissan Models Certified in Japan as SU-LEVs



Tiida



Note



March



Bluebird Sylphy



Skyline

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### Top-Level Technology to Reduce Emissions

In the pursuit of cleaner vehicle emissions, Nissan sees it as necessary and effective to begin with the improvement of gasoline engines. We have built up a storehouse of industry-leading catalytic technologies, and we are putting these to work in the development of cleaner engines, providing effective technology to our customers at an affordable price.

By December 2007, more than 85% of the Nissan vehicles sold in Japan had earned four-star SU-LEV certification, the highest rank for clean emissions.

### Reducing Environmental Impact Throughout the Product Life Cycle

Nissan is advancing measures to reduce its usage of substances that impact the environment. Regulations and guidelines differ from country to country, but our procurement network has expanded to a worldwide scale, and we are applying one set of global standards to all our procurement activities.

We are currently working to reduce volatile organic compounds (VOCs) in the vehicle production process ahead of any regulations coming into force, aiming both to cut back on their use and to reduce the amount of VOCs emitted by our products. Specific steps include a systematic switch to water-based painting, a reduction in the amount of paint and thinners used and the collection of used thinners.

### Low-Pollution Products and Technologies

#### World Leader in Catalytic Technology

Nissan has long been one of the world's leading developers of catalytic technology, beginning with its moves to meet the requirements of the U.S. Clean Air Act of 1970 and including the world's first PZEV certification, earned by the Sentra CA in 2000, and the first U-LEV certification awarded in Japan, earned by the Bluebird Sylphy in the same year.

In May 2006 we reached our goal of earning SU-LEV certification for 80% of our gasoline-powered passenger vehicles sold in Japan. As of the end of December 2007, this figure had risen above 85%. We plan to move forward with expanded production and marketing of SU-LEV models. The Nissan Tiida, which is marketed in Beijing, China, met with the Euro3 emission standards that the Beijing government adopted at the end of December 2005 as an early phase of implementation across China; this was followed by the Sylphy, which has been certified as meeting Euro4 standards. We were also one of the first automakers to receive Beijing Environmental Protection Bureau certification for our on-board diagnostic (OBD) system, a self-diagnosing system that warns of problems with a vehicle's catalytic converter or other emission-control systems. In Europe, too, we moved steadily ahead with programs to comply with Euro4 regulations, introducing qualifying vehicles in 2003 ahead of the dates required by the regulations.



The Nissan Tiida marketed in China

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**Cleaner Diesel Engines**

Auto manufacturers are being required to produce cleaner diesel engines, and we aim to stay ahead of the regulatory curve in this field. Our new clean diesel vehicles make use of diesel particulate filters (DPFs) that trap and remove the substances that make up dark fumes, NOx-absorbent catalysts and oxidation catalysts.

The Qashqai SUV, which we released in Europe in 2007, is fitted with a 2-liter diesel engine and a DPF that clears the Euro4 standards. A clean diesel that meets Japan's Post-New Long-Term Exhaust Emission Regulations, which will be applied from October 2009, is slated for release in fall 2008. Beginning in 2010 we will market cleaner diesel vehicles that meet the United States' Tier 2 Bin 5 and Europe's Euro5 regulations.



The clean diesel Qashqai for the European market

**New Catalyst Halves Use of Precious Metals**

Nissan has developed a catalyst for gasoline vehicles that uses only half the precious metals of conventional catalysts, while maintaining the same level of performance. Exhaust-cleaning automotive catalysts use such metals as platinum to facilitate chemical reactions that convert the nitrogen oxide (NOx), carbon monoxide (CO) and hydrocarbon (HC) in exhaust gases into less harmful byproducts. In conventional automotive catalysts, the high temperatures of exhaust gases reduce the cleaning ability of the catalyst, making it necessary to use large quantities of precious metals. Nissan's pioneering catalyst technology uses nanotechnology to ensure that there is no drop in cleaning efficiency under high temperatures, while significantly reducing production costs. The catalyst will appear in new models released from fiscal 2008 onward.

**Diesel Technology with SU-LEV Standard Emissions**

Using high-performance catalysts, Nissan has developed clean diesel technology that may potentially meet the SU-LEV standard of the emissions regulations of the State of California (equivalent to the U.S. Tier 2 Bin 2 emissions requirements). Nissan's hydrocarbon-nitrogen oxide (HC-NOx) trap catalyst technology has added an HC-absorbing layer to the layers that trap and clean NOx. The HC absorbed by this layer is oxidized by minute quantities of oxygen (O<sub>2</sub>) to produce hydrogen (H<sub>2</sub>) and carbon monoxide (CO), which effectively reduce NOx to give cleaner emissions. This promising new technology is a major step toward Nissan's ultimate goal of achieving the lowest possible emissions. We will carry out further research and development to put it to practical use.

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### Uniform Global Standards on Environment-Impacting Substances

Nissan is working on a global basis to reduce or completely do away with certain substances in all new models launched from July 2007 onward: heavy metals including mercury, lead, cadmium and hexavalent chromium, in-cabin volatile organic compounds (VOCs), and polybrominated diphenyl ether (PBDE) flame retardants.

We are reconsidering the adhesives and other substances used in the seats, door trim, floor carpets and other parts of our vehicle cabins, with the aim of reducing VOCs. In Japan, we have reduced the cabin concentrations of 13 substances in all new models from 2007 onward to levels below those permitted by Japan's Ministry of Health, Labor and Welfare. This puts us ahead of voluntary moves within the Japan Automobile Manufacturers Association to meet government guidelines.



We brought cabin VOC concentrations below guideline values set by the Ministry of Health, Labor and Welfare in the Bluebird Sylphy. (Japan)

### Low-Pollution Business Activities

#### Reduced Environmental Impact at the Production Stage

Nissan has clearly defined management system and usage standards in place to control environment-impacting substances in the manufacturing process. We are working to reduce both usage and emissions of such substances. We are also trying to achieve higher performance toward satisfying legal requirements in all the regions where our main plants exist. For example, in Japan, fiscal 2006 saw the enforcement of a revised Air Pollution Control Law, with new requirements for VOCs to be met by fiscal 2010. Nissan has already complied with these requirements by switching to water-based paints and installing regenerative thermal oxidizers to capture and destroy pollutants at production sites.



A Kyushu Plant line switched to water-based paint, producing less VOCs. (Japan)

## TOWARD SUSTAINABLE RECYCLING OF RESOURCES

### Sustainable Resource Use Around the World

Nissan is an automaker with operations all around the globe, and uses a wide range of resources. Another major issue related to our business is the rapid price increases of crude oil and precious metals.

Nissan hopes to continue offering people access to lifestyles with mobility. We view the sustainable recycling of resources as essential to the achievement of this goal. Our basic stance



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is to treat resources as precious things to be used as efficiently as possible. We intend to work on recycling resources around the world, using the methods best suited to each area in which we do business.

An average passenger vehicle weighs from 1 to 2 tons and is made of valuable, finite materials, including iron, aluminum, copper and synthetic resin. Furthermore, cars consume fossil fuels once they are on the road.

It is against this backdrop that nations around the world are implementing measures to boost efficient resource usage. Japan and the countries of the European Union were among the first to regulate automobile recycling. Legislation has given these efforts fresh momentum: the End-of-Life Vehicles (ELV) Directive came into effect in Europe in 2000, and Japan's Automobile Recycling Law, enforced in 2005, promotes the creation of better recycling systems. Korea also brought into force a law mandating ELV recycling in 2008. China and other developing economies are expected to see drastic increases in ELVs accompanying the rapid rise in car sales there, and they are already preparing measures to cope with this development.

### New Life for Old Cars

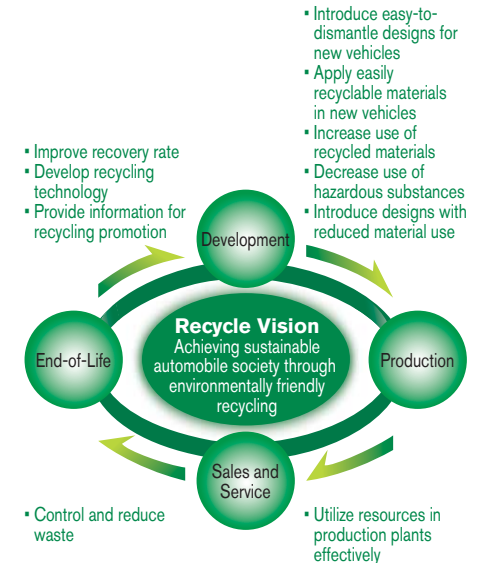
Nissan's hope is to achieve a sustainable society with mobility through automobile recycling. Our basic approach is the "three Rs"—reducing the use of substances that will end up as waste, reusing what we can and recycling materials whenever possible. At every stage of a car's life cycle, we seek to make effective use of the precious, limited resources available to us, thereby contributing to the sustainability of the resource cycle.

In Japan, the Automobile Recycling Law has set a 95% recovery rate as the target to achieve by 2015. Nissan has moved its own recycling target up by five years, and has stated the aim of achieving this figure by 2010 in the Nissan Green Program 2010 (NGP2010) commitments. Thanks to successful activities covering a number of business areas, we hit this target even earlier, in fiscal 2006—four years ahead of NGP2010 and nine years ahead of the legal requirement.

For the next stage, we are aiming to reach this 95% target on a global basis. As one step toward this goal we are working with our Alliance partner, Renault, to create a European network for used vehicle recovery.

At the development stage, Nissan vehicles are designed to reduce their use of environment-impacting substances and make them easier to recycle. To reduce reliance on nonrenewable resources, we also give consideration to the use of recycled plastics and other materials, as well as renewable bio-materials. Material reclaimed from bumpers exchanged in repairs is recycled for new vehicles. We are also examining the possibility of recycling synthetic resins from ELVs as material for new vehicles, exploring methods to overcome the technical challenge of maintaining their quality.

### The Global Nissan Recycling Way



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Nissan's goal is to reduce, reuse and recycle the waste generated at each stage of the production phase as much as possible. Reused parts play an important role at the sales and service phases of a vehicle's life cycle, and we research ways to make dismantling and recycling easier at the end of a vehicle's life. We share the knowledge and techniques gained in this work with people involved in the earlier phases of the life cycle to improve the total process. Nissan places particular emphasis on finding ways to prevent the degradation of reused materials and recycle used cars into new vehicles, rather than other products.

