

Enhancing Value for Stakeholders With Our Business Partners



Working for Sustainable Global Growth

Nissan recognizes that differences of opinion and the day-to-day pressures of business partnerships can lead to disagreements. We strive to have an open and honest exchange with our partners and to work together to find win-win solutions to the intense competitive pressures faced by the global auto industry.

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WITH OUR SUPPLIERS

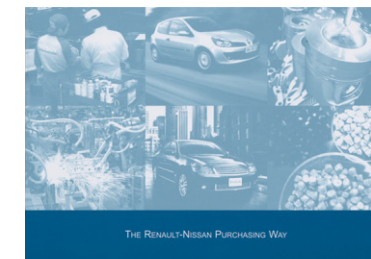
Building Mutual Trust Through Fairness

To develop relationships of mutual trust, Nissan establishes clear terms and conditions that are fair and impartial to all suppliers, regardless of their nation of origin, size or business history with us. The selection process involves meetings with personnel from all the relevant divisions, and a final decision is made after thorough reviews of the suppliers' proposals. We then share the results of the proceedings with all the companies participating in the selection process.

Nissan also maintains a strictly fair and impartial process in its transactions with suppliers based on the Nissan Global Code of Conduct (item 4: Be Impartial and Fair). As well as carrying out close, regular communication with suppliers, we often solicit feedback from them through surveys and meetings to gain a better external perspective on their experiences with this process.

Promoting Common Purchasing Values

We share our focus on these basic concepts with our Alliance partner, Renault. In February 2006, the purchasing departments of Nissan and Renault produced *The Renault-Nissan Purchasing Way*, a booklet that details the values and processes important in supplier relations. This booklet reaffirms the basic principles of dealing fairly and impartially with all suppliers and maintaining a transparent selection process. The ideas are applied to Nissan and Renault purchasing activities worldwide, and are shared with our suppliers. Nissan and Renault have



The Renault-Nissan Purchasing Way

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distributed this booklet to all primary suppliers of the Renault-Nissan Purchasing Organization around the world. With this booklet, we hope to publicize the Alliance partners' goals, views, processes and management tools, and to create deeper trust and understanding with our suppliers to support sustainable partnerships with them.

Sharing Nissan Values with Our Suppliers

Nissan works with different suppliers all over the world. Whenever we start working with a new supplier, from the outset our goal is to ensure a sustainable relationship. At every step in the supply chain, Nissan works to promote business in ethical and environmentally conscious ways. In addition to publishing and distributing *The Renault-Nissan Purchasing Way*, we modified our selection process in fiscal 2006 to require that our suppliers provide a written statement about their commitment to prevent environmental pollution and abolish child labor and forced labor. We intend to continue working closely with suppliers to build a unified CSR management process.

Building Best Practices with the Project Partner System

Nissan introduced the Product Partner System in fiscal 2005 to formulate projects based on mid- and long-range planning and to involve our suppliers early in the product development process. This allows closer consultation with our suppliers on new technology development, product improvement, efficient product investment and other issues that will improve mid- and long-term efficiency.

The project partner selection process is the same as the standard supplier selection process, aiming at fairness and transparency.

Creating More Competitive Products

The Nissan 3-3-3 Program was put into practice in 2000. This program aims to identify best practices and maximize performance by reducing costs and increasing quality as a joint effort between suppliers, the Nissan purchasing department and the Nissan development department. Based on scientific evaluations carried out by cost engineers and through close communication with suppliers, the three parties share ideas and continuously strive to improve our products' competitiveness. Nissan also sends personnel to work with suppliers worldwide to find ways to improve their production processes and make them more competitive.

Acknowledging Supplier Contributions Worldwide

Each year Nissan offices in each region give recognition to suppliers that have contributed to our company's business development. Starting in fiscal 2005, this regional award program was



COO Toshiyuki Shiga addresses the Nissan Suppliers Meeting.

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augmented with the establishment of two global Nissan supplier awards—the Global Quality Award and the Global Innovation Award.

Global Quality Awards are presented to candidates selected by our purchasing and quality departments based on supplier quality standards applied uniformly across the globe. The award has two categories, product technology and process management. Winners in each category are selected from the candidates nominated by our production, development and quality departments. In fiscal 2006, seven companies received awards in the product technology category, and one company in the process management category.

