Maintaining Trust Through Transparency

Corporate governance is one of the important responsibilities of the Company's management, and its most important role is to clarify the duties and responsibilities of the members of the management team. At the Company, clear management objectives and policies are published for the benefit of the shareholders and investors, and achievements and results are announced early and with as much transparency as possible. The enhancement of corporate governance by full and fair disclosure is the responsibility of management.

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.

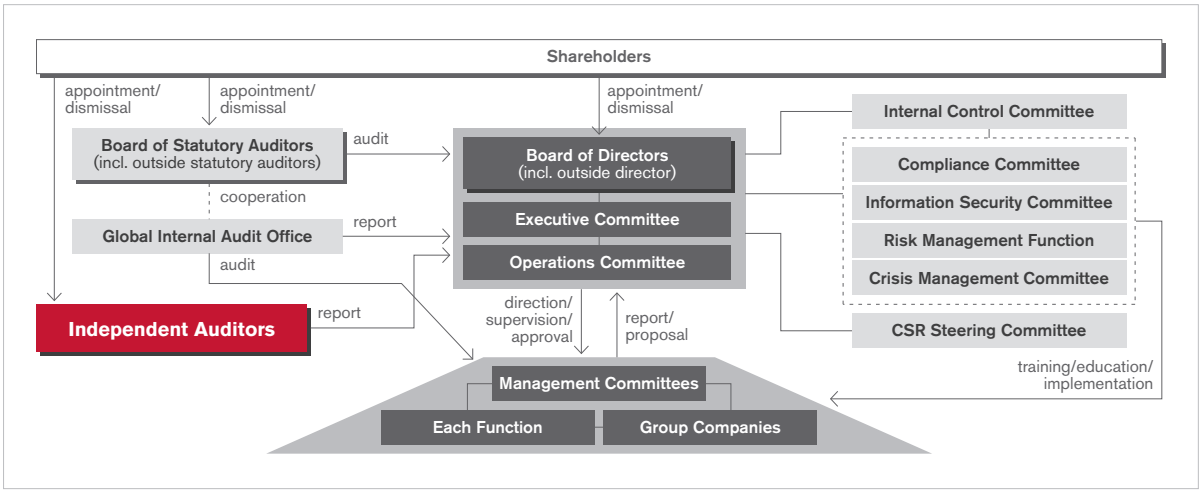
Nissan has adopted a system under which the Board of Statutory Auditors oversees the Board of Directors. The Statutory Auditors attend board and other key meetings, and also carry out interviews with board members to audit their activities. The Statutory Auditors regularly receive reports on the results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

A Legal Framework Supporting Ethical Business Activities

Nissan's CSR approach is founded on compliance. We produced the Nissan Global Code of Conduct in 2001, outlining a set of guidelines for all employees of the Nissan Group worldwide. We also produced guidance for directors and corporate officers regarding compliance, and we hold regular seminars and educational activities to ensure strict adherence to the rules.

In addition, three regional Compliance Committees have been established under the oversight of our Global Compliance Committee to form a system for preventing incidents of illegal and unethical behavior worldwide. The committees work together to maintain and promote our high compliance standards.

NISSAN'S INTERNAL GOVERNANCE SYSTEM



Global Educational Activities to Promote Compliance

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

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

A number of education programs to promote compliance are held regularly for all employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. Compliance-related training is also being carried out in other regions and markets based on guidelines that take into account conditions in each of those countries. Moreover, all Group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct. The code is reviewed every three years, and the latest version was updated in fiscal 2010. Additionally, we have created sets of internal regulations globally covering the prevention of insider trading, personal information management, records management and prevention of bribery and corruption. With these regulations in place, Nissan is working to prevent compliance infractions.

Our Stance Against Discrimination and Harassment

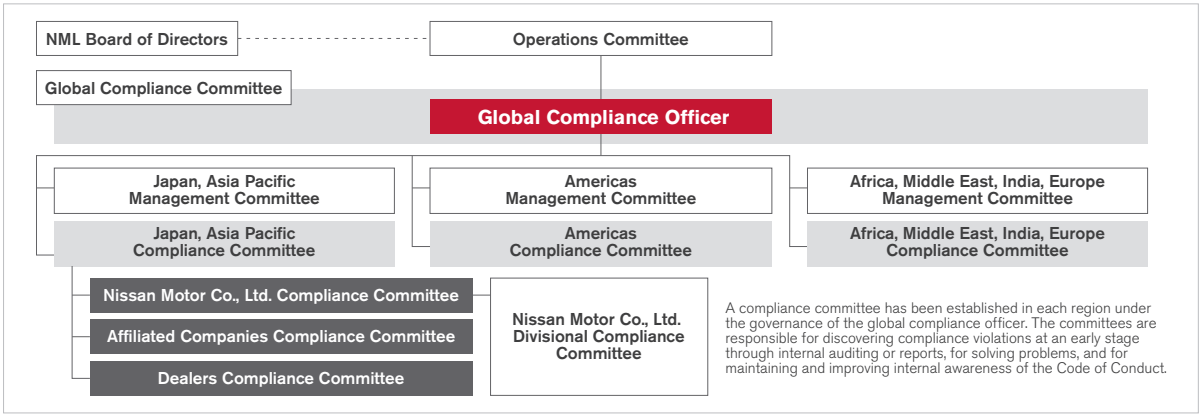
Item 6 of Nissan's Global Code of Conduct, "Value Diversity and Provide Equal Opportunity," is our requirement to accept, value and respect the diversity to be found among our employees, business partners, customers and communities where we do business, and to reject discrimination and harassment in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

Internal Reporting System for Corporate Soundness

Nissan employs an internal reporting system to promote the spirit of compliance among employees and facilitate sound business practices worldwide. This mechanism allows employees to submit opinions, questions or requests directly to the company, and it has played an instrumental role in creating a self-managed, compliance-oriented corporate culture. This system, which offers full protection to any persons offering information in accordance with Japan's Whistleblower Protection Act of April 2006, is known as the Easy Voice System and has been put in place in all Nissan Group companies in Japan.

