

CORPORATE GOVERNANCE

NISSAN'S APPROACH TO CORPORATE GOVERNANCE & INTERNAL CONTROL

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

FISCAL 2012 PERFORMANCE

- Global implementation of information security training, including a self-evaluation program at the Global Headquarters
- Update of the statement on security-related export controls
- Establishment of Global Anti-bribery Policy and implementation of employee training

FUTURE MEASURES

- Strengthening of corporate governance & internal control on a global basis

INTERNAL CONTROL SYSTEMS AND COMPLIANCE

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

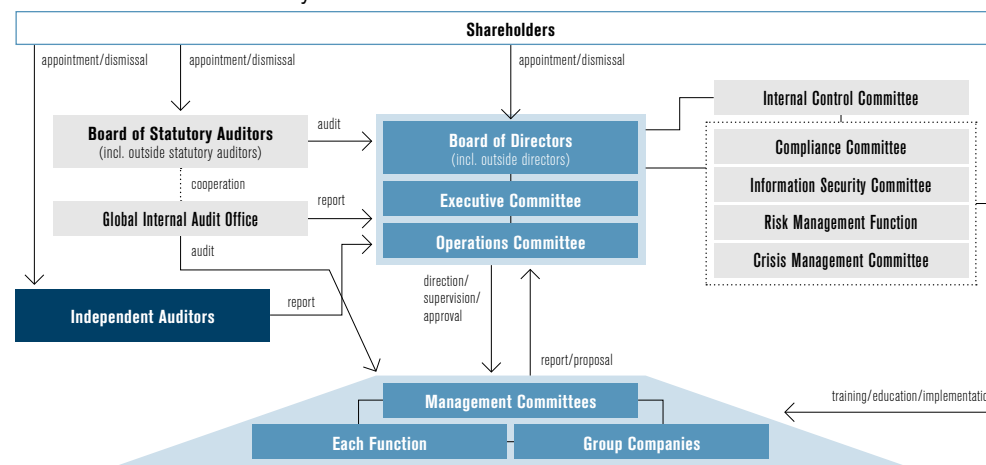
Internal Control Systems

Nissan places high value on transparency, both internally and externally, in its corporate management. We focus consistently on the implementation of efficient management for the purpose of achieving clear and quantifiable

commitments. In line with this principle, and in accordance with Japan's Companies Act and its related regulations, the Board of Directors has decided on the Internal Control Systems to pursue these goals and on its own basic policy. The board continually monitors the implementation status of these systems and the policy, making adjustments and improvements as necessary. One board member has also been assigned to oversee the Internal Control Systems as a whole.

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

Nissan's Internal Governance System

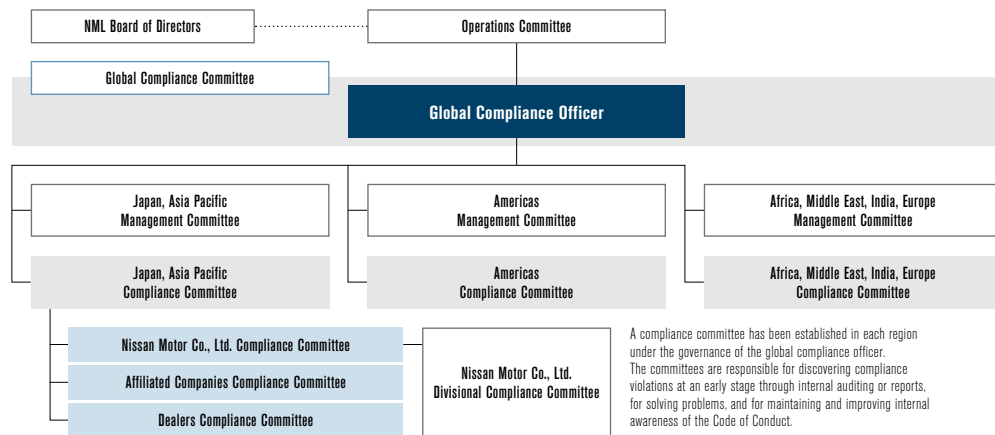


Legal Compliance Framework

Nissan's CSR approach is founded on compliance with a strong sense of ethics held by each and every employee. We produced the Nissan Global Code of Conduct in 2001 outlining a set of guidelines for employees to put into practice, and it is being applied at all Nissan Group companies 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. Under the oversight of our Global Compliance Committee, we have established three regional compliance committees to form a system for preventing illegal and unethical behavior worldwide. To enhance legal and ethical compliance, we are working with all regions and bases of operation to ensure full awareness of compliance issues and engage in prevention of illegal activities. Nissan deals severely with any employee who violates or infringes upon the Global Code of Conduct or the laws.