All these steps are part of our pursuit of the ultimate goal: a recovery rate—the percentage of all byproducts from production and other business activities, including heat exhaust, that is recovered instead of discarded—of 100% for all our products. We are also implementing measures that will bring our global recovery rate, the actual recovery percentage when a vehicle reaches the end of its life, to 95%. Cooperation with many other actors in society is essential for making society truly sustainable. In pursuing effective resource-usage policies, we stress the formation of partnerships outside our corporate sphere. We hope to make the synergies formed in this way a part of the grand cycle of recycling resources.

### Resource Recycling Flows: Our Ultimate Goals



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## Development: Recycling a Part of Design

### Designing for the Complete Life Cycle

Making efficient use of the Earth's limited natural resources to produce eco-friendly vehicles is essential to the creation of a sustainable mobile society. In its design and development of new models, Nissan takes an overall view of the car's life, from the design stage until the end of its useful life, avoiding the use of substances that impact the environment and ensuring ease of recycling. In Japan, all new Nissan models produced since 2005 have a recoverability rate of 95% or greater, and we are focusing development efforts on pushing this rate still higher.

Working together with our Alliance partner Renault, we have created OPERA, a recycling simulation system used in the early design stages to calculate recoverability rates and recovery costs for new models. Recycling is thus a key concept at the very earliest stage in the development of new vehicles.

### Achieving a 95% Recoverability Rate with the Skyline



### Bottle Caps Recycled into Components

In January 2008 we started a program of collecting the caps from plastic bottles discarded at Nissan offices and facilities and some related companies nationwide and recycling them into material for vehicle parts. This activity, which all staff can take part in, promotes the responsible use of resources in our auto manufacturing. The caps are made of polypropylene, a resin used in many vehicle parts, but in some areas they had simply been treated as waste. As a way of making maximum use of a finite, valuable resource, we collaborated with other companies to create a flow for recycling the polypropylene as a material for our vehicles. Nissan is keen to work on activities that will recycle used cars into new vehicles wherever possible. We are encouraging this activity as a way of nurturing among our employees the mindset that resources are to be used responsibly.



Bottle caps are collected separately for recycling.



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## Production and Distribution: Efficient Use of Resources

### Waste Reduction and Recycling

To minimize the waste generated during the production stage, Nissan actively promotes measures based on the "three Rs"—reducing, reusing and recycling whenever possible. Nissan Green Program 2010, our midterm environmental action plan, defines our goals in this area as achieving a 100% recovery rate for our operations in Japan and bringing this rate to an industry-best level globally. Our efforts are paying off, and in Japan we have achieved this 100% rate at four manufacturing plants and one operations center, as well as at three of our affiliates.

### Reduced Packaging

As part of our pursuit of eco-friendly business methods, we moved quickly to focus on the wooden pallets used in parts shipping, replacing them with steel and plastic shipping units that could be returned for reuse. Since 2001 we have worked with our Alliance partner Renault to standardize our returnable pallets. This global standardization is now nearly complete, including in China and other Asian markets. We are reexamining packing methods to reduce the space our products occupy during shipping and the amount of packing materials they require. We are also working with our suppliers to develop and adopt packaging materials for shock absorbers that can be reused or recycled, unlike the paper and plastic that has been used in the past.

### Recycling Activities at Dealerships

#### Nissan Green Shop Certification for Environmental Efforts

Nissan's dealerships in Japan, which totaled some 3,200 outlets belonging to 185 companies as of March 2008, are the points of closest contact with customers. To ensure a responsible environmental stance at our sales outlets, we undertake a range of activities based on our Nissan Green Shop environmental management system, which is in line with ISO 14001 standards. Dealers certified as Nissan Green Shops designate officers responsible for environmental issues. These officers maintain dealer compliance with environmental regulations, ensure that ELVs and various forms of waste are disposed of properly, manage all environment-related equipment and carry out communication activities aimed at customers.



A sign at a certified Nissan Green Shop

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## Nissan Green Parts: Smart Use of Limited Resources

Nissan collects parts reclaimed from ELVs and parts that were replaced during repairs. After a thorough check of the quality of these secondhand parts, they are marketed through our sales outlets as Nissan Green Parts. We sell 42 different part types this way, in two categories: reusable parts, which are cleaned and tested for quality before sale, and rebuilt parts, which are disassembled and have components replaced as needed. Sales of these parts in fiscal 2007 exceeded ¥2.12 billion.

## Aluminum from End-of-Life Wheels

One unique recycling program we carry out is our recycling of aluminum wheels. We work together with recyclers throughout Japan to collect these wheels from Nissan ELVs. We recycle the wheels in a process that causes no metal degradation, putting the recycled high-grade aluminum back to use in suspensions and other important vehicle parts. At present we collect and recycle around 100 tons of end-of-life aluminum wheels each month.

## Studies on Optimal Methods of Recycling

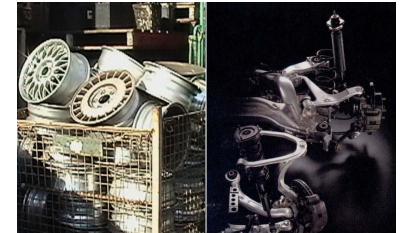
Nissan is working to optimize processing and improve the ELV recovery rate by carrying out experimental studies to develop more efficient ways of dismantling its cars. The results already obtained from these studies have been put to use in processing waste oil, waste liquids, lead and other substances that impact the environment, as well as in the development of our airbag recovery system. Research is currently under way to further increase the recovery rate in order to reclaim valuable raw materials from ELVs.

The studies also provide feedback that helps our product design division choose suitable materials and create vehicles that are easier to dismantle.

## Leading the Industry in Legal Compliance

In January 2005 Japan's ELV Recycling Law went into force, requiring automakers to take back automobile shredder residue (ASR) and airbags, as well as to take back and dispose of chlorofluorocarbons and hydrofluorocarbons (CFCs and HFCs) from their ELVs.

As part of its efforts to comply with the law and increase the efficiency of its resource recovery, Nissan is one of 11 automobile manufacturers and other firms that formed the ASR



End-of-life aluminum wheels are reborn as suspension parts.



Research to improve dismantling efficiency

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Recycling Promotion Team (ART). As a leading member of the ART, Nissan is working as a part of society to improve recovery cost efficiency for vehicle owners.

Nissan's recovery rate in Japan for ASR from April 2007 through March 2008 was 72.0%. This result comfortably clears the 50% level mandated by the law for fiscal 2010, and even satisfies the 70% requirement set for fiscal 2015. We have also achieved an airbag recovery rate of 94.3%, exceeding the legally required 85%, and we have recovered and safely destroyed 164,261 kilograms of CFCs and HFCs.

**Using Shredder Residue as a Resource**

Nissan has focused on recovering automobile shredder residue, or ASR, since well before the 2002 enactment of Japan's Automobile Recycling Law. The high heat index of ASR makes it difficult to control the temperature during the heat recovery process. Nissan has developed technology that lets us overcome this problem. By modifying the furnace at our Oppama Plant, in fall 2003 we became the world's first automaker to recover energy from ASR in its own furnace. Since the Automobile Recycling Law went into force in 2005, we have processed about 400 tons of ASR each month. With the energy generated in the incineration we generate steam used in the painting process at the factory.

**Working Together for Recycling**

The European Union's End-of-Life Vehicles (ELV) Directive was enacted in October 2000, requiring automobile manufacturers and sales distributors to take back and recover ELVs. To comply with this directive, Nissan Europe S.A.S. and Renault are cooperating in activities in the countries where Alliance synergy effects are expected. These activities include the establishment of networks for collecting and recycling ELVs and supporting the sales distributors in each country.

**RESPONDING TO VARIOUS ENVIRONMENTAL ISSUES**

The environmental philosophy of "a Symbiosis of People, Vehicles and Nature" informs Nissan's ideal picture of society. Having positioned our vehicles and business activities as part of an ecosystem, we have defined three key areas of focus for our environmental efforts. As the goals we pursue continue to evolve, we ceaselessly search for new issues to address, focusing on solving the variety of challenges we face while remaining committed to our concept of this symbiosis.

**Recycling Performance Overview (Apr. 2007–Mar. 2008)**

ASR	Volume Received	134,935.7 t
	Volume Recovered	97,195.7 t
	Recovery Rate	72.0%
Airbags	Volume Received	48,248.8 kg
	Volume Recovered	45,481.5 kg
	Recovery Rate	94.3%
CFCs/ HFCs	Volume Received	164,261 kg
	Total Deposits Received	¥6,092,098,207
Total Cost for Recovery, etc.		¥5,956,720,099



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

For more information on our recycling efforts and compliance, see our website.



Nissan recovers energy from ASR at its Oppama Plant.

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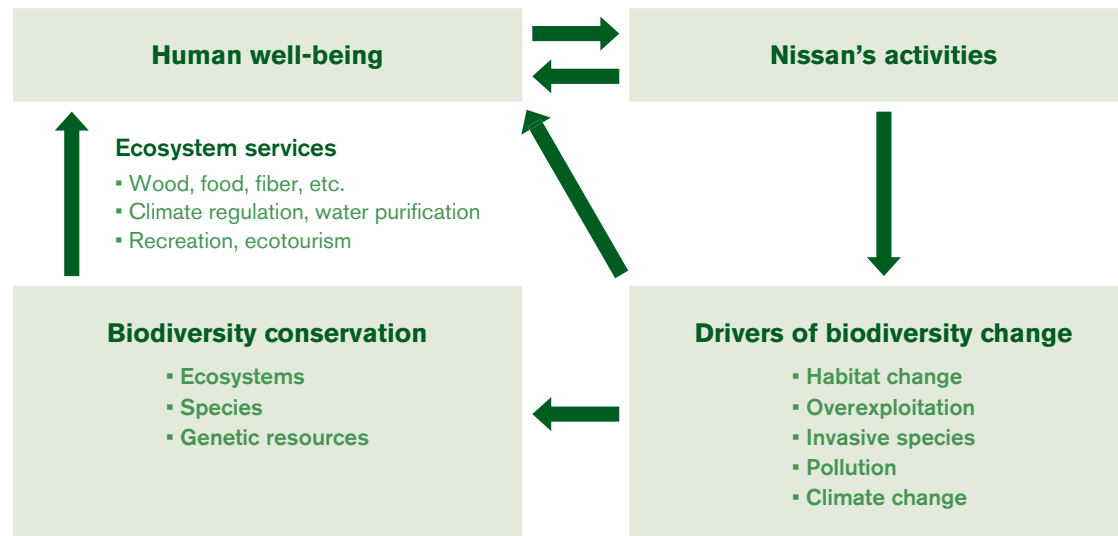
### Reducing Use of Water Resources

At the 2000 United Nations Millennium Summit, member countries adopted a declaration establishing the Millennium Development Goals. The seventh of these goals, "ensure environmental sustainability," defines the target of halving the proportion of people without sustainable access to safe drinking water by 2015. Nissan is doing its part to reduce its own water consumption by cutting back on the amounts used and making use of reclaimed water in its manufacturing processes.