Nissan has established a global internal audit unit, an independent department under the direct control of the Chief Operating Officer (COO), to handle internal auditing tasks. Under the control of the Chief Internal Audit Officer (CIAO), audit teams set up in each region carry out efficient and effective auditing of Nissan's activities on a group-wide and global basis.

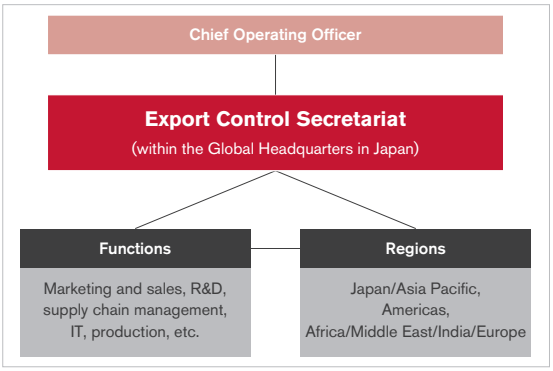
FISCAL 2011 GLOBAL COMPLIANCE COMMITTEE ORGANIZATION



Security-Related Export Controls

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

GLOBAL EXPORT CONTROL POLICY FRAMEWORK



Ensuring Personal Information Protection and Reinforcing Information Security

Nissan recognizes social responsibility to properly handle customers' personal information, in full compliance with Japan's Personal Information Protection Act. We have set up internal systems, rules and procedures for handling personal data. All group companies in Japan are fully enforcing these processes. Moreover, Nissan shares with Group companies worldwide its Information Security Policy as its basis to reinforce overall information security. We have also established an Information Security Committee, which implements measures as necessary to further strengthen information security to prevent information leaks and other such incidents. Furthermore, we regularly carry out various in-house programs to thoroughly educate and motivate employees to uphold their responsibilities in this re-gard.

The Principle and Approach to Corporate Risk Management

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

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

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

Additionally, a "Corporate Risk Management" website has been put in place as part of our corporate intranet system, which puts out risk management information to Nissan employees in Japan, North America, Europe and other overseas regions, as well as to important affiliated companies.

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

Risk Management Measures and Actions

1. Risks Related to Financial Market

1) Liquidity

Automotive

The automotive business must have adequate liquidity to provide for the working capital needs of day-to-day normal operations, capital investment needs for future expansion and repayment of maturing debt. Liquidity can be secured through internal cash and cash equivalents or external borrowings. As of the end of fiscal year 2011 (March 31, 2012), Nissan's automotive business had 781 billion yen of cash and cash equivalents (compared with 1,133 billion yen as of March 31, 2011). Cash and cash equivalents balance was exceptionally high as of the end of fiscal year 2010, as Nissan raised cash following the Great East Japan Earthquake as a countermeasure against an uncertain environment. In addition to cash, Nissan had approximately 469 billion yen of committed lines available for drawing as of March 31, 2012.

As for external borrowings, Nissan raises financing through several sources, including bonds issuance in capital markets, long and short-term loans from banks, commercial paper issuance and committed credit lines from banks. Nissan has a liquidity risk management policy which is intended to ensure adequate liquidity for the business while at the same time ensuring we mitigate liquidity risks, such as unmanageable bunched maturities of debt.

Target liquidity is defined objectively considering several factors, including debt maturity, upcoming mandatory payments (such as dividends, investments, taxes) and peak operating cash needs. We also benchmark our liquidity targets with other major Japanese corporations and global auto companies to ensure we are reasonable in our assumptions.

Sales finance

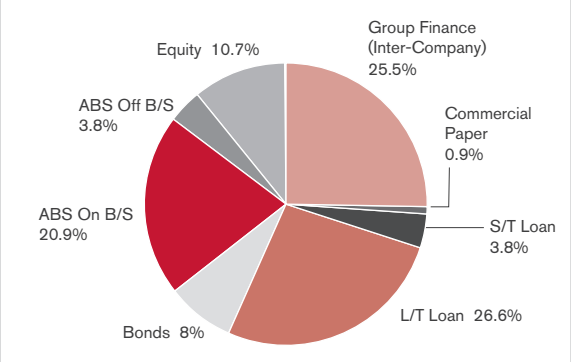
Nissan operates captive sales finance companies in Japan, the United States, Canada, Mexico, China, Australia and Thailand. In these countries, banks and other financial institutions are also involved in providing financing solutions to Nissan's customers and dealers. Additionally, in Europe and other regions, RCI Banque and several other banks / financial institutions are providing financing to Nissan's customers and dealers.

We monitor the liquidity of sales finance companies on an ongoing basis to ensure we have adequate liquidity to meet maturing debt and continue operations. As a policy, we target to match the maturity of liabilities with the maturity of assets wherever possible. In some of the countries where we operate, long-term capital markets are not developed, and thus it is not always possible to be perfectly match-funded. Match funding policy allows us to meet maturing debt obligations even in an environment in which we cannot raise additional debt due to the state of capital markets.