FY2013 Global Compliance Committee Organization

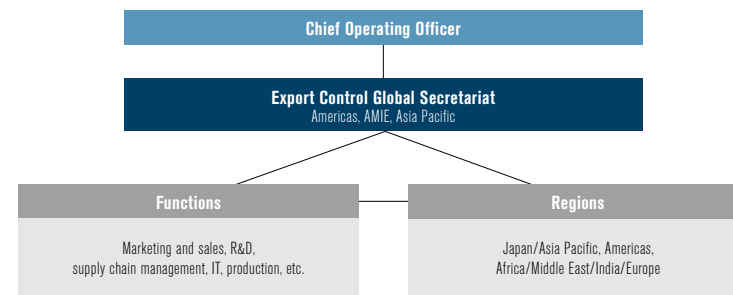


Security-Related Export Controls

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 in line with Japanese and other countries' laws and regulations to prevent the proliferation of weapons of mass destruction, conventional weapons and any goods 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.

Specifically, the Export Control function sets the process of monitoring and validating the exports which is strictly applied in operations. In order to fully implement and improve the level of internal management, the Export Control function and related business functions at Nissan conduct employee training on export control. 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



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Promoting Thoroughgoing Compliance

We have established a Global Code of Conduct and have identified sections and officers at each of our operations responsible for promoting compliance measures.

To ensure full understanding of the code, employees in Japan take an e-learning or video training course based on the Japanese version of the Nissan Code of Conduct—"Our Promises," revised most recently in October 2010—after which they sign an agreement to abide by it. In this way we seek to ensure across-the-board understanding, making all our people more deeply aware of compliance issues. A number of education programs to promote compliance are held regularly for employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. We are also carrying out compliance-related training in other regions based on guidelines that take into account conditions in each country. Moreover, all group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct.

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

Global Code of Conduct for Nissan Group

Principle

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

Global Code of Conduct

- 1 Comply with All Laws and Rules
Nissan employees will abide by all laws of the country, and all regulations of the Company, in which they work.
- 2 Avoid Conflict of Interest
The best interests of Nissan are expected to be foremost in the minds of employees. It is prohibited to behave, act or use information in a way conflicting with Company interests.
- 3 Preserve Company Assets
Nissan employees are personally accountable for preserving and safeguarding Company assets. Unauthorized use or diversion of Company assets, including funds, information and intellectual property, is prohibited.
- 4 Be Impartial and Fair
Nissan employees must maintain impartial and fair relationships with business partners, including dealers, parts suppliers and other third parties.
- 5 Be Transparent and Accountable
Nissan employees shall make fair, transparent, timely and appropriate disclosure of the Company's business activities to our stakeholders, including stockholders, customers, other employees and local communities.
- 6 Value Diversity and Provide Equal Opportunity
We value and respect the diversity of our employees, suppliers, customers and communities. Discrimination or harassment, in any form or degree, will not be tolerated.
- 7 Be Environmentally Responsible
Nissan employees shall strive, within the business objectives of Nissan, to consider environmental protection when developing products and services, to promote recycling and to conserve materials and energy.
- 8 Be Active; Report Violations
Nissan employees are expected to carry out their work in accordance with the Code of Conduct. Employees who suspect that a violation of the Code of Conduct has occurred are obligated to report it as soon as possible, and such employees shall be protected from retaliation.

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 or harass others based on race, nationality, gender, religion, physical capability, age, place of origin or other reason; nor may they allow such a situation to go unchecked if discovered. We also work to ensure that all employees, both male and female, can work in an environment free from sexual and other forms of harassment.

Internal Reporting System for Corporate Soundness

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

Independent Internal Audits

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

RISK MANAGEMENT

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

Principles for and Approach to Corporate Risk Management

Risk management must be a real-world activity closely linked at all times with concrete measures. Based on its Global Risk Management Policy, Nissan carries out activities on a comprehensive, groupwide basis.