### Measures to Protect Biodiversity

In 1992 the U.N. Conference on Environment and Development, held in Rio de Janeiro, Brazil, adopted the Convention on Biological Diversity, the goals of which the signatory nations have been pursuing since. In March 2005, a global team of U.N. and other scientists unveiled the Millennium Ecosystem Assessment (MA) and explained how changes in ecosystems affect human well-being. Based on the framework provided by the MA, Nissan envisions its relationship with biodiversity as indicated in the figure below, and we will continue to search for areas to focus our environmental efforts on within this framework.

#### The Relationship Between Biodiversity and Nissan



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**Working with the United Nations University**

At Nissan, we believe it is extremely important to gain a full understanding of the present and future of global environmental challenges, such as climate change, preservation of biodiversity and water resources. This understanding must be put to work to identify the roles auto manufacturers should play. Collaboration with experts from outside our own organization is essential to any efforts aimed at finding solutions to such vast challenges. Nissan is therefore promoting discussions on these issues with the United Nations University Institute of Advanced Studies, a UN think tank that has played a central role in such projects as the Millennium Ecosystem Assessment and the Global Environment Outlook.

**The Nissan Prince Oita Forest**

Nissan Prince Oita Co., Ltd. is working to create the Nissan Prince Oita Forest as part of its local social contributions. This afforestation project, carried out in collaboration with the Oita prefectural government, the local forestry cooperative and local landowners, involves planting and nurturing trees on cleared land on the hills around the city of Yufu. Local residents and Nissan staff take part in this project on a voluntary basis. Nissan Prince Oita hopes that having staff working alongside other members of the community for local environmental protection will increase communication and make the local Nissan dealership more approachable for its neighbors.



Nissan staff work with local residents to create the Nissan Prince Oita Forest.

Messages from Our Stakeholders

**Brand Advantage Through Sustainability**



**Russel H. Meyer**  
Chief Strategy Officer  
Landor Associates (USA)

Nissan has achieved business and brand success by keeping its promises. It has made public Nissan Green Program 2010, its environmental plan, achieving recognition for doing so. Now Nissan stands poised to gain brand advantage from identifying unique sustainability initiatives that are relevant to customers.

Nissan's bold vision takes both an immediate and a long-term approach to brand advantage through sustainability. By committing to producing battery-powered vehicles, Nissan shows that something can be achieved today. At the same time, it

is exploring a more systemic approach to sustainability through its ongoing study of the relationship between vehicles and driving behavior.

It will take innovative thinking and collaboration with many corporations and governments to achieve this vision. However, Nissan's thoughtful plan, its public commitments and its sincerity in helping to reduce CO<sub>2</sub> emissions are strong steps toward making a difference in our world—and gaining brand advantage from doing so.

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## Improving Safety

Aiming for a Society with No Traffic Accidents



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Improving Safety

# Improving Safety

## Toward a Safer Automobile Society

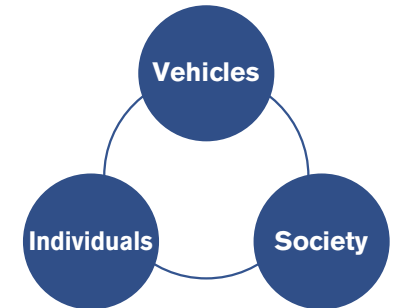
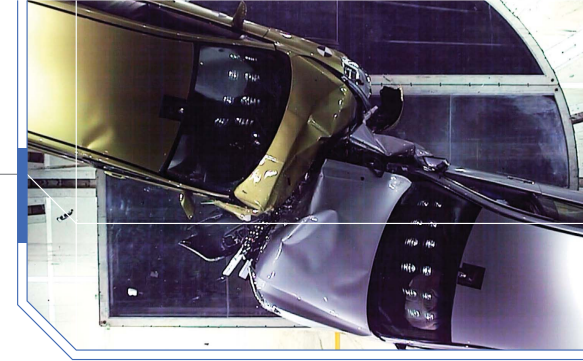
Nissan's goal is to create cars that offer benefits to all members of our mobile society—not just drivers, but pedestrians and passengers in other vehicles as well—while providing a rich and enjoyable driving experience. We are making every effort to improve the safety of our vehicles, such as by developing and improving safety-related technologies that help drivers avoid the risk of accidents that can occur in real-world situations and that help minimize injuries when an accident is unavoidable. We also take part in educational activities to help raise drivers' safety consciousness and in the improvement of the driving environment as a whole through Intelligent Transport Systems. As an automaker, Nissan is carrying out a wide range of efforts to help achieve a safer automobile society.

### WORKING TO REDUCE RISK

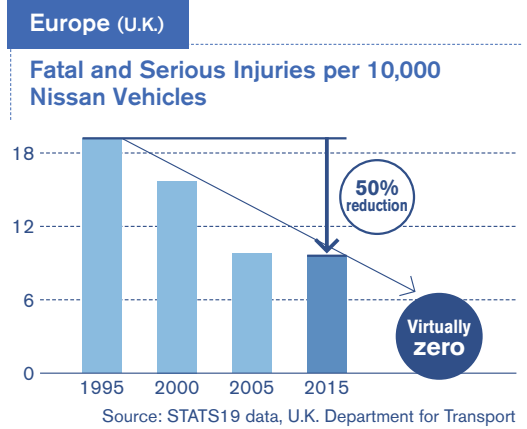
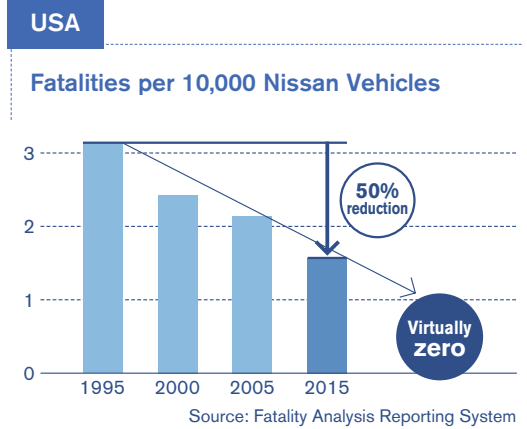
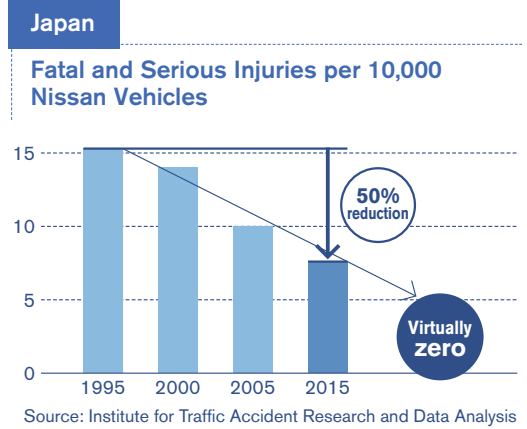
#### Applying Safety Technologies in the Real World

Statistics show that each year around 1 million lives are lost in traffic accidents around the world. In 2007 there were 5,744 accident deaths in Japan. This was the first time since 1953 that the number of annual fatalities fell below 6,000, and steps are needed to ensure that this downward trend continues.

Nissan takes "real-world safety" as a key concept in its activities. We have set the goal of reducing the number of fatalities and serious injuries involving Nissan vehicles to half of the 1995 figures by 2015. In pursuit of this goal we focus our efforts on the manufacture of safe automobiles. According to statistics from the Institute for Traffic Accident Research and Data Analysis, we are making steady progress: in 2006 the number of fatalities and injuries per 10,000 Nissan vehicles in Japan was down by 41% from 1995.




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We carry out data collection on traffic accidents on a global basis, analyzing it scientifically to identify the real-world causes of and trends in accidents. Through a wide range of experiments we seek to clarify the circumstances surrounding accidents and then put our knowledge to use in developing and enhancing our safety-related technologies. At Nissan, our ultimate desire is “to reduce fatalities and serious injuries in accidents to practically zero,” achieving a safer automobile society in the future.

## Developing Technologies Based on the “Safety Shield”

Nissan develops its safety technologies based on the unique “Safety Shield” concept, defining an accident in terms of six phases, from “risk has not yet appeared” up through “post-crash.” Our approach to safety technologies is based on the idea that cars should help protect people. Our development efforts are guided from the perspective of people, who are at the center of the driving experience. We work to support the operations of the driver, making use of a number of barriers that help protect against the risk factors arising in different situations and trying to keep as far from dangerous conditions as possible. When a collision becomes unavoidable, the car’s systems themselves go into action, and Nissan technologies work to help reduce injuries.



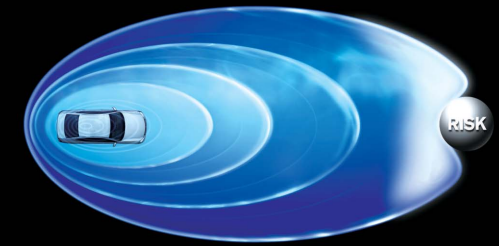
<http://www.nissan-global.com/EN/SAFETY/>  
Please see our website for more information on our safety activities.