In addition to match funding, we manage liquidity risk at sales financing through several measures, including keeping adequate liquidity in the form of cash and unutilized committed lines, unencumbered assets (mainly vehicle loans and leases), liquidity support from auto operations to the extent we have excess cash in auto operations, diversified funding sources and geographical diversification of capital markets' access. As of March 31, 2012, sales finance companies' liquidity (cash and unutilized committed lines) was approximately 860 billion yen. Additionally, we have a healthy mix of secured (24.7%) and unsecured and other (75.3%) funding sources which ensure a stronger balance sheet and incremental liquidity through utilization of unencumbered assets.

The pie chart below describes our diversified funding sources in the sales finance business. During fiscal year 2011, we were able to raise new financings through bank loans, asset-backed securities, asset-backed commercial paper, commercial paper and bonds reflecting our diversified access to financing instruments.

SALES FINANCE BUSINESS FUNDING SOURCES (As of March, 2012)



2) Financial Market

Nissan is exposed to various financial-market-related risks, such as foreign exchange, interest rate and commodity price. It is Nissan's general policy not to use derivative products as a primary tool to manage foreign exchange and commodity price risks, as it will not provide a permanent solution to mitigate the risks. In some cases, Nissan does hedge select currencies and commodity price risks. Nissan is taking the following measures to minimize financial market risks.

Foreign exchange

As a company engaged in export activities, Nissan is faced with various foreign currency exposures which results from the currency of input cost being different from the currency of sale to customer. In order to minimize foreign exchange risk on a more permanent basis, Nissan is working to reduce foreign currency exposure by such measures as shifting production to the countries where vehicles are sold, and procurement of raw material and parts in foreign currencies. In the short term, Nissan may hedge risks in foreign exchange volatility within a certain range by using derivative products in accordance with the internal policies and procedures for risk management and operational rules regarding derivative transactions.

Interest rate

The interest rate risk management policy is based on two principles: long-term investments and a permanent portion of working capital are financed at fixed interest rates while the non-permanent portion of working capital and liquidity reserves are built at floating rates.

Commodity price

Nissan purchases raw materials in the form of parts provided by suppliers, as well as direct purchases. Nissan is exposed to the price fluctuation risks of raw materials, no matter whether it is purchased directly or indirectly.

For precious metals, which are used as catalyst, Nissan is making continuous efforts to reduce their usage through technological innovation, in order to minimize commodity price risks. In the short term, Nissan manages commodity price volatility exposure through the use of fixed rate purchase contracts where the commodity price is fixed for a period of time, and Nissan may also hedge risks in commodity price volatility within a certain range by the use of derivative products in accordance with the internal policies and procedures for risk management and operational rules regarding derivative transactions.

3) Sales Finance

Interest rate risk management

The sales financing business is exposed to interest rate risks. Interest rate risk is defined as the potential variance in the earnings of an entity or the fair value of the portfolio that would result from a fluctuation in the general level of market interest rates where funds with differing fixed-rate periods or differing terms are financed and invested.

Nissan measures the risks by using sensitivity analysis with various interest rate scenarios and determines the risk tolerance level. Nissan controls the interest rate maturities of both assets and liabilities to maintain the risks within the acceptable tolerance level.

The sensitivity analysis mentioned above uses statistical models, such as the Monte Carlo simulation method. However, actual fluctuations of market interest rates and their impact may deviate significantly from the assumptions used in the model.

Nissan enters into interest rate derivative financial instruments to maintain the potential variability of interest rates at a desired level of risk exposure. The main objective of these transactions is to mitigate the risks and not to pursue speculative profit maximization.

Credit risks

Nissan is exposed to the risks of failure to recover the full value of financial receivables in its auto credit and lease business with retail customers and its dealer finance business, due to changes in the economic situation and the credit quality of customers. Nissan manages the credit risks closely by establishing effective screening and collection systems and structures.

Credit applicants are all subject to credit assessments of their creditworthiness under a detailed scoring system. Based on the information directly obtained from applicants and from credit bureaus,

loan authorization is made in a comprehensive manner by considering the following points: applicant's credit history; applicant's capacity to pay which is estimated by debt ratio, payment to income ratio and disposable income; applicant's stability; and loan conditions, including the loan collateral, loan advance and payment terms. In addition to carrying out this screening process, Nissan takes into account qualitative information by conducting field visits to customers or referring to past business records with Nissan, in accordance with characteristics of regional business practices and risks.

Dealer finance for inventory vehicles is authorized on the basis of an internal rating system that takes into account the financial position of dealers, and, if necessary, personal guarantees and/or mortgage collateral are taken in pledge in addition to inventory vehicle collaterals. These scoring models are regularly reviewed and revised to keep them current with actual practice.

In some regions and products, Nissan also offers different pricing depending on the applicant's credit score to compensate the risks.

As a matter of accounting policy, Nissan maintains an allowance for doubtful accounts and credit losses adequately to cover probable losses. Nissan makes a best effort to recover the actual losses from bad debt accounts as quickly as possible by taking necessary actions, including flexible and effective organization changes for collection and utilization of third-party collection services.

Residual value risks

Vehicles on operating leases and some balloon type credits, where Nissan is the lessor, are guaranteed end-of-term residual value by Nissan. Nissan is therefore exposed to the risks that sales value of the vehicle could fall below its contractual residual values when the financed vehicle is returned and sold in the used car market at the end of the contract term.

To mitigate the risks mentioned above, Nissan objectively sets contractual residual value by using the future end-of-term market value estimation by a third party such as Automotive Lease Guide in North America, and the estimation from statistical analysis with historical data of the used car market in Japan.