It is our hope that these awards will inspire partners in our supply chains around the world to adopt management approaches that balance the economic pursuits of quality, lower costs and technological development with consideration for the environment and society.



The 2006 Global Supplier Awards ceremony

Near-Total Adoption of Environment Management Systems

Nissan manages the use of materials that have an environmental impact through the global application of technical standards. In Japan, the Nissan Green Procurement Standards require that suppliers provide data on the materials in their products that have an impact on the environment. The standards also mandate their establishment of environment management systems and their clear identification of personnel responsible for environmental protection. As of the end of 2006, nearly 100% of our suppliers have received certification under ISO14001, an international standard for environmental management, or Eco Action 21, the environmental activity evaluation program established by Japan's Ministry of the Environment. Starting in fiscal 2007, we plan to implement the Nissan Green Procurement Standards with our primary suppliers worldwide.

Messages from Our Stakeholders

Enhancing Competitiveness Through Hard Work and Partnership



Hiromi Takasaki
Air Conditioning Group
Development Headquarters
Calsonic Kansei Corporation
(Japan)

I am in charge of air-conditioning product development at Calsonic Kansei Corporation. As a supplier, we take pride in the trust we have earned from manufacturers and the satisfaction of customers who purchase vehicles fitted with our products. We are constantly striving to improve the competitiveness of our parts, a challenge requiring hard work and strong, trust-based partnerships with automakers. Through the Nissan 3-3-3 Program, last year we succeeded in expanding the use of low-cost, high-quality parts from leading competitive

countries. We are also working with manufacturers to increase the global availability of technology and products we have developed to deal with climate change. We will continue supplying competitive products as a member of the Nissan team through cooperative work from the early stages of development, with all parts of the process striving as one to create cars that satisfy customers.

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WITH OUR DEALERS

Ensuring Maximum Customer Satisfaction

We aim to give the customer a standard of quality in sales and service that only Nissan can provide. We have set ourselves the goal of being ranked the world's top business group for customer satisfaction in independent surveys by 2008; in fiscal 2006, Nissan was ranked within the top three in half of the 24 countries surveyed, including markets from Japan and North America to Europe, China and Southeast Asia.

During fiscal 2006, we worked to improve our services further still. We carried out a number of customer-oriented programs in various countries and regions, always careful to tie our activities in with the local culture and customs. As an example, in China we announced guidelines promising the customer what we called the "Five Reassurances" in our sales and services, and we worked to make China a leading market for dealership improvement. We have similarly defined the "Five Pillars of Our Activities" aimed at improving the quality of service in Southeast Asia, the Middle East, Africa and Central and Southern America, and we are carrying out specific, customer-oriented programs under these guidelines. Nissan North America has its own program in place to ensure further improvements to customer service quality, while in Europe an integrated, regionwide system is now in place. Nissan Europe, our headquarters for regional operations located in France, has developed a system for improving quality together with all European dealerships that went into operation in 2007. Nissan is also working to improve quality in Japan, where the "supervisor system" has been introduced, allowing the customer to evaluate individual dealerships and point out areas for improvement.

Our aim is to achieve nothing short of maximum customer satisfaction. To do this we need to know what our customers think of us. We have set our own appraisal standard, the proportion of customers who express extreme satisfaction, and we use this index to periodically analyze customer evaluations of our services. This appraisal system is to be expanded to ensure the highest possible standards of quality in our operations around the world.

Global Awards for Outstanding Dealerships

We initiated the Global Nissan Sales and Service Way (NSSW) Awards program to accelerate the improvement of the quality of our service. This program recognizes dealerships around the world that have made substantial contributions to the Nissan brand by achieving outstanding customer satisfaction ratings for sales and service. In 2006, Global NSSW Awards were presented to 49 dealers from 30 countries, of which four were from Japan, 11 from the Americas, 16 from Europe and 18 from the General Overseas Markets.



Global NSSW Awards ceremony, 2006

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An important aspect of the Global NSSW Awards is the next step we take, when we take the customer service improvements implemented by the award-winning dealerships and put them to the fullest possible use throughout our global network. In fiscal 2006, information on the award-winning dealerships' outstanding successes in customer relations was compiled and distributed to dealerships worldwide to share expertise in customer satisfaction management. Recognizing outstanding dealerships in this way makes an important contribution to ensuring that dealerships worldwide live up to the high standards of the Nissan ideal.