In order to respond swiftly to changes in its business environment, Nissan has set up a department in charge of risk management that carries out annual interviews of corporate officers, carefully investigating various potential risks and revising the company's "risk map" in line with impact, frequency and control level.

The Executive Committee makes decisions on risk issues that must be handled at the corporate level and designates "risk owners" to manage the risks. Under the leadership of these owners, the company designs appropriate countermeasures. Finally, the board member in charge of internal controls (currently the chief operating officer) regularly reports to the Board of Directors on progress being made.

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

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

Nissan is currently engaged in meeting the goals of the Nissan Power 88 mid-term business plan. To achieve the ambitious goals of raising both global market share and operating profit margins, we need to fully utilize our existing production capacity in countries around the world so that new spending can be curtailed, and we also need a highly efficient production setup so production can be restored quickly in case a plant is forced to shut down due to unforeseen circumstances.

To support the mid-term business plan from a risk-management perspective, our efforts will also be expanded worldwide and throughout the supply chain by incorporating the important lessons learned from the March 2011 earthquake and tsunami in east Japan and the 2011 flooding in Thailand.

The Current State of Nissan's Risk Management

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

1 Risks Related to Financial Market

1) Automotive

1. Liquidity

An 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, internal cash flow generation and external borrowings.

As of the end of fiscal year 2012 (March 31, 2013), Nissan's automotive business had ¥771 billion of cash and cash equivalents (compared with ¥781 billion as of March 31, 2012). In addition to cash, Nissan had approximately ¥480 billion of committed lines available for drawing as of March 31, 2013.

As for external borrowings, Nissan raises financing through several sources including bond 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 that is intended to ensure adequate liquidity for the business while at the same time ensuring mitigation of liquidity risks such as unmanageable bunched maturities of debt. In the policy, Minimum Required Liquidity is defined, objectively considering several factors including debt maturity, upcoming mandatory payments (such as dividends, investments and 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.

2. Financial Market

Nissan is exposed to various financial-market-related risks, such as foreign exchange, interest rates and commodity prices. It is the general policy of Nissan not to use derivative products as a primary tool to manage foreign exchange and commodity price risks as it does not provide a permanent solution to mitigate these 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 that result from the currency of input cost being different from the currency of sale to customers. 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 materials 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 rates

The interest rate risk management policy is based on two principles: long-term investments and the 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 prices

Nissan purchases raw materials in the form of parts provided by the suppliers, as well as direct purchase. Nissan is exposed to the price fluctuation risks of

raw materials, no matter whether purchased directly or indirectly.

For precious metals, which are used in catalysts, Nissan is making continuous efforts to reduce its usage by technological innovation in order to minimize commodity price risk. In the short term, Nissan manages commodity price volatility exposure through the use of fixed-rate purchase contracts in which commodity prices are fixed for a period of time; 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.

- Marketable securities

The Company may hold marketable securities for certain reasons including strategic holding, relationship management and cash management. There are risks of price fluctuation for these securities. Therefore, price fluctuations in the stock and bond markets could adversely affect the company's business performance and financial position. The Company defines the authority for decision concerning such transactions within the internal policies and procedures for risk management. The company also takes measures for these risks including mandatory periodical reporting with fair value of such financial transactions.

3. Counterparties

The Group does business with a variety of local counterparties including suppliers, sales companies and financial institutions in different regions around the world. Should unprecedented conditions such as bankruptcies be triggered by a global economic crisis, the resulting interruption to business operations from production interruption and/or troubles on any other production activity at the procurement side, and any significant default by a counterparty at the sales side or financial institutions, would adversely affect the Group's financial position and business performance.

The Group assesses its own counterparty credit risks by conducting comprehensive ongoing reviews of suppliers', sales companies' and financial institutions' financial condition based on their latest available financial information. Based on such assessment, the Group is prepared to take necessary actions for risk avoidance or mitigation in a prompt manner.

4. Pensions

Nissan has defined benefit pension plans mainly in Japan, the United States and the United Kingdom. The 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 the 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 increase required cash pension contributions and pension expenses.

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 global corporations' pension plans.