To support used car market value, Nissan takes several strategic initiatives, including control of sales incentives for new car sales promotion, fleet sales volume control and introduction of the Certified Pre-owned program.

As a matter of accounting policy, Nissan evaluates the recoverability of carrying values of its vehicles for impairment on an ongoing basis. If impaired, Nissan recognizes allowance for potential residual value losses in a timely and adequate manner.

4) Counterparty

Nissan has a certain amount of exposures to counterparties in making financial transactions, such as bank deposits, investments and derivative contracts. While we work with competitive banking counterparties, Nissan manages its counterparty risk by using a certain evaluation system.

The evaluation system which Nissan uses is based on ratings of counterparties' long-term credit and financial strength, and the level of their shareholders' equity. The system is applied to Nissan as a group, and we set limits in terms of amount and term on a consolidated basis. By making the analysis monthly, we are able to take action on a timely basis when any concerns arise.

5) Pension

Nissan has defined benefit pension plans mainly in Japan, the United States and the United Kingdom. Funding policy for pension plans is to make periodic contributions as required by applicable regulations. Benefit obligations and pension costs are calculated using many different drivers, such as discount rate and rate of salary/wage increase.

Plan assets are exposed to financial market risks as they are invested in various types of financial assets including bonds and stocks. When the fair value of these assets declines, the amount of the unfunded portion of pension plans increases, which could materially affect cash-out and costs for Nissan in the form of future contribution to the pension plans.

As countermeasures to manage such risks, the investment policy of these pension plans is based upon the liability profile of the plans, long term investment views and benchmark information regarding asset allocation of other corporate pension plans.

In addition, Nissan convenes Global Pension Committees on a periodic basis to review investment performance, manager performance, review asset allocations and discuss other issues related to pension assets.

2. Risks related to Business Strategies and Maintenance of Competitiveness

1) Product Strategy

To secure our profitability and sustainable growth based on our future product lineup plan, in our product strategy developing process, we monitor the impact of various risk scenarios, such as global market changes and demand deteriorations, to our future profitability (COP) based on our plan.

<Example of Risk Scenarios>

1. Drastic decline of total global demand, using past examples as reference.
2. A demand shift between vehicle segments drastically faster than our mid-term planning assumptions.
3. A demand shift from the matured markets to the emerging markets drastically faster than our mid-term planning assumptions.

We periodically monitor the impact of these scenarios to secure our future profitability and sustainable growth, and also update our future lineup plans periodically based on the results. To improve the robustness of our product lineup against these risks, we take the following countermeasures as our main direction when planning our product strategy.

- Expand availability of individual products across markets to mitigate the risk of single market demand fluctuations.
- Increase volume and efficiency per product through a consolidation and rationalization of the portfolio to lower the breakeven point and thereby reduce the profit risk of global Total Industry Volume declines.
- Prepare a more balanced product portfolio meeting needs in a broader range of markets and segments reducing reliance on specific large markets.

2) Quality of Products and Services

Nissan is making a companywide effort toward “Enhancing Quality,” one of the six areas of focus defined by Nissan Power 88, our mid-term business plan through fiscal 2016. Under this plan, actions are being carried out with numerical targets for the following areas.

- Product quality: Quality of our products based on the customer’s actual experiences as an owner of the vehicle
- Perceived quality and attractiveness: Customers’ impressions of a vehicle’s quality when they look at and touch it in a dealer’s showroom

For example, the target for “product quality” is to attain the top level in the Most Influential Indicators (MIIs) in each region. In order to achieve the target, internal indicators for each model correlating with the MIIs have been established. Progress of all quality improvement activities is monitored on an ongoing basis with those internal indicators.

With respect to new model projects, in order to achieve quality targets, milestone meetings are held for processes from design, production preparation and production, at which key check points are confirmed, such as achievement of quality targets, prevention of recurring problems, and adoption of measures for potential risks related to new technology and mechanisms and design changes. Commercial production can be started after confirmation at the Start of Production (SOP) Judgment Meeting, which confirms all issues are solved and quality target can be achieved. Final decision that the model can be sold is made at the Delivery Judgment Meeting after confirmation of the quality of commercial production and preparedness for service/maintenance.

As described above, Nissan is implementing thorough quality checks before new model launches. Nissan is advancing quality improvement activities after launch as well by constantly gathering quality information from markets and promptly deploying countermeasures if problems arise. In case safety or compliance issues do occur, necessary actions such as recalls are implemented with close cooperation with market side team based on a management decision reached by an independent process. Incidents are thoroughly investigated and analyzed, and the lessons are applied to existing or upcoming models to prevent a recurrence.

In addition to the above described activities, such as quality assurance at new model project and quality improvement activities on daily basis, the “Quality Risk Management” framework has been newly developed from fiscal 2009. While quality-related risks have been assessed and dealt with for

new models, as described above, the new framework represents a higher-level system to ensure successful quality management for both on-going and future projects. It involves an objective evaluation of whether risk exists and the level of such risk for the Company and the assignment of responsible persons based on the level for follow-up activities. These processes are implemented by the Quality Risk Management Committee, chaired by an EVP twice a year.

3) Environment, Climate Change

The automotive industry is affected globally by various regulations related to the environment and safety, such as exhaust emissions, CO_2/fuel efficiency, noise and recycling, and these regulations are getting more stringent year by year. In this context, one effective solution from a long-term perspective will be widespread use of zero-emission vehicles. Nissan started sales of the Nissan LEAF, the world's first affordable, mass-produced EV, in 2010. As the Renault-Nissan Alliance, we have promoted partnership formation to develop a zero-emission society with national and local governments.