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<b>Risk has not yet appeared</b> <ul style="list-style-type: none"> <li>Distance Control Assist System</li> <li>Navigation-enabled Intelligent Cruise Control with full-speed range following capability</li> <li>Adaptive Front Lighting System (AFS) • Around View Monitor</li> </ul>	Helps the driver to maintain comfortable driving
<b>Risk has appeared</b> <ul style="list-style-type: none"> <li>Lane Departure Prevention • Lane Departure Warning • 4-Wheel Active Steer</li> </ul>	Helps the driver to recover from dangerous condition to safe driving
<b>Crash may occur</b> <ul style="list-style-type: none"> <li>Anti-lock Braking System (ABS) • Brake Assist • Vehicle Dynamic Control (VDC)</li> </ul>	
<b>Crash is unavoidable</b> <ul style="list-style-type: none"> <li>Intelligent Brake Assist • Front Pre-Crash Seatbelts</li> </ul>	
<b>Crash</b> <ul style="list-style-type: none"> <li>Zone Body construction • SRS Airbag Systems • Front-seat Active Head Restraints</li> <li>Pop-up Engine Hood</li> </ul>	Helps minimize injuries when a collision is unavoidable
<b>Post-crash</b> <ul style="list-style-type: none"> <li>HELPNET (Emergency call service)</li> </ul>	



## NISSAN'S ADVANCED TECHNOLOGIES

### Helping Drivers Reduce Workload

#### The Around View Monitor

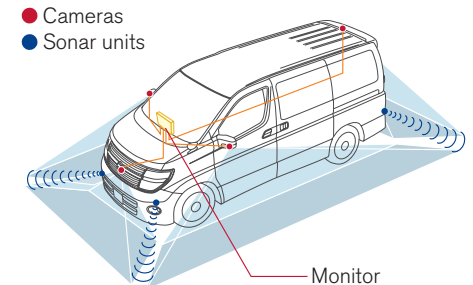
Our Around View Monitor system takes images from four cameras installed at the front, back and sides of the vehicle and puts them together as a complete overhead view on the car's navigation monitor. This system, a world first, allows the driver to view the vehicle in relation to a parking space, making tasks like parallel parking or entering a garage more convenient.

In Japan, the Elgrand released in October 2007 was our first model to feature the Around View Monitor system. The Infiniti EX35 launched in December 2007 was the first model to carry the system in North America.



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

See our website for more information on systems including our Intelligent Cruise Control with low-speed following capability and Adaptive Front-Lighting System (AFS).

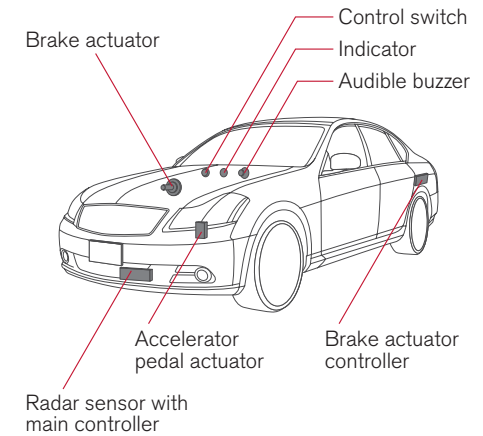


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## The Distance Control Assist and Intelligent Cruise Control Systems

Another world-first Nissan technology is our Distance Control Assist System, which helps the driver maintain a safe distance from the vehicle in front. The system features a radar sensor that measures the distance to the car in front on the road and supports the driver's braking and pedal operations, responding to the distance and relative speed between the vehicles. When the vehicle approaches the car in front and the driver releases the accelerator, for instance, the system gradually applies the brakes to reduce speed. When the system judges that braking is needed it informs the driver with sound and visual alerts, lifting the accelerator pedal to assist the driver in switching to the brakes.

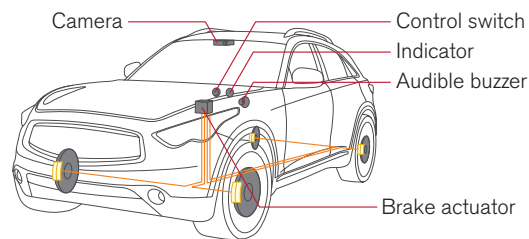
The Fuga, released in the Japanese market in December 2007, is the world's first car to make full use of the Distance Control Assist System in concert with information from the navigation system. The Intelligent Cruise Control installed in this model can automatically reduce speed in response to the radius of an upcoming curve, returning to the speed set by the driver when the vehicle returns to a straight section of the road.



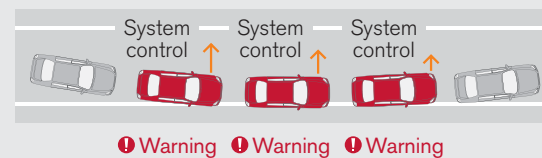
## Helps the Driver Recover from Dangerous Conditions to Safe Driving

### Lane Departure Prevention

This technology helps the driver avoid crossing lane divider lines unintentionally. A camera installed behind the windshield gauges the relative distance between the car and the lane markers of the upcoming section of road. When the system calculates the possibility that the car will leave its lane, it alerts the driver with a buzzer and a visual warning on the instrument panel and generates a force to aid the driver's efforts to return to the center of the lane.



### The Lane Departure Prevention system in operation



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

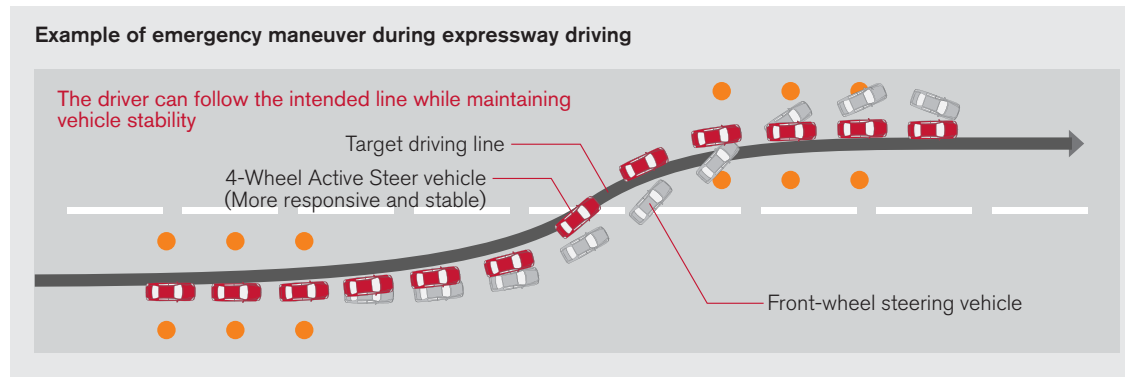
Our website has additional information on our safety systems.

### 4-Wheel Active Steer

This steering system can control the steering angles of all four wheels independently in response to the driving environment. Nissan took the Rear Active Steer system installed in the Fuga, building on it to add the active steering function to the front wheels as well. The 4-Wheel Active Steer system helps improve steering stability and responsiveness at high speeds and helps reduce the physical burden on the driver of making turns at low speeds. For example, when steering to avoid an emergency situation on an expressway, the system can help the car travel with more stability and

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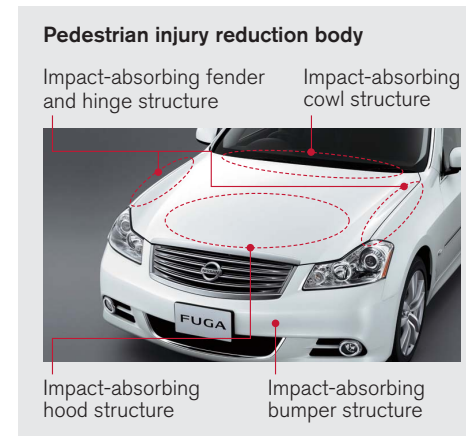
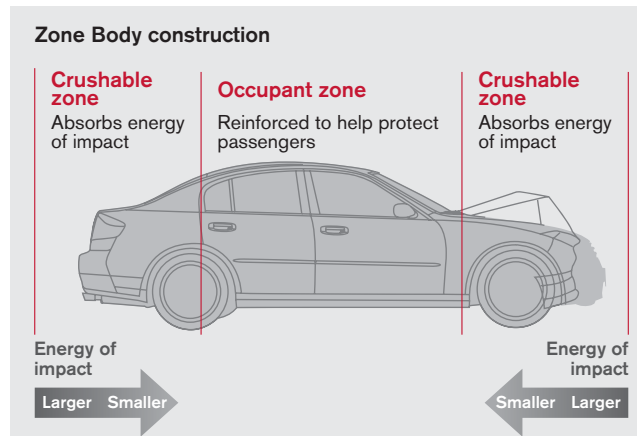
precision in the direction chosen by the driver. It also helps to reduce the driver's steering workload by varying the steering gear ratio according to the vehicle speed. In parking operations, the workload can be reduced by about 30% compared with the effort required to park a typical vehicle.



## Helps Reduce Injuries When a Collision Is Unavoidable

### The crash-compatible Zone Body

Nissan's Zone Body construction technique creates separate zones in a car: the crushable zones, which include impact-absorbing body structures, and the occupant zone, a high-strength cabin that helps to protect the car's driver and passengers. At Nissan we ensure that our body structures conform to safety regulations in each market where our vehicles are sold; we also carry out constant revision of our internal standards based on analysis of actual crash data. We give thought to pedestrian safety as well in our designs, making use of component structures that absorb impact energy by deforming or breaking free when there is a vehicle-pedestrian collision.



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

For detailed information on technologies including our Intelligent Brake Assist, brake-operated pre-crash seatbelt system, SRS curtain airbags and Active Head Restraints, please see our website.

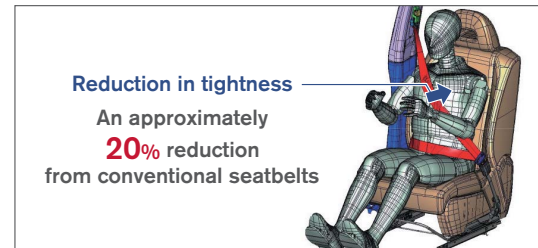
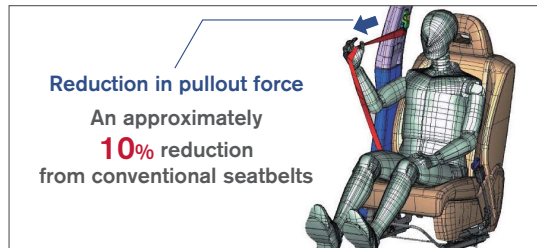
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### Pop-up Engine Hood

The concept of the pop-up hood is to help minimize serious head injury in case of a car-pedestrian collision. The engine hood is designed to pop up during a front collision with a pedestrian to help create a protective buffer space between the hood and the engine components underneath, thereby helping to reduce head impact injuries. The new technology debuted on the Skyline coupe, released in October 2007.