We are confident that the Global NSSW Awards will greatly increase the motivation of our dealerships to work for customer satisfaction, and will enhance the development of our customer service activities around the world.

Top-Flight Service Around the Globe

Remodeling U.S. Dealerships

There are currently some 1,250 Nissan dealers in the United States. In order to make Nissan a name that the customer can readily recognize and identify with, it is essential that all these dealerships share a strong, consistent brand identity. We place great importance on activities addressing the visual identity of Nissan dealerships. The Nissan Retail Environment Design Initiative (N-REDI) is creating a unified, instantly recognizable image for the interior and exterior of Nissan dealers, along with the signs they display. Some 38% of dealerships have already changed their appearance to match the visual identity of Nissan, and another 10% are now working on alterations. By the end of fiscal 2007 the majority of Nissan dealerships will have changed their appearance in line with the N-REDI design.

A modern luxury theme is being carried out in our Infiniti dealerships, helping them offer prompt and personalized service tailor-made for customers of our premium models. I-REDI, the Infiniti Retail Environment Design Initiative, has been in place since fiscal 2005, helping to improve the retail setting for customers in this important luxury market segment. A total of 18% of the U.S. Infiniti dealers will commence or will have completed remodeling by the end of fiscal 2007, and 60% of dealers will complete I-REDI facility upgrades by fiscal 2010.

For Nissan North America, expanding and improving the network of dealerships is not simply a strategy to increase the company's sales: it is a vital step to ensuring that as the number of Nissan and Infiniti customers rapidly increases, every single customer can feel satisfied that the service is of the very highest standard.

First Showroom Opens in Ulan Bator, Mongolia

In 2006 the people of Mongolia celebrated the 800th anniversary of the founding of their country. In September that year Nissan opened its first showroom in Mongolia, the Nissan Center, in the capital, Ulan Bator. The showroom conforms to the Nissan visual identity, offering our Mongolian customers world-class standards of service quality, while the showroom itself has become a popular new landmark on the streets of the capital. In our sales operation in Mongolia, we are concentrating on selling our Patrol, X-Trail, Pickup and Sunny models.



N-REDI



I-REDI

With Our Business Partners

North Africa's Biggest Showroom (Algeria)

Nissan Algeria opened the biggest showroom in North Africa at Pins Maritimes, Mohammadia, in July 2006. The new showroom boasts a design in line with Nissan's brand identity, and 15 vehicles can be comfortably displayed in the 12,000 square meters of floor space. The premises also house the headquarters of Nissan Algeria, and a components management center is scheduled to open in the suburbs of the city by September 2007.



Nissan Algeria becomes the largest Nissan showroom in North Africa.

An Integrated Dealership Network (Japan)

Japan's two affiliated dealership networks, Red Stage and Blue Stage, were consolidated in April 2005, and all Nissan dealerships in Japan now sell all models. The dealerships marked this total integration of sales operations by introducing Nissan's new visual identity, making steady progress on the shift to the new store designs. As well as carrying out renovations to accommodate the new Nissan image, the stores also now feature a fuller lineup of display and test-drive models.

In January 2007, a huge new secondhand car outlet, Carminal Tokyo, and a new Tokyo Nissan Auto Sales store—Shinsha no Hiroba, or "new car plaza"—opened on the site of the former Nissan Murayama Plant. Locating both dealerships on the same site will provide the best possible range of choices to customers unsure of whether to choose a new car or a secondhand model, and the synergy of the two sales outlets will offer customers superb value, giving a boost to the Nissan brand.

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Messages from Our Stakeholders

Reinforcing Our Commitment to Customer Satisfaction



Carlos Esquivel Betancourt
General Manager
Vamsa Niños Héroes (Mexico)

In our dealership we are proud to be part of Nissan's goals worldwide, and were also proud to be recognized when we received another Global Nissan Sales and Service Way (NSSW) Award in 2006. We have worked to be part of all the programs that Nissan Mexicana has implemented, which has resulted in increasing customer satisfaction and fulfilled part of our own objectives as a dealership. We are very happy to see the launch of new models, which help us to remain competitive even in the highly competitive Mexican market. Our personnel

have always worked hard as a team in total support of Nissan's management policies, and we are set on winning a fifth-consecutive NSSW Award through an enduring commitment to customer satisfaction.