Additionally, Nissan will reduce CO_2 emissions by continuously developing technologies to improve fuel efficiency in internal combustion engines and bringing them widely into the market. In particular, we will promote low CO_2 output technologies named PURE DRIVE, such as our hybrid system, fuel efficient direct injection engine and continuously variable transmission (CVT).

Stricter controls on the environmental impact of substances are being sought in countries around the world. Nissan has steadily advanced efforts to meet these requirements and has established voluntary standards to meet the environmental regulations enacted in countries worldwide in an effort to reduce the potential release of environment-impacting substances.

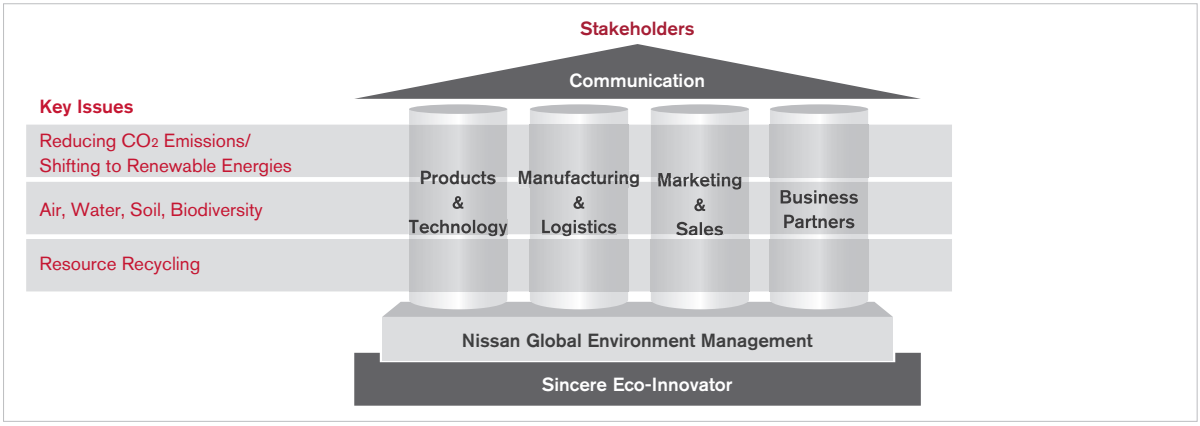
Demand for natural resources such as metals and oil steadily increases in response to the rapid economic growth of emerging countries. In addition to promoting reduced use of virgin natural resources through resource-saving and resource-recycling measures, it is becoming important to procure natural resources that have a lower impact on the Earth's ecosystems, not only from the standpoint that these resources are limited, but also considering the wide-ranging effects that resource extraction has on ecosystems. In the Nissan Green Program 2016—an environmental mid-term action plan announced in 2011—Nissan has raised to 25% the target for the use of recovered material in new vehicles by 2016. To achieve this, we will promote design centered on the vehicle life cycle, reduce waste and promote expanded use of recycled materials.

The issue of water resources is ever more serious with the retreat of glaciers and rainfall fluctuation due to climate change, in addition to increasing water use due to the growing world population and economic development. Nissan, which uses water resources in its production process, deeply recognizes the importance of this issue and continuously works to preserve water resources around the world, such as by reducing consumption and recycling water discharged in the production process.

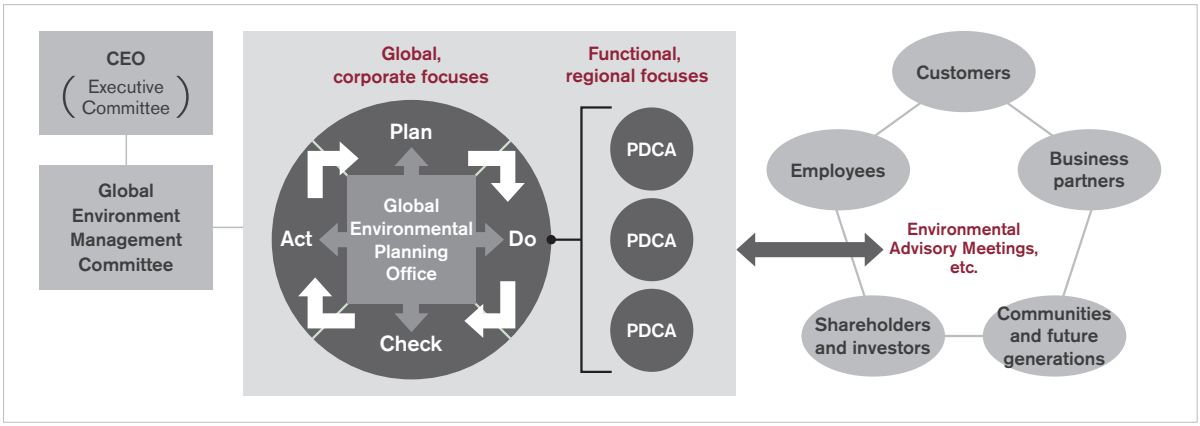
The purchasing divisions of Nissan and Renault carry out supply-chain management in a manner consistent with The Renault-Nissan Purchasing Way, a booklet outlining policies for dealing with suppliers, and the Renault-Nissan CSR Guidelines for Suppliers. With respect to environmental issues, we began to set standards for the efforts of our automobile parts and material suppliers in the form of the Nissan Green Purchasing Guidelines. Through these purchasing guidelines we seek to share our environmental principles and action plans with our suppliers and to promote the reduction of environmental impact throughout the entire supply chain.