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

2) Sales Finance

1. Liquidity

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 also provide 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 maturity of liabilities with 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 in sales financing

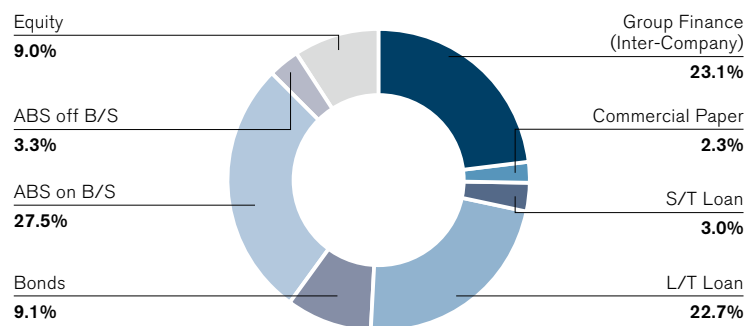
through several measures including keeping adequate liquidity in the form of cash and unutilized committed lines, unencumbered assets (mainly vehicle loans and leases), liquidity support from auto operations to the extent we have excess cash in auto operations, diversified funding sources and geographical diversification of capital market access.

As of March 31, 2013, sales finance companies' liquidity (cash and unutilized committed lines) was approximately ¥538 billion. Additionally, we have a healthy mix of secured (30.8%) and unsecured and other (69.2%) 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 sales finance business.

During fiscal year 2012, we were able to raise new funding 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 2013)



2. 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 the 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 an acceptable tolerance level.

The sensitivity analysis mentioned above uses statistical models, such as the Monte Carlo Simulation Method. However, the actual fluctuation of market interest rates and its impact may deviate significantly from the assumptions used in the models. Nissan enters into interest rate derivative financial instruments to maintain the potential variability of interest rates at the desired level of risk exposure. The main objective of these transactions is to mitigate the risks and not to pursue speculative profit maximization.

3. Credit Risks

Nissan is exposed to the risks of failure to recover the full value of financial receivables for its Auto credit and Lease business with retail customers and for its Dealer finance business, due to changes in the economic situation and credit quality of customers. Nissan manages the credit risks closely by establishing an effective screening and collection system and structure. 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, whenever required, 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 pledges of inventory vehicle collateral. These scoring models are regularly reviewed and revised to keep them adequate in actual practice.

In some regions and products, Nissan also offers different pricing depending on the applicant's credit score to compensate for 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 best efforts to recover the actual losses from bad debt accounts as quickly as possible by taking necessary actions, including flexible and effective organization change for collection and utilization of third-party collection services.

4. 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 risk that the sale value of the vehicle could fall below its contractual residual value 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 third parties such as the Automotive Lease Guide in North America, and the estimation from statistical analysis of historical data on 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 a 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.

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, on our future profitability based on our plan.

Risk Scenario Examples:

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 mature markets to 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 plan periodically based on the results. To improve the robustness of our product lineup against these risks, our main approach is to take the following countermeasures 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 (TIV) 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 (MIIIs) in each region. In order to achieve the target, internal indicators for each model correlating with the MIIIs 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 targets can be achieved. The 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 the marketing side 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 for new model projects and quality improvement activities on a daily basis, the “Quality Risk Management” framework has been newly developed from fiscal 2009. While quality-related risks have hitherto been assessed and dealt with for new models, 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 executive tasked with heading this activity, 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, CO₂/fuel efficiency, noise, chemical substances and recycling, and these regulations are getting more stringent year by year. To comply with these regulations and to meet society's expectations, Nissan formulates an environmental strategy based on materiality assessments of management risk factors, analyzing the Company's potential issues and opportunities and identifying issues that are crucial for both Nissan and its stakeholders.

In this context, we believe that one effective solution from a long-term perspective will be the widespread use of zero-emission vehicles. Nissan started sales of Nissan LEAF, the world's first affordable, mass-produced EV, in 2010. The Renault-Nissan Alliance, moreover, has a goal of becoming a leader in zero-emission vehicles and is considering partnering with national and local governments to promote zero-emission mobility and to help build a supporting infrastructure.