### Low-friction seatbelts

The seatbelt is key to increasing the effectiveness of other safety devices, such as our Supplemental Restraint System (SRS) airbags. Nissan has made active efforts to promote the wearing of seatbelts. Our low-friction seatbelt technology uses softer webbing to help reduce friction by around 10% when the belt is pulled out. As a result our seatbelts require less force to extend and their wearers feel less pressure when they are properly strapped in. This increased comfort can help promote seatbelt use among car occupants.



## PART OF AN AUTOMOBILE SOCIETY

### Cooperation Toward a Safer Automobile Society

In order to help realize a safer automobile society, Nissan is working to develop a wide range of technologies aimed at improving automotive safety. Working together with government agencies, universities and other companies, we are carrying out experimental projects involving ITS, or Intelligent Transport Systems, to help drivers deal with safety issues that go beyond a single vehicle, such as difficult-to-see pedestrians and other cars suddenly entering the road. We also take part in traffic safety activities to increase awareness among both drivers and pedestrians. We hope one day to reduce the number of fatalities and serious injuries resulting from automobile accidents to practically zero.

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## The ITS Project in Japan

In October 2006, Nissan launched the ITS Project in Japan's Kanagawa Prefecture. This project seeks to use Intelligent Transport Systems to create integrated networks of people, roads and vehicles, thereby helping to reduce traffic accidents and ease road congestion. The ITS Project connects cars with a data infrastructure that includes roadside sensors. It gathers information on other vehicles in the area and the surrounding traffic environment, analyzing this data to help reduce offset collisions and accidents involving pedestrians. In this system we also collect data from Nissan vehicles equipped with our Carwings route-suggestion system and from taxis, using advanced computer analysis to produce detailed traffic information and provide drivers with quicker, better-defined routes to their destinations. This research is notable for the involvement of actual customers in the field, who evaluate our systems through real-world use. More than 2,000 members of the community are taking part in the ITS Project.

## Improving Safety Through ITS

Nissan is carrying out other experimental activities to support the development of the ITS Project. In March 2007 we began testing at our Technical Center in Atsugi, Kanagawa Prefecture, of a system featuring synchronized data communication between traffic signals and vehicles. Through this experiment Nissan is looking for ways to help reduce accidents involving pedestrians by using signals that give priority to pedestrian crossings. We are also trying to help reduce offset collisions at intersections with an onboard system that alerts drivers to upcoming traffic lights.

We are furthermore developing a system that aims to cut down on incidents that are difficult for the driver alone to avoid, such as those where an unseen pedestrian suddenly cuts across the road. This system involves data communication from the cellular phones carried by people on foot, forming a network including them as well as cars and drivers.

To help reduce accidents on icy roads in cold regions, Nissan is working on a system that shares information on locations that are particularly prone to skidding-type accidents. For five months beginning in November 2007, we worked with the Hokkaido Prefectural Police and carried out testing involving drivers in and around Sapporo using our Carwings system. When cars activated their antilock brake system (ABS) on icy sections of the roads, this was relayed to our center. We then sent the data via Carwings to display those slippery locations on the navigation map and issue audible alerts about them. Again in collaboration with the Hokkaido Prefectural Police, we similarly shared information on other locations where traffic accidents occurred in winter conditions.

Based on the Advanced Safety Vehicle (ASV) Promotion Project of Japan's Ministry of Land, Infrastructure, Transport and Tourism, Nissan has made use of vehicle-to-vehicle communication



Nissan is testing a system that alerts drivers to the presence of pedestrians via signals from their cellular phones.

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technologies to develop its fourth-generation ASV, the Nissan ASV-4. This concept vehicle uses a warning system that communicates with other cars on the roads, helping the driver to act quickly to avoid offset collisions and other accidents where the other vehicle is hard to see.

## Technology to Combat Drunk Driving

Traffic accidents caused by drunk driving are a global issue that grows more serious each year. To help do away with this problem, Nissan is actively developing functions for its vehicles that urge drivers not to get behind the wheel when they have been drinking, as well as technologies that measure the presence of alcohol in the body and prevent driving under its influence.

Nissan's drunk-driving prevention concept car is outfitted with a number of detection and warning functions: the car evaluates the driver's condition and delivers necessary alerts when there is a possibility that the driver is driving under the influence of alcohol.

A sensor is built into the transmission shift knob to detect alcohol in perspiration from the driver's hand. Depending on the level of alcohol, the system may respond by issuing voice and visual alerts through the car's navigation system, or may automatically lock the transmission to prevent driving. Odor sensors located around the vehicle's cabin can also detect the presence of alcohol, triggering warnings to the driver.

The concept car features a camera in the instrument panel that monitors the driver's facial movements. When it detects excessive eye-blinking or other signs of intoxication, the system issues audible and visual alerts via the navigation system and automatically tightens the seatbelt to gain the driver's immediate attention.

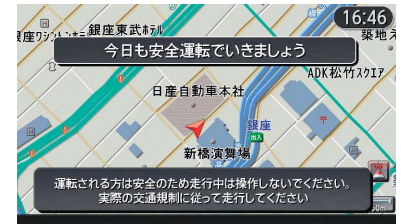
With the information gained through this concept car project, Nissan is working on the development and testing of a range of alcohol-detection methods and warning systems for potential use in its vehicles.

## Other Efforts to Fight Drunk Driving

Nissan is actively involved in numerous projects targeting drunk driving. One of these is evaluating a device that can measure the alcohol level of the driver's breath and prevent the engine from starting when it is above the legal limit. From August 2007 through January 2008, working with the city of Kita-Kyushu, Fukuoka Prefecture, the Tochigi prefectural government, the town of Kaminokawa in Tochigi and the city of Atsugi in Kanagawa Prefecture, we began monitor testing to gauge the usability and reliability of this device, installing it in vehicles used for daily business activities.



The driver's seat features an alcohol odor detection device.



The Carwings system displays messages to urge safe driving.

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Together with the School of Health Sciences at the University of Occupational and Environmental Health in Kita-Kyushu, Nissan is also carrying out joint research on the physiological, psychological and behavioral effects of alcohol on the human body. Through this research we are shedding new light on how errors are made in perception, judgment and device operation. Using the results of this study, we are developing sensing technology to help detect drunk driving quickly and accurately.

As a message to remind drivers not to drive when they have been drinking, we have added a function to our Carwings navigation system in Japan that displays a warning for five seconds whenever the engine is started between 5:30 in the evening and 5:00 the next morning. During the other hours, too, various messages are displayed that urge safe driving.

## Our Hello Safety Campaign

In Japan Nissan carries out its Hello Safety Campaign three times each year, as part of traffic safety awareness programs held each spring and fall and during students' summer vacation. In fiscal 2007 we added to our traditional programs for children and senior citizens, expanding the campaign to include three key topics: eradicating drunk driving; traffic safety education aimed at boosting awareness of the dangers in our daily lives and fostering our ability to avoid them; and the proper usage of seatbelts and child seats. As part of Hello Safety events at 1,400 locations across the country, parents promise their children they will not drive while drunk; we have provided the Japan Traffic Safety Association with 140,000 "promise coasters" to distribute to parents as reminders of their vows.

In response to recent drops in the percentage of passengers buckling up in the rear seats of cars, Nissan produced 75,000 stickers to attach to seatbelt buckles as a way to remind people to use the belts, distributing the stickers in six of Japan's prefectures. We also provided the Cabinet Office, which sponsors fairs to promote traffic safety, with 12,000 personal anti-crime alarms with reflective straps to help make pedestrians more visible during dusk and nighttime hours, helping to keep children safer on their way home from school. We implemented a special campaign to boost awareness of the practice of turning on headlights earlier in the dusk hours, and we are engaged in educational activities with other associations to help improve pedestrian visibility in general.



Nissan distributed promotional goods to urge drivers to turn on their headlights in the early-evening dusk.

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## Helping Protect Pedestrians Through Research in China

For more than two years starting in July 2005, Nissan carried out a joint research project on pedestrian safety with the China Automotive Technology and Research Center (CATARC). Through collection and analysis of local-level accident data that had never been surveyed in China, we aimed to identify measures to help reduce accidents and injuries, thus evaluating the appropriateness of applying the Global Technical Regulation on Pedestrian Protection in China and laying the foundation for the Chinese government's planned introduction of pedestrian safety regulations.

In January 2008 we held a conference to present the final report on this research. Representatives in attendance from China's National Development and Reform Commission and Ministry of Public Security gave high marks to the joint project and expressed deep gratitude for Nissan's cooperation in the research.

Nissan's activities in China to date have included road traffic safety seminars, Nissan Safe Driving Forums, safety education programs and events for youths and participation in planning teams working on safety-related regulations. We will continue working to help reduce the number of people harmed by traffic accidents in China.



Presenting the final pedestrian safety research report (China)

## Protecting Children from Accidents

Traffic accidents are the number-one cause of child fatalities in the United States: statistics show that during 2006, six children under the age of 15 were killed every day in motor vehicle crashes in the United States. Additionally, motor vehicle accidents account for more fatalities than falls, guns, drowning, smoke/fire and poisoning/noxious substances combined.

Compounding this problem, more than 80% of child safety seats are not installed properly. As an automaker, Nissan strives to lessen these numbers; the Quest for Safety and Snug Kids programs are important parts of our continued efforts in this area.

Snug Kids is a one-of-a-kind, industry-leading online guide that provides Nissan and Infiniti customers with a list of child safety seats that fit their current-model vehicle. Found on the Nissan and Infiniti websites, the guide lists seats from a wide variety of manufacturers and also includes general tips to get the best fit in the vehicle.

Nissan developed the Quest for Safety program in 1997 to educate caregivers and parents in low-literacy communities about child seat safety. We hold free, local seminars in English and Spanish to teach parents how to correctly install child safety seats and distribute the Quest for Safety reference card, a simple, easy-to-read introduction to choosing a child safety seat.