Thus, Nissan is working to achieve autonomous guidelines and targets as part of its corporate social responsibility as well as to comply with laws and regulations. In order to promote this environmental management on a global basis, the Global Environment Management Committee (G-EMC) chaired by the COO makes decisions on general direction and proposals to the Executive Committee. The Environmental Planning Group within the Corporate Planning Department makes decisions on activity targets for each department and region and conducts effective follow up of the progress based on Plan-Do-Check-Act (PDCA) management.

OUR FRAMEWORK FOR GLOBAL ENVIRONMENT MANAGEMENT



NISSAN'S GLOBAL ENVIRONMENT MANAGEMENT ORGANIZATION



4) Compliance and Reputation

As described above, Nissan produced the Nissan Global Code of Conduct for all employees of the Nissan Group worldwide. To ensure thorough understanding of the code, training and education programs such as e-learning are improved and the compliance situation is monitored by the Global Compliance Committee. Nissan has also adopted the internal whistle blowing system (Easy Voice System). This allows any employees to submit opinions, questions, requests or suspected compliance issues directly to Nissan's management.

Additionally, we have created sets of internal regulations globally covering the prevention of insider trading, personal information management, records management and prevention of bribery and corruption. Nissan makes efforts to prevent reputation risk to the company by continuous implementation of various education and training programs.

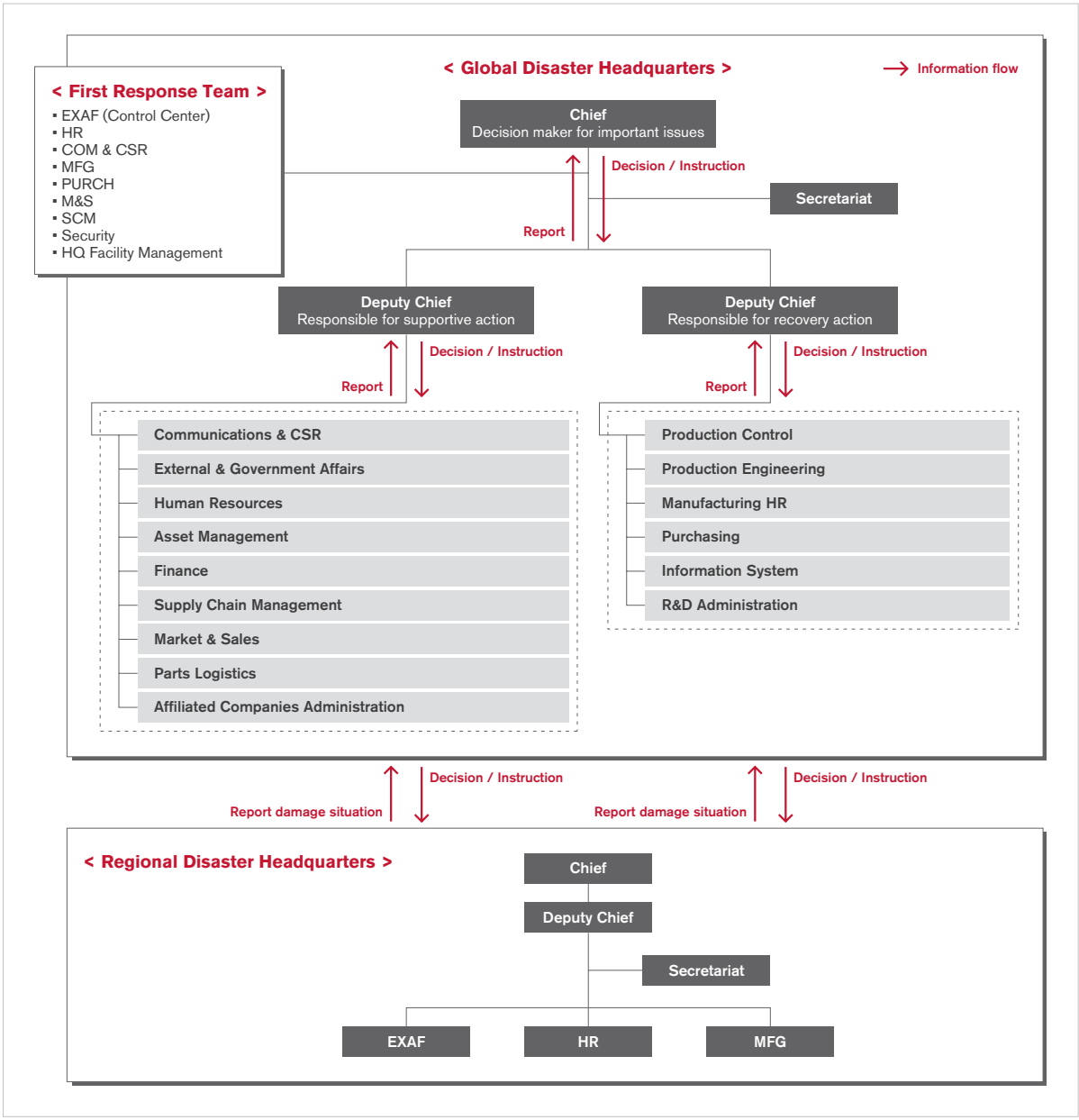
3. Business Continuity

1) Natural Disasters Measures

In case of an earthquake measuring 5-upper or higher on the Japanese seismic intensity scale or other natural disasters causing heavy damage affecting Nissan's business activities, a First Response Team (organized by the main units of the Global Disaster Headquarters) will gather information and decide actions to be taken based on the information. If necessary, the Global Disaster Headquarters and Regional Disaster Headquarters will be set up to gather information about employees' safety and the damage situation of facilities and to work for business continuity.

