

4) Supply-Chain Continuity

To minimize risk in the supply chain, we maintain policies addressing both major disasters and daily risks, and follow up on their execution.

●Promotion of BCPs

1. Identification of risks and development of recovery plans

We identify natural disaster and single-source risks and work with suppliers to develop and maintain up-to-date production recovery plans for suppliers in risk areas and high-risk components.

2. Visualization of the supply chain

We maintain an up-to-date supply-chain database of suppliers and the components, materials and custom integrated circuits they provide that allows us to quickly determine the damage to our supply chain in case of major disaster. This lets us provide rapid support to those heavily affected and ensure early resumption of vehicle production.

3. Improvement of BCPs

We have a policy of visiting suppliers and introducing benchmark case studies to them. We also conduct BCP Checklist surveys to assess supplier BCP systems and activities, and communicate and implement follow up activities on the results. For these surveys, we have added floods, labor strikes, cyberattacks and terrorism to the existing risk categories of earthquakes and tsunamis, and expanded the scope of suppliers surveyed on a global basis.

4. Assessment of suppliers' financial risk

We conduct periodic financial assessment of suppliers globally in cooperation with Renault and Mitsubishi Motors, and communicate closely to ensure maintenance of sound business.

5) Risk Financing and Loss Prevention

1. Global Insurance Management Policy

Nissan manages hazard risk on a global basis with risk-management techniques that combine self-retained risk with external risk transfer via insurance. In order to minimize the cost of risk, we adhere to the following global insurance management policy. This policy has provided appropriate coverage for damage resulting from the unpredictable disasters that the world has seen in recent years.

- Predictable risks with low impact and high frequency:
Retain 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 Nissan's Global Headquarters determines insurance conditions and structures and negotiates directly with insurance companies for these global programs. These insurance companies are important strategic partners, and are thus selected with consideration given to risk spread and financial solvency.

The following risks are covered through global programs.

- 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. Nissan identifies important suppliers globally and arranges insurance for risks caused by interruption of the supply chain. Coverage limits are determined based on the probable maximum loss amount measured by third-party experts and the risk appetite of insurers.

We have achieved further improvement and optimization of insurance conditions by negotiating with insurance companies together with our Alliance partner Renault from fiscal 2011. The program was extended to new Alliance partner Mitsubishi Motors from fiscal 2017.

- Transportation and storage of vehicles and products for sale:
This program covers risks relating to transportation and the supply chain for parts and products globally. Covering geographically spread risks under a global program lets us manage loss data on a global basis and ensure stability of insurance costs.

In fiscal 2011, this program was combined with Renault's program for negotiating with insurance

companies to achieve best possible results utilizing synergies of scale. The program was extended to new Alliance partner Mitsubishi Motors from fiscal 2017.

- Liability (including product liability and liability for unanticipated accidents during operations or caused by owned or managed facilities [general liability]):
To manage this risk, we have implemented insurance programs suitable for each region's legal systems and practices. The programs are led by the Global Headquarters in order to implement a globally uniform strategy with consistent worldwide insurance coverage and achieve lower insurance costs.

3. Utilization of Group Insurance Company

For the purpose of more efficient self-retention on a consolidated basis for insurance programs, we utilize an insurance company within the Nissan Group.

Utilization of a Group insurance company enables the following:

- Company can reduce insurance costs by obtaining the minimum necessary insurance.
- Each Group company can obtain the necessary coverage.
- Company 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 introduction of global insurance programs, loss-prevention activities have been promoted more actively and globally to maintain low premium rates.

Examples of our 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.