The Snug Kids guide helps parents choose from among the many child seats available.



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## Charity Walks to Fight Drunk Driving

According to the U.S. National Highway Traffic Safety Administration, 41% of fatal crashes are alcohol-related. Since 2005, Nissan North America has been the national sponsor of the annual Mothers Against Drunk Driving (MADD) Strides for Change walks. As MADD's signature event, the community-driven, noncompetitive 5K walks raise funds and awareness to stop drunk driving, support victims and prevent underage drinking.

As the national sponsor—and as part of its commitment to child passenger safety—Nissan employees certified as child passenger safety technicians conduct car-seat demonstrations and provide walk participants with Quest for Safety Reference Cards. Nissan employees also form teams around the country to walk and raise money.

By merging MADD's mission to stop drunk driving with Nissan's commitment to child passenger safety, the walks help raise public awareness and funds to support the prevention of traffic fatalities. Strides for Change attracts more than 14,000 participants and raises more than \$1.8 million annually.

As an auto manufacturer, Nissan realizes the importance of educating drivers and making them aware of the consequences of their decisions.



Taking part in a Strides for Change walk (USA)

### Messages from Our Stakeholders

#### Working Together for Safer Roads



**Glynn Birch**  
President  
MADD National (USA)

In 2007, Nissan continued its tradition of supporting Mothers Against Drunk Driving (MADD) in our lifesaving mission by serving as a National Presenting Sponsor for our signature walk event, Strides for Change.

Thanks to this support, participants from over 30 cities walked over 90,000 miles in 2007—each step helping MADD eliminate drunk driving, serve the victims of this violent crime and prevent underage drinking. Individuals in non-walk cities or those who preferred not to attend the events could also participate by electing to be a virtual walker.

Research shows that the best defense against a drunk driver is a seatbelt, and unfortunately, children often lose their life simply because they weren't properly restrained. Nissan has devoted significant resources toward educating communities on this danger. Every Strides for Change walk site also featured child seat safety demonstrations.

Together, MADD and Nissan helped thousands of families secure their most precious cargo and advance our lifesaving mission.

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## Our Views

# Impressions from Nissan's People

Nissan's people share their personal experiences and views on sustainability.



**Andy Palmer**

Corporate Vice President  
Program Director, LCV Business Unit  
Nissan Motor Co., Ltd. (Japan)

President  
Nissan Motor Light Truck Co., Ltd.  
(Japan)

Director  
Dongfeng Motor Co., Ltd. (China)

At Nissan we have successfully transformed our light commercial vehicle (LCV) division into a pillar of our business going forward. In a period of global expansion for our business, why would we pay attention to issues of sustainability and CSR? The reason is that we have an obligation to consider our role in society—our customers demand that we give thought to CSR, and our employees are motivated positively by participation in these fields. When the LCV Business Unit won Nissan's EVP Award for performance in 2006, our staff requested that the money go to Cosmos, an organization of mothers whose children are being treated for cancer at a hospital near Nissan's Tokyo headquarters. We do these things because we have the opportunity to share our success with others less fortunate. And while we do these things in part out of the company's obligation to society, it motivates us all to work harder when we know that our success can help a sick child to smile.



**Asako Hoshino**

Corporate Vice President  
Market Intelligence  
Nissan Motor Co., Ltd. (Japan)

It is possible to measure the competitive power of our products in terms of the number of people who cherish and find value in Nissan vehicles. As a company, however, what should Nissan do in the area of sustainability to ensure that we will continue to be cherished by these customers? By what standards can we measure that appeal? These are important issues that I face when I analyze market intelligence from around the world and make recommendations to various departments.

We cannot help the company maintain its long-term competitive edge merely by thinking, "If we can sell a car that buyers like, that's good enough." In order to maximize our capacity to continue offering attractive vehicles to our customers, it is essential that we strengthen our relationships with our stakeholders and with society. To that end we must first of all build relationships based on trust. The second thing we must do is to provide the special brand of Nissan quality that can give our products a lasting place in the hearts of our customers.

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**Toshio Hirota**

Expert Leader, Technology Planning Department  
Technology Development Division  
Nissan Motor Co., Ltd. (Japan)

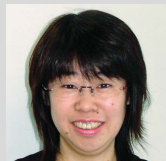
Scientific advances have brought humanity many conveniences, but our increasing energy consumption is impacting the environment. This situation could threaten our very existence, and it is critical that we protect the natural environment for the sake of generations to come. Controlling atmospheric carbon dioxide is particularly important. Our division sets high standards for reducing CO<sub>2</sub> emissions from Nissan vehicles. We are devoting our energies to reducing engine fuel consumption, making our vehicle bodies lighter, developing alternative fuel technologies, such as bio-organic-compatible and electric cars, and promoting ecologically aware driving practices and traffic avoidance. By integrating these new approaches into society, I believe we can make sustainable mobility an everyday reality.



**Katsuhiko Oomiya**

NPW Promotion Department  
Manufacturing and Industrial Engineering Division  
Nissan Motor Co., Ltd. (Japan)

One thing I have learned from my superiors and passed on to my subordinates is the Nissan *monozukuri* (crafting) know-how. We put this know-how to work in the Nissan Monozukuri Caravan, a program at elementary schools in the company's birthplace, Kanagawa Prefecture. So far about 4,700 students have participated. I am always thinking about ways to engage the interest of kids, who love to build and touch things. It is a wonderful feeling to see the looks on their faces that say "Wow, what is that?" or "I don't want to miss this!" I hope to continue improving this program, enabling children to experience the pleasure of crafting.



**Masako Hosaka**

Manager, Supplier Quality Assurance Group  
Total Customer Satisfaction Function  
Nissan Motor Co., Ltd. (Japan)

Automobiles are composed of thousands of parts. In order for Nissan to continue providing its customers with high-quality products, it is essential that we build win-win relationships with our suppliers and strive for mutual growth and development. I always keep in mind the importance of coexisting with our surroundings, and our suppliers are an integral part of this approach. I believe this concept increases not only Nissan's ability to provide quality products to customers, but also the company's capacity to fulfill its commitments to society and continue enjoying sustainable growth.



**Richard E. Goetz**

Human Resources Department  
JATCO Ltd.

At JATCO we are currently rapidly advancing our efforts for global change. In a tough competitive environment, an organization must progress in global business to survive. Producing synergies requires mutual understanding of the different cultures and habits involved, as well as respect for those differences. I am developing policies and processes that are compatible with various entities no matter where in the world they are located. I am glad to be a part of a project in which each member of the workforce, regardless of gender, nationality or any other factor, has to globalize—and where all members can work and thrive in an environment of abundant diversity.

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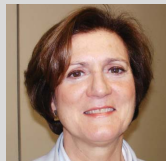
**Sarah C. Hiple**  
Senior Engineer, ITS & Safety  
Government Affairs  
Nissan North America, Inc. (USA)

Recently, the U.S. government and consumers have begun to focus on the potential benefits of active safety and crash avoidance technologies like our Lane Departure Prevention and Forward Collision Warning systems. Helping the development and adoption of these technologies is a very rewarding aspect of my job. I feel like I am working to enable future Nissan vehicles to potentially contribute to a significant reduction in vehicle crashes, the goal of the Nissan Safety Shield. What seemed futuristic years ago is now reality, and we are rapidly moving toward tomorrow's technologies. Being on a team that supports the smooth transition of these technologies to the marketplace is very exciting, and I believe that this effort has the potential to enrich people's lives.



**Adolfo Aburto Tamayo**  
Civac Plant  
Environmental Staff  
Nissan Mexicana, S.A. de C.V.

Just over 20 years ago the United Nations issued a report titled "Our Common Future." That study warned that humankind must change its commercial interactions and way of life to prevent unacceptable levels of ecological degradation. In these times, no company can claim to be socially responsible if it does not seek to adopt the principles of sustainable development. For almost a decade I have been engaged in activities related to this concept at Nissan Mexicana, and I believe that our ISO 14001 environmental certification, as well as the awards we have received from the Mexican government for clean industry and environmental excellence, demonstrate that we at Nissan Mexicana are on the right path.



**Maria Dolores Granes**  
NE Information Systems Manager  
Spain In-bound Logistics and Production  
Nissan Motor Iberica, S.A. (Spain)

The role of information systems is to provide tools needed by business so it can achieve its strategic targets. Nissan Europe Information Systems and Nissan Spain Industrial Operations have created a mixed team that is leading the Shift\_NSIO initiative to improve vehicle production in the Barcelona and Avila plants. Our business objectives are to maximize vehicle production to full capacity, to manage flexible production work patterns, and to enable the production of multiple models on a single production line or one model on two lines, thereby maintaining flexibility in our daily production volume. By achieving our goals, we can reduce the time required to deliver vehicles to our customers and help support Nissan's sustainable growth.



**Gu Shuo**  
Beijing R&D Department  
Nissan (China) Investment Co., Ltd.

China has become the world's second-largest market for automobiles, and we are beset by problems ranging from air pollution caused by traffic congestion to fuel shortages. Living in a country that faces such serious challenges, I deeply feel the weight and importance of my job as a coordinator of our response to automobile environmental regulations. As China works to become a sustainable automobile nation, we have to reduce the impact that vehicles have on the environment. I want to work toward introducing environmentally friendly vehicles with cutting-edge technology that can be popularized at a moment's notice, and to make our country the springboard for a multitude of new and exciting concepts.

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**Neeraj Garg**  
Marketing and Sales Director  
Nissan Motor India Private Limited

After having worked for over two decades in the automotive industry, both in India and abroad, I strongly believe that it is only the key players who can survive in a tough market like India. In order for a company to thrive here, it must have the capacity to innovate and build relationships of trust and reliability with its stakeholders.

I have been a part of Nissan's planning process for its Indian operations for the last couple of years. I strongly believe that if we can decide on path-breaking approaches for doing business while effectively addressing cross-cultural needs, then sustainability is a guaranteed outcome.