At the same time, efforts to develop a Business Continuity Plan (BCP) are being carried out with the involvement of suppliers. These include assessment of the priority of work by each and every function and development of countermeasures to continue priority work. The BCP will be reviewed annually in the process of the PDCA cycle.

ORGANIZATION FOR DISASTER RECOVERY (EARTHQUAKE)



<Policy and Principles in Case of Earthquake>

1. The first priority is human life (utilization of employee safety confirmation system)
2. Prevention of secondary disaster (in-house firefighting organization, stockpiling, provision of disaster information)
3. Speedy disaster recovery and business continuity (measures for hardware, improvement of contingency plan and development of BCP)
4. Contribution to local society (cooperation/mutual aid with neighboring communities, companies, local and central governments)

The Global Disaster Headquarters and Regional Disaster Headquarters conduct simulation training assuming a large earthquake to prepare for a catastrophe. The drills test the effectiveness of this organization and contingency plan and clarify the issues to be improved. The contingency plan is reviewed based on the feedback.

In the aftermath of the March 11, 2011, disaster, our periodic simulation training helped to ensure the smooth launch of our Global Disaster Headquarters and Regional Disaster Headquarters on the initiative of the First Response Team. This also helped to complete of confirmation of employees' safety and checks on the extent of the damage.

Additionally, based on the policy of contribution to local society, we reacted rapidly to provide rest space to people who could not return home on March 11 and to support damaged areas.

At the stage of business recovery, the Disaster Headquarters and the project teams of each function continuously shared up-to-date information and were addressing the issues for production and business recovery with companywide cooperation. It was effective for the quick recovery of our total supply chain, including parts supply, production, logistics, sales and services.

The response to the March 2011 disaster was reviewed during fiscal 2011 to identify issues that came to light on a function-by-function basis and to consider countermeasures. In March 2012, simulation training was conducted based on a new scenario incorporating the review findings, and the new measures were verified.

Utilizing the PDCA cycle, disaster measures will be advanced to address additional issues raised during training and in response to recent changes in the government's anticipated seismic scale announcements. The Global Headquarters building, where the Disaster Headquarters has been set up (built in August 2009), has an earthquake-resistant structure using vibration-controlling brace dampers. Safety is assured even in the case of a maximum-level earthquake at the site. Inspections after the earthquake confirmed that the building had no problems whatsoever with its safety and functions.

2) Pandemic

In response to the outbreak of H1N1 type influenza in April 2009, Nissan established a global policy for infection prevention. Each region has organized a response team and has promoted concrete countermeasures based on the policy. Infection status can be monitored globally thanks to firmly developed reporting lines between the global response team and each regional team.

Nissan has promoted countermeasures based on three basic principles stated in the global policy, which are:

1. First priority on employees' health and lives
2. Prevention of the spread of infection
3. Continuity of business operation

As specific actions, Nissan established the "guidelines for employees' action" which stipulated actions to be taken by employees, Sections and Companies, and kept employees informed.

Nissan also developed a Business Continuity Plan (BCP) for each business section, with several triggers to invoke the BCP depending on the infection ratio, to maintain business continuity even under a high infection situation.

Nissan will keep prepared for contingencies like avian flu through its PDCA cycle, such as by updating response team members and the BCP, carrying out educational activities for infection prevention and stockpiling sanitary and medical goods.

3) Countermeasures for Production Continuity Risk

Nissan's production division has dealt with various risks related to the three elements of production, as listed in the chart below. Particularly for natural disasters, we have worked over the years on continuous prevention countermeasures to physical infrastructure (quakeproofing and reinforcement of buildings and other facilities), maintained an operations recovery manual to shorten recovery time and regularly executed BCP simulation drills. Learning from the lessons of the Great East Japan Earthquake and the floods in Thailand, we are reviewing and strengthening our activities. More specifically, we have set the period after which production is to be resumed following a large-scale disaster to two weeks, and we have clarified necessary measures and produced action plans so that this can be achieved. In each business facility, the operations recovery manual has been improved with the addition of more practical content. We have begun regular audits of the manuals to confirm that they are in the proper condition to be executed as written.

In addition to such countermeasures to natural disasters, it is absolutely important to manage risks associated with parts procured from Leading Competitive Countries (LCCs) in order to expand markets globally. To deal with such risk, Nissan has been conducting risk assessment before making sourcing decisions, providing support for improvement activities after sourcing, implementing quality checks at key points in the production and logistics process to prevent the production and utilization of imperfect parts and enhancing activities to minimize supply capacity risk in order to secure global market expansion and growth.