Additionally, Nissan will help to reduce CO₂ 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 highly fuel-efficient, low CO₂ emitting vehicles named PURE DRIVE, equipped with such technologies as our hybrid system, fuel efficient direct injection engine and continuously variable transmission (CVT).

Stricter controls on the environmental impact of substances are being implemented in countries around the world. In accordance with a globally uniform policy on reducing the use of environment-impacting substances, Nissan is strengthening the management of such substances, adhering to a well-planned schedule for their reduction and advancing the use of alternative substances. We voluntarily enforce stricter standards than those required by the domestic laws of the countries where we operate in restricting the use of substances scientifically recognized as being hazardous or carrying high hazard risks, as well as those that advisory NGOs have pointed out as being dangerous. Based on this policy, we have developed internal engineering standards restricting the use of designated substances. The standards identify the chemicals whose use is either prohibited or controlled, and they are applied in selecting the materials, parts and articles for Nissan vehicles from the stage of initial development.

Demand for mineral resources and fossil fuels has steadily increased in response to the 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. Nissan has raised to 25% the target for the use of recycled material in new vehicles by 2016. To achieve this, we will promote design centered on the vehicle lifecycle, reduce the use of scarce resources, reduce waste and promote expanded use of recycled materials.

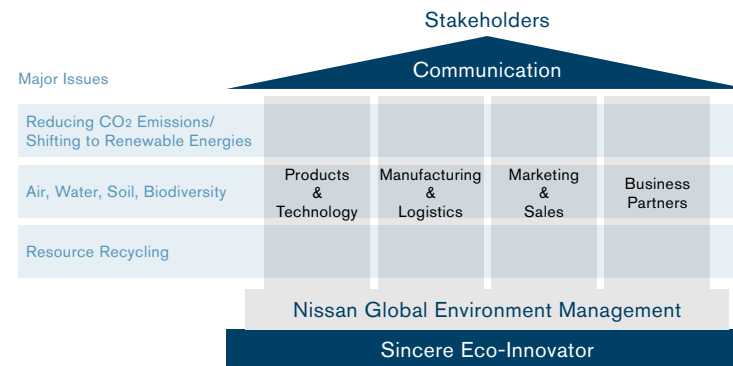
The issue of water resources is ever more serious with the retreat of glaciers and rainfall fluctuation due to climate change, in addition to increasing water use due to the growing world population and economic development. Nissan, which uses water resources in its production process, deeply recognizes the importance of this issue and continuously works to preserve water resources at plants 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 have set standards for the efforts of our automobile parts and material suppliers in the form of the Nissan Green Purchasing Guidelines. In fiscal 2012 we added a number of environment-related criteria in selecting our suppliers to coordinate our efforts to reduce environmental impact; we now ask suppliers to furnish data regarding their CO₂ emission levels and energy use and also consider their management of environment-impacting substances, recycling of resources and water-conservation efforts.

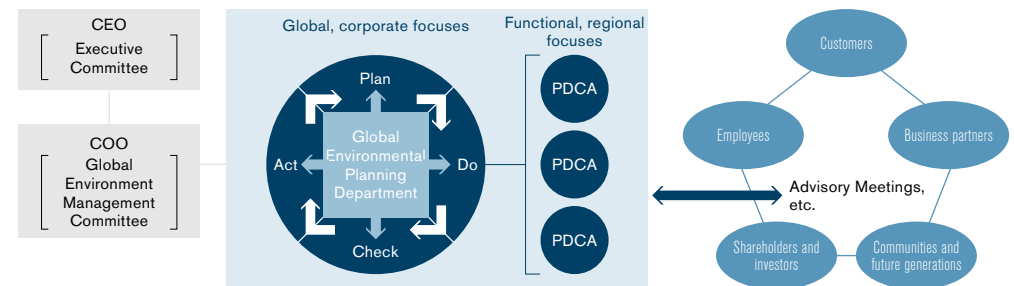
Thus, Nissan is working to achieve autonomous guidelines and targets as part of its corporate social responsibility as well as to comply with laws and regulations. In order to promote this environmental management on a global

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 Department within the Corporate Planning and Business Development Division 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

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 our compliance with laws and ethical standards is monitored by the Global Compliance Committee. Nissan has also adopted an 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, information security and prevention of bribery and corruption. Nissan makes efforts to prevent compliance infractions and reputation risk to the company by continuous implementation of various education and training programs.