**Elizabeth H. Lee**  
Executive Vice President  
Universal Motors Corporation  
(Philippines)

Universal Motors Corporation is working to enrich the lives of our country's poor. Our innovative program called "Ur Van, Ur Business" teaches buyers to use the Nissan Urvan for self-liquidating shuttle-bus business ventures. For every Urvan sold, we make a donation to our partner foundation's microfinance arm, giving seed money to the poor to help them start their own small enterprises. We have also established a school that teaches the basics of entrepreneurship and business management to our buyers. So far we have helped over 1,850 families and created over 3,300 jobs. Philippine President Gloria Macapagal-Arroyo has presented an award in recognition of the impact our program has had on our country.



**Masahiro Tsutsumi**  
General Manager  
CS Promotion Office  
Nissan Prince Oita Co., Ltd. (Japan)

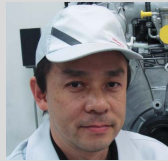
Nissan Prince Oita is moving forward with numerous programs in line with our corporate philosophy of contributing to local communities. Our annual plans include programs for environmental beautification, traffic safety awareness, childcare support and donations of equipment for social welfare. One such program is the Nissan Prince Oita Forest volunteer initiative. We are carrying out afforestation on 1.2 hectares of hillside in the city of Yufu with 700 volunteers from Nissan and the local community. The starting point for contributing to society is the individual, and we seek to be actively involved in this process. Our long-term goal at Nissan Prince Oita is to carry out sustainable activities for our community.



**Zhang Yuan**  
Sales Manager  
Beijing Yuntong Infiniti (China)

China is one of the world's fastest developing economies and a market of great importance for Infiniti. As Infiniti China continues to grow together with the vigorous Chinese market, we take pride in the many achievements our company has accomplished in such a short period of time. We provide value to Chinese consumers by offering them the kind of dynamic products and refined services that they want and deserve. Our goal is to continue to redefine the concept of luxury in China while we enable more Chinese customers to experience the allure of the Infiniti brand luxury automobile.

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**Katsunori Shiba**

Foreman, Assembly Section  
Manufacturing Department No. 1, Yokohama Plant  
Nissan Motor Co., Ltd. (Japan)

We at the Nissan Motor Yokohama Plant have been involved in every stage of the development of engines that will leave their mark on Nissan's history. We intend to further enhance the Nissan brand in our capacity as flagship factory. The newly developed VR38 engine for the GT-R is manufactured in a completely dust-free environment, with individual workers shepherding the engines along the line from start to finish. We take pride in having a group of workers who can be called *takumi*, or professional craftsmen. With our goal of "building an invincible engine by an invincible workforce," we will continue our drive to make the flagship GT-R engine the undisputed champion throughout the world.



**Bernie Boynton**

Maintenance Supervisor  
Sunderland Plant  
Nissan Motor Manufacturing (UK) Ltd.

At the Nissan Sunderland Plant we are harnessing the wind to help generate our electricity. We recently installed our eighth wind turbine, and our wind farm will provide around 6% of our annual electricity needs, reducing our carbon footprint by 4,000 metric tons. We have several energy committees focused on implementing energy reduction strategies in the plant's workshops, including low-energy weekends, automatic shut-offs during non-production periods, air-leak reductions and energy-efficient machines. These strategies have significantly reduced our overall energy costs. And as part of our commitment to the environment, our plant recycled 92.5% of all waste produced during 2007.



**Eric Purcell**

Section Manager, Body and Stamping Engineering  
Canton Manufacturing Plant  
Nissan North America, Inc. (USA)

I am excited about the opportunity to expand Nissan's global light commercial vehicle (LCV) lineup in Canton. I believe Nissan is responding correctly to market conditions by entering the U.S. LCV market. The light truck market has been declining for several years in America, but the LCV market has remained extremely stable. My engineers and I are working together with design and other groups and utilizing Nissan Way mindsets and actions. This will ensure that Canton builds reliable, durable and high-quality vehicles that are cost effective and provide great value to our customers. This will improve Nissan's long-term sustainability and improve our employees' well-being. I am proud to call Canton home for Nissan's LCV production in the United States.



**Enoch Motsepe**

Production Control General Superintendent  
Rosslyn Plant  
Nissan Motor Company South Africa (Pty.) Ltd.

My mission in production control is to achieve customer satisfaction targets. To do this I help the plant achieve target production volume by supplying components to the assembly line in the correct quantity, time and place. A simplified supply strategy keeps production flowing smoothly, and regular checks on stock quantity make it easy to use proper amounts of material, thereby preventing defects. At Nissan South Africa we achieve our goals by committing all our efforts to continuous improvement and good communication. We give our utmost support to production and work as a team to fulfill our objectives; these are not met when a vehicle rolls off the line, but rather when the end user is satisfied.

## Performance Data



	FY2005	FY2006	FY2007
No. of employees (consolidated)	183,356	186,336	180,535
No. of individual investors	218,620	195,550	249,000
Price-to-earnings ratio	12.2	13.3	7.8
Share price volatility	16.5%	22.4%	36.8%
Corporate tax	¥229.1 billion	¥268.9 billion	¥164.9 billion
R&D expenditures (% of sales)	¥447.6 billion (4.7%)	¥464.8 billion (4.4%)	¥457.5 billion (4.2%)
Capital investment (% of sales)	¥475.0 billion (5.0%)	¥509.0 billion (4.9%)	¥428.9 billion (4.0%)
Monetary donations for disaster relief	¥10.0 million (by Nissan Motor Co., Ltd.) ¥62.4 million (for Hurricane Katrina by Nissan North America)	¥10.0 million (by Nissan Motor Co., Ltd.) ¥3.18 million (for Java earthquake by Nissan employees in Japan and Indonesia)	¥6.5 million (by Nissan Motor Co., Ltd.) ¥5.57 million (for Noto Peninsula and Niigata Chuetsu-oki Earthquakes by Nissan employees, union members in Japan)
Nissan Motor Co., Ltd. data			
No. of employees	33,025	32,746	31,453
Average age (years)	41.2	41.5	41.4
Average service (years)	19.9	20.1	19.9
Average annual salary*	¥7,299,136	¥7,226,628	¥7,138,692
Disabled employment ratio	approx. 1.9%	approx. 2.0%	approx. 2.1%
No. of employees taking parental leave	71	98	148
No. of employees taking nursing care leave	4	4	5
Training, education time per employee	approx. 35 hours	approx. 35 hours	approx. 35.5 hours
Employee health ratio**	72.22%	70.95%	65.31%***
No. of unionized employees	29,624	30,521	29,025

\*Average annual salary for employees not in managerial positions; includes bonuses and overtime pay. \*\*Percentage of employees receiving a clean bill of health in regular medical checkups.

\*\*\*New calculation method used to determine this ratio from FY2007.

### ■ No. of Employees (as of end of March 2008)

Japan	88,413
North America	28,943
Europe	15,080
GOM	48,099
Total (consolidated)	180,535

### ■ Union Information

Nissan Motor Co., Ltd.'s employees are affiliated with the All Nissan Motor Workers' Union, for which the governing body is the All Nissan and General Workers Unions, and the Japanese Trade Union Confederation (Rengo) through the Confederation of Japan Automobile Workers' Unions. The labor-management relations of the company are stable, and the number of union workers was 29,025 as of March 31, 2008. In addition, the Nissan Motor branch of the All Japan Metal and Information Machinery Workers Union (JMIU), another trade union, had one affiliated employee as of the same date.

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

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

■ **R&D:** 12 countries/areas (Japan, USA, U.K., Taiwan, China, Thailand, India, South Africa, Mexico, Brazil, Spain, Belgium)

■ **Design:** 4 countries/areas (Japan, USA, U.K., Taiwan; total of 6 design centers)

■ **Automobile Production Plants:** 16 countries/areas (Japan, USA, U.K., Spain, Taiwan, China, Thailand, Philippines, Malaysia, Indonesia, Mexico, Brazil, Iran, South Africa, Kenya, Egypt)

### ■ Sales by Model (Top 5)

Japan (units)

Model	FY2007 (Apr. 2007—Mar. 2008)
Serena	78,307
Tiida (includes Latio)	63,987
Note	58,409
Moco	57,392
March	48,829



Serena

U.S. (units)

Model	FY2007 (Apr. 2007—Mar. 2008)
Altima	287,140
Sentra	106,063
Tiida	82,757
Murano	75,414
Infiniti G	72,428



Altima

Europe (units)

Model	FY2007 (Apr. 2007—Mar. 2008)
Qashqai	157,404
Note	99,924
Micra (includes C+C)	99,156
X-TRAIL	55,901
Navara	53,081