3 elements of production / Risk factor	HR/Workforce	Purchased parts/ Raw materials	Facilities/Equipment
Natural disasters (earthquakes)	▪ Reinforcement of office buildings (completed) ▪ Development of earthquake response manual, implementation of evacuation drills (once/year) ▪ Conducting of disaster prevention drills (once/year or more)	▪ Assessment of earthquake preparedness of major suppliers located in high quake-risk areas (FY08) ▪ Planning to adopt damage reporting system on web base (FY10) ▪ Confirmation of BCPs to be implemented at time of disaster by suppliers in high quake-risk areas (FY11)	▪ Reinforcement of buildings & machinery (continued) ▪ Review of facility recovery manual (FY11) ▪ Regular audits of each business facility
Fire	▪ Risk assessment based on F-PES (Fire Prevention Evaluation System) (once/year)	▪ Same as on the left	▪ Same as on the left ▪ Revision of equipment standard based on the assessment result
Workplace injury	▪ Risk assessment based on SES (Safety Evaluation System) (once/year) ▪ Assessment for health & safety management system (once/year)	▪ Same as on the left	▪ Same as on the left
Pandemic	▪ Development of flu response manual (FY09)	▪ Requested suppliers to develop response manual coordinated with Nissan	—
Demand fluctuation	▪ Backup from other Nissan plants (as needed) ▪ Backup from other companies (as needed) ▪ Employment of short-term employees (as needed)	▪ Regular check of demand projection and supply capacity; implementation of measures	▪ Installation of flexible manufacturing system (completed) ▪ Regular check of demand projection and production capacity; implementation of measures ▪ Development of complementary production system for main power trains
Machinery breakdown	—	—	▪ Share past incident experiences and reflect them in preventive maintenance ▪ Reflect them in equipment standards
Electric power shortage	—	—	▪ Thoroughgoing energy conservation efforts ▪ Flexibility in plant operations and working hours in response to requests from the government or power companies
Expanding LCC parts adoption	—	▪ Assessment of *monozukuri* ability before supplier sourcing and support for improvement activities after sourcing ▪ Quality assessment at production preparation phase ▪ Quality check at mass production phase (action "Gate 1-3")	—
Decrease of skilled workers/ experts	▪ Planning and implementation of training program at each plant to develop skilled workers (FY10) ▪ Global development of human resources through the Global Pilot Plant program (FY11) ▪ Development of experts to teach technical skills (planning and implementation from FY12)	—	—

4) Supply Chain Continuity

Control was enhanced as follows to prepare for increased supplier risk.

Response to suppliers' financial risk

(1) Risk assessment (annual)

- Work with Alliance partner Renault to conduct financial assessments of suppliers based on the latest data on a global basis.

(2) Prompt decision on risk aversion

- Prompt decision making by a cross functional committee based on risk assessment findings
- Thoroughgoing monthly management of risks for each supplier and anticipated expenditures
- Steady implementation of the above operational process

Response to suppliers' disaster risk

(1) Ensuring business continuity

In fiscal 2011, cooperation with suppliers was an essential factor in the recovery from natural disasters like the Great East Japan Earthquake and the floods in Thailand. The fruits of such efforts included support for affected suppliers and early restart of production. Some of the major initiatives are as follows:

- Sharing of information relating to production recovery with suppliers frequently and from an early stage
- Soliciting of feedback from suppliers in advance of the rolling blackouts and weekend operations during the summer period, enabling the provision of support for power shortages as necessary
- Establishment of a BCP for the supply chain (for both Japan and Thailand).

(2) BCPs for overseas operations

In fiscal 2012, Nissan plans to introduce measures taken in Japan to overseas operations besides Thailand and to establish similar BCPs for those regions.

5) Risk Financing and Loss Prevention

Global Insurance Management Policy

Nissan manages hazard risk on a global basis with risk financing techniques that combine self-retained risk with external risk transfer via insurance.

In order to minimize the cost of risk, Nissan adheres to the following global insurance management policy. This policy has provided appropriate coverage for damage resulting from the unpredictable and massive disasters that the world has seen in recent years.

- Predictable risks with low impact and high frequency
  → Retained risks up to an acceptable level on a consolidated basis by the company
- Unpredictable risks with low frequency and high impact or shock value
  → Risks whose financial impact may exceed the acceptable level of self-retention are transferred outside the company via insurance

Global Insurance Program

In order to minimize the cost of hazard risks and manage risks occurring globally and interdependently in a concentrated manner, global insurance programs have been established for main lines of insurance. The Finance Department in the Global Headquarters decides insurance conditions and structures, and negotiates directly with insurance companies for these global programs. The insurance companies are important strategic partners, and they are thus decided in consideration of risk spread and financial solvency.

The following risks are covered in this way.

- Property damage and business interruption by accidents

  The program covers risks not only for property damage but also for business interruption and contingent business interruption due to accidents, taking into consideration the global expansion of the supply chain for products and parts. Coverage limits are determined based on the probable maximum loss amount measured by third-party experts.

  We achieved further improvement and optimization of insurance conditions by negotiating with insurance companies together with our Alliance partner Renault from fiscal 2011.

- Transportation and storage of vehicles and products for sales
  This program covers risks relating to transportation and the supply chain for parts and products globally. By covering risks spread geographically under a global program, we can manage loss data on a global basis and ensure stability of insurance costs.
  From fiscal 2011, this program was also combined with Renault's program for negotiating with insurance companies to achieve best possible results utilizing synergies of scale.

- Product liability
  To manage this risk, we have insurance programs suitable for the legal systems and practices in each region. The programs are led by the Global Headquarters in order to implement a consistent strategy globally.

Utilization of Captive Insurance Company

For the purpose of more efficient self-retention on a consolidated basis, Nissan Global Reinsurance, a Bermuda-based captive insurance company (an insurance company of the Nissan Group) is utilized to reinsure a certain amount of risk for each of our global programs.

Utilization of a captive insurance company enables the following:

- Helps to reduce insurance costs by obtaining the minimum necessary insurance
- Each group company can obtain necessary coverage
- Can gather and analyze loss data below self-retained limit

Loss Prevention Activities

Nissan conducts loss prevention activities to improve loss results and reduce the cost of premiums on an ongoing basis. Since the global insurance programs have been introduced, loss prevention activities have been promoted more actively and globally to maintain low premium rates. Examples of Nissan's loss prevention activities include conducting risk engineering surveys and obtaining recommendations for safety from third-party experts, creating manuals for actions in the event of typhoons and constructing hail nets to prevent hail damage.