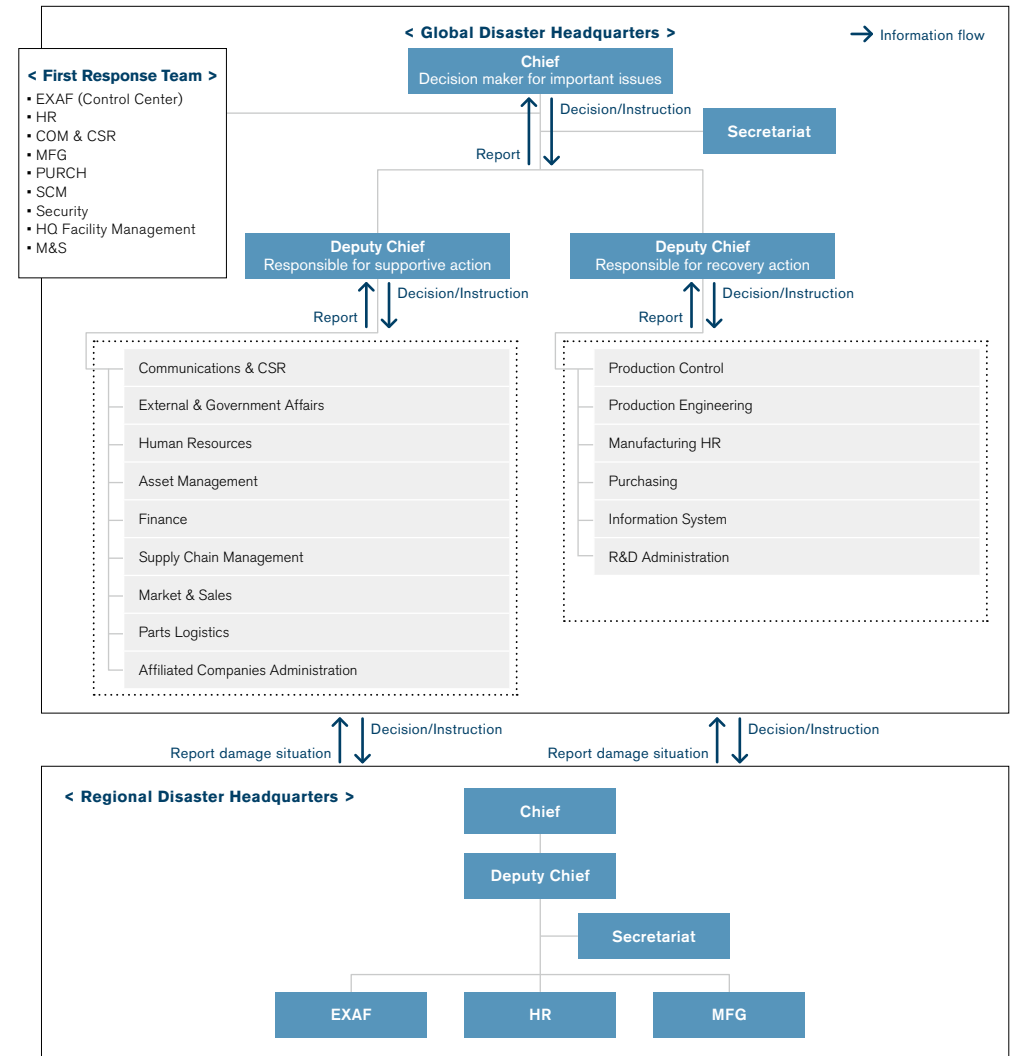
3 Business Continuity

1) Natural Disaster 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, we are working with our suppliers to develop a Business Continuity Plan (BCP). This includes 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 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.

Simulation training continued in fiscal 2012 in an effort to enhance our response to earthquake damage. Based on a scenario of a consolidated Tokai, Tonankai and Nankai earthquake, we confirmed our preparedness for issues that came to light during drills held the preceding fiscal year, such as responses to wide-area disruptions to our logistics network and fuel shortages. During the fiscal year, we also worked to enhance responsiveness to earthquake disasters through advance risk estimates carried out by each of the Company's divisions.