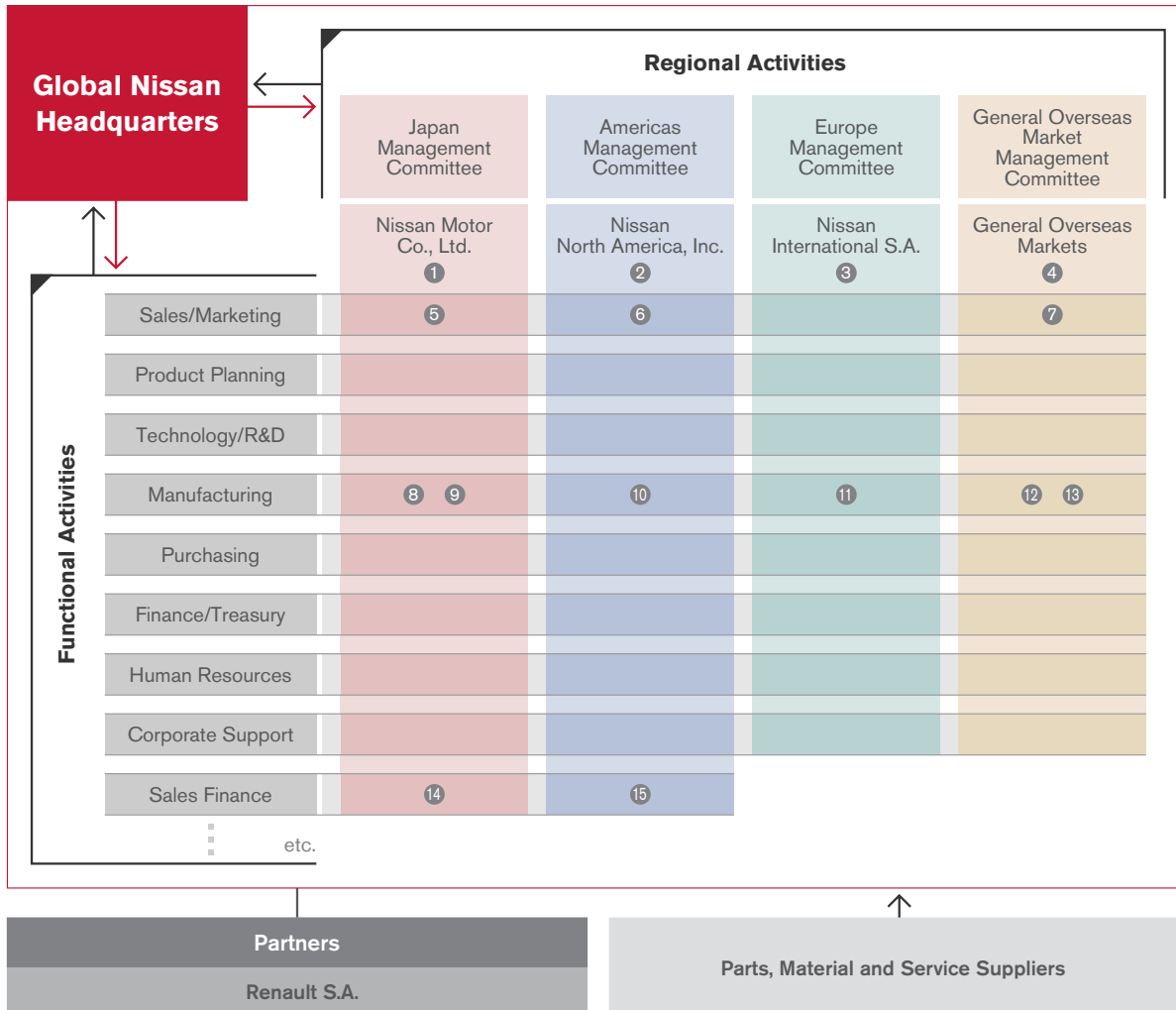


Qashqai



The Nissan Group's organization aims to integrate regional activities with global functional activities. Four management committees for Japan, the Americas, Europe and the 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 Group Operations



**Headquarters/Regional Headquarters/Regional Companies**

- ① Nissan Motor Co., Ltd.
- ② Nissan North America, Inc.
- ③ Nissan International S.A.
- ④ Nissan Asia Pacific Pte., Ltd.
- Nissan Middle East FZE
- Nissan South East Asia Co., Ltd.

etc.

**Sales Finance Companies**

- ⑭ Nissan Financial Service Co., Ltd.
- ⑮ Nissan Motor Acceptance Corporation NR Finance Mexico S.A. de C.V.

etc.

**Vehicle Manufacturers & Distributors /Distributors**

- ⑥ Nissan Canada, Inc.
- ⑦ Yulon Nissan Motor Co., Ltd.
- ⑩ Nissan Mexicana, S.A. de C.V.
- ⑫ Nissan Motor Company South Africa (Pty.) Ltd.
- Dongfeng Motor Co., Ltd.

etc.

**Parts Manufacturers**

- ⑨ Aichi Machine Industry Co., Ltd.
- JATCO Ltd.
- Calsonic Kansei Corporation

etc.

**Vehicle Manufacturers**

- ⑧ Nissan Shatai Co., Ltd.
- ⑪ Nissan Motor Manufacturing (UK) Ltd.
- Nissan Motor Iberica, S.A.
- ⑬ Siam Nissan Automobile Co., Ltd.

etc.

**Dealers in Japan**

- ⑤ Aichi Nissan Motor Co., Ltd.
- Nissan Fleet Sales Co., Ltd.
- Nissan Prince Tokyo Sales Co., Ltd.

etc.

# Business and Other Risks



Information on risks involved in business operations has been disclosed in the Yukashoken-Hokokusho for the year ended March 31, 2007, as follows:

## Economic Factors

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

## Risks Involved in International Activities and Overseas Expansion

The Group's manufacturing and marketing activities outside Japan are conducted in the United States, Europe and the General Overseas Markets. The Group forecasts and evaluates a wide variety of risks inherent in doing business in such overseas markets including the following factors, each of which may entail a greater-than-anticipated level of risk, thereby causing significant effects on the Group's financial position and results of operations:

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

## Research and Development

The Group's technology must be useful, pragmatic and easy to use. The Group 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

The Group places a high priority on safety and does its best to enhance safety from the standpoint of research and development, manufacturing and sales. Although the Group 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 the Group were to implement significant recalls in volume and value for the benefit of customers' safety, the Group would incur significant additional expenses, which could adversely affect its financial position and results of operations.

## Fluctuation in Foreign Currency Exchange Rates

The Group's Japanese operations export vehicles to various countries around the world. In general, the appreciation of the yen against other currencies adversely affects the Group's financial results of operations and, on the contrary, the depreciation of the yen against other currencies favorably affects the Group's financial results of operations. Any sharp appreciation of the currencies of countries where the Group manufactures vehicles against the yen could lead to increases in both procurement and production costs, which would adversely affect the Group's competitiveness.

## Derivatives

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

## Lawsuits and Claims

With respect to various lawsuits and claims that the Group encounters, the possibility exists that the position defended by the Group 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 the Group's financial position and operating 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 the Group expects these regulations to become increasingly stringent. In order to ensure compliance, it may be necessary for the Group to make significant ongoing investments in these areas, which would have an impact on its financial position and results of operations.

## Intellectual Property Rights

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

Although the Company established its Intellectual Property Rights Management Department in April 2004 for protecting intellectual property rights in specific areas, strengthening activities to protect Nissan's intellectual property rights and abstracting new intellectual property rights, and has been performing various activities to protect and create the Nissan brand, cases may arise where the Group finds itself unable to prohibit others from infringing on its intellectual property rights.

## Natural Disasters

The Group's corporate headquarters and many of its manufacturing facilities are located in Japan, where the statistically proven probability of earthquakes is higher than in many other countries. The Group has developed 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, the Group has been strengthening its manufacturing facilities with antiseismic reinforcement. However, if a severe earthquake were to hit one of the Group's key facilities, causing a halt in production, this would adversely affect the Group's financial position and results of operations.

## Sales Financing Business Risk

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

## Counterparty Credit Risk

The Group does business with a variety of counterparties and manages its counterparty credit risk by conducting a comprehensive annual assessment of its customers' financial condition based on their financial information. Nonetheless, any significant default by a counterparty would adversely affect the Group's financial position and results of operations.

## Employee Retirement Benefit Expenses and Obligations

The amounts of retirement benefit obligation and related expenses of the Group are calculated using various actuarial assumptions including the discount rate applied, the projected rate of return on plan assets and so forth. If the Group'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.

## Purchase of Raw Materials and Parts

The Group purchases raw materials and parts from many suppliers. Market conditions that the Group cannot control and whether the suppliers can procure raw materials and parts continuously may adversely affect the Group's financial position and results of operations.

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## Third-Party Evaluation

## Third-Party Evaluation

The fiscal 2007 CSR activities of Nissan can be summed up effectively from the dual perspectives of "management" and "communication."

Regarding management, the establishment of the Nissan CSR Management Way as a policy for ongoing promotion of sustainability efforts deserves high recognition. The CSR Management Way does not just skim the surface like other similar policies. The following two points provide assurance of future accomplishments.

The first key element is Nissan's CSR scorecard. Updates to this management index reflect the changing voices and needs of society and the changing reality of the company's operational environment. The second key element is these updates themselves. Nissan uses a unique methodology incorporating its original perspectives, including the concept of materiality. It is noteworthy that the company performs its assessment through cooperation between the CSR department and other related departments.

The existence of the CSR Steering Committee provides further assurance for the realization of the established goals. CSR scorecard updates and the continuous materiality analysis work as a catalyst for the committee, which has become a forum for initiating new awareness and constructive discussions. In other words, the CSR Steering Committee is the mechanism that fosters the creation of a shared understanding to decide the future direction of the company.

It must be noted that Nissan needs to rise to the challenges of realizing and promoting the CSR Management Way at the global level. This Sustainability Report points out cases related to procurement where the company has begun this task. It will be desirable for similar activities to be conducted and disclosed for the other eight of the company's nine CSR focus areas.

Next, regarding communication, it is clear that Nissan's external information disclosure deserves recognition. The company has continued its efforts in communication with customers, owners and investors, communities and future generations from previous years. In fiscal 2007, communication with business partners, such as suppliers, also deserves to be acknowledged to a certain point.

However, communication within the company and the group is an area calling for expedient action. It is clear that implementing and promoting awareness among all Nissan employees cannot be achieved easily. Nissan has over 180,000 employees around the world throughout its group. It is these employees as a whole who create the connections between the company and its external stakeholders. Therefore, it is crystal clear that the employees' understanding is the key for success in implementing the Nissan CSR Management Way.

This year, Nissan is to start a new midterm management plan. The combination of this plan and the Nissan CSR Management Way should work interactively to preemptively grasp society's needs and to proceed with sustainable development together with society. I do hope Nissan will fulfill this expectation.



**Hiroshi Ishida**

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Associate Professor, Institute of  
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## Nissan and Socially Responsible Investment

In recent years investors have paid more attention to the concept of socially responsible investment (SRI), evaluating corporations from environmental and social perspectives in addition to financial fundamentals. Nissan is proud to be listed as part of the FTSE4Good Global 100 index and the Morningstar SRI index (as of June 2008).



### FTSE4Good Global 100

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



### Morningstar SRI

The MS-SRI (Morningstar Socially Responsible Investment Index) is managed by financial information services firm Morningstar Japan K.K., a joint venture of SBI Holdings, Inc. and Morningstar Inc.

## 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 2007 (April 2007–March 2008); content that describes efforts before or after this time period is indicated in the respective section.

## Third-Party Certificates

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

## Referenced Reporting Guidelines

This report uses the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2002 version and G3) and the Environmental Reporting Guidelines (2003 version) of Japan's Ministry of the Environment as references. We also report on a number of other actions that are not covered by the guidelines.

## Forward-Looking Statements

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

## Mistakes and Typographical Errors

All errors discovered after the report is published will be corrected and displayed at the URL below.  
<http://www.nissan-global.com/EN/COMPANY/CSR>

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