In the face of our expanding global operations and the need to enhance the natural disaster response of our overseas facilities, we are undertaking horizontal development of best practices at each facility and inviting overseas personnel to observe the simulation training held in Japan. In addition, we conducted communication training (four times during fiscal 2012) among our overseas facilities based on a scenario of a major disaster in various regions of the world.

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 March 2011 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.

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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 at right. Particularly for natural disasters, we have identified the measures needed to restart production within our established goal of two weeks following a large-scale disaster. 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. We are also strengthening the resilience of our global production network by establishing a BCP for parts exports to enable continued operations at our overseas plants.

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 undertaking activities to confirm and help improve supply capacity in order to secure global market expansion and growth. Specifically, in addition to existing organizations to manage supplier risk in North America, Europe and Japan, new bodies are being created in Thailand, China and India to reinforce our global efforts to prevent risks associated with the supplies of parts.

Risk factor	3 elements of production		
	HR/Workforce	Purchased parts/ Raw materials	Facilities
Natural disasters (earthquakes)	<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> 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) BCP for parts exports to continue production at overseas plants (FY12) 	<ul style="list-style-type: none"> Reinforcement of buildings & machinery (continued) Regular audits of each business facility Review of facility recovery manual (FY11)
Fire	<ul style="list-style-type: none"> Risk assessment based on F-PES (Fire Prevention Evaluation System) (once/year) 	<ul style="list-style-type: none"> Same as on the left 	<ul style="list-style-type: none"> Same as on the left Revision of equipment standard based on the assessment result
Workplace injury	<ul style="list-style-type: none"> Risk assessment based on SES (Safety Evaluation System) (once/year) Assessment for health & safety management system (once/year) 	<ul style="list-style-type: none"> Same as on the left 	<ul style="list-style-type: none"> Same as on the left
Pandemic	<ul style="list-style-type: none"> Development of flu response manual (FY09) 	<ul style="list-style-type: none"> Requested suppliers to develop response manual coordinated with Nissan 	—
Demand fluctuation	<ul style="list-style-type: none"> Backup from other Nissan plants (as needed) Backup from other companies (as needed) Employment of short-term employees (as needed) 	<ul style="list-style-type: none"> Regular check of demand projection and supply capacity; implementation of measures 	<ul style="list-style-type: none"> Installation of flexible manufacturing system (completed) Regular check of demand projection and production capacity; implementation of measures Development of complementary production system for main powertrains
Machinery breakdown	—	—	<ul style="list-style-type: none"> Share past incident experiences and reflect them in preventive maintenance Reflect them in equipment standards
Electric power shortage	—	—	<ul style="list-style-type: none"> Thoroughgoing energy conservation efforts Flexibility in plant operations and working hours in response to requests from the government or power companies
Expansion of LCC-manufactured parts	—	<ul style="list-style-type: none"> Assessment of <i>manozukuri</i> 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") Establishment of organization for supplier risk management at operations in major LCCs (FY12) 	—
Decrease of skilled workers/experts	<ul style="list-style-type: none"> 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 avoidance

- 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 2012, major efforts to cope with disaster risk in the supply chain that were continued from the preceding year included:

- Promoting visualization of the supply chain (enabling smooth initial response by ascertaining in advance the links between parts and the vehicles produced, as well as the attendant risks, through research of supply chain conditions)
- Following up on the BCP established for suppliers
- Implementing checks of suppliers' initial response process (making revisions through coordination among production, development and purchasing divisions)

2. BCPs for overseas operations

In fiscal 2012, Nissan introduced measures taken in Japan to overseas operations besides Thailand (North America, Europe, China and India) and started to work on supply chain BCPs for those regions.

5) Risk Financing and Loss Prevention

1. 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

2. Global Insurance Programs

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.
- Indemnity liability for unanticipated accidents during operations or caused by owned or managed facilities (general liability)
While keeping in mind the legal systems and compensation criteria of various countries, a globally uniform program is being implemented to ensure consistent worldwide coverage and to achieve lower insurance costs.

3. Utilization of Captive Insurance Company

For the purpose of more efficient self-retention on a consolidated basis for insurance programs other than general liability, 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

4. 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.

INFORMATION SECURITY

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

Protecting Personal Data and Reinforcing Information Security

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

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