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VALUE CHAIN

Together with its business partners, Nissan aims to achieve sustainable growth built on a foundation of mutual trust. We strive to listen carefully to our suppliers and dealers on an equal footing and work hard together with them as partners, developing and maintaining cooperative relations that enable us to implement best practices. Our value chain today extends around the globe due to the expansion of the company's business interests. We endeavor to improve our CSR management by sharing our fundamental values and principles with our business partners, thereby promoting consistency in the CSR activities undertaken throughout the supply chain.



OUR PRIORITIES

KEY FIGURES

Distribution of Renault-Nissan CSR Guidelines for Suppliers	7,600 suppliers
Distribution of Nissan Green Purchasing Guidelines	3,000 parts and materials suppliers
Environmental data of suppliers examined	70% of global purchases
Improvements recommended for compliance violations (FY2012)	11
Nissan Green Shop certification* conferred	174 firms, approx. 2,800 outlets



▶▶ GRI G3 Indicators
▶▶ EC6/EN26/PR2



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* Click here for more information on the Nissan Green Shop certification.

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NISSAN'S APPROACH TO THE VALUE CHAIN

Nissan uses a fair, impartial and completely transparent business process when selecting suppliers. We provide a wide variety of opportunities for other companies to do business with us, regardless of their nationality, size or history with us. When making selections, the relevant Nissan divisions meet to examine from a range of perspectives the proposals received from suppliers. We explain our final decision to every supplier that has taken part in the selection process.

We make every effort to maintain the highest standards of impartiality and fairness in our business transactions, abiding by the Nissan Global Code of Conduct* (item 4: Be Impartial and Fair). As well as maintaining close communication in our day-to-day dealings with suppliers, we also take heed of their ideas through regular questionnaires and direct meetings, checking our business practices from an external perspective.

Nissan works hard to promote correct business practices throughout the supply chain. We have disseminated internally a leaflet on guidelines for appropriate business practices in the automobile industry, focusing on the industry's principles of procurement and important points relating to subcontracting and antimonopoly law, and we hold briefings with our suppliers on these issues.

In fiscal 2012 we launched a new initiative incorporating environmental concerns and compliance requirements, over which there is rising global interest, in addition to continuing the disaster countermeasures in our supply chain from the preceding year.

FISCAL 2012 PERFORMANCE

- Supply chain disaster countermeasures continued from previous year:
 - Database created to visualize supply-chain operations in Japan
 - Regions at risk of disaster identified; confirmation of suppliers' provision systems at main overseas locations
- Joint activities implemented with suppliers in accordance with the Nissan Green Program 2016 (NGP2016) mid-term environmental action plan
- Preliminary investigation of suppliers' use of conflict minerals
- Regarding sales companies: information security training conducted, global social media policy crafted and shared with example policy violations, anti-bribery regulations enhanced and re-disseminated

FUTURE MEASURES

- To enhance disaster risk preparedness:
 - Database creation to visualize supply-chain operations at main overseas locations
 - Creation of initial response duty flowcharts for main overseas locations
 - Diagnosis of supplier sites in high-risk areas in Japan
 - Introduction in Japan of simulation system for disaster forecasts
- Continued examination of our suppliers' environmental data to promote CO₂ emission reductions and other environmental efforts in our supply chain
- Investigation of use of conflict minerals in the supply chain and disclosure of findings in our Sustainability Report and elsewhere
- Continued information security training for our sales companies



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* Click here for more information on the Nissan Global Code of Conduct.

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WORKING WITH OUR SUPPLIERS

All of Nissan's suppliers are important business partners for the company. We work with them to build relationships based on the three values of trust (work fairly, impartially and professionally), respect (honor commitments, liabilities and responsibilities) and transparency (be open, frank and clear).

Renault-Nissan CSR Guidelines for Suppliers

Nissan and Renault have produced a booklet, *The Renault-Nissan Purchasing Way*,¹ outlining the important values and processes to be adhered to when doing business. This booklet has been shared with the primary suppliers of Renault and Nissan since 2006. Furthermore, in May 2010, we published the *Renault-Nissan CSR Guidelines for Suppliers*² in order to effectively implement CSR practices across our globally expanding base of suppliers. This was distributed to all primary suppliers worldwide with the aim of helping them review their business activities from a CSR viewpoint and further instill CSR activities. The guidelines explain Nissan's CSR and procurement policies in five main sections: safety and quality, human rights and labor, the environment, compliance and information disclosure.

Since being published in 2010, the CSR guidelines have been provided to suppliers for thoroughgoing implementation. In fiscal 2012, a number of compliance violations that appeared to be in breach of relevant laws came to light in the auto industry. In response to these developments, Nissan took rigid measures with respect to the guidelines, and confirmations are being made of suppliers' steady compliance with all laws and regulations and their efforts to organizationally strengthen CSR activities.

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¹ Click here to download *The Renault-Nissan Purchasing Way* and the *Renault-Nissan CSR Guidelines for Suppliers*.

² References to the CSR guidelines of the Japan Automobile Manufacturers Association, Inc. and the Japan Auto Parts Industries Association were made in drafting the *Renault-Nissan CSR Guidelines for Suppliers*.

Activities to Improve Manufacturing Approaches

Nissan has been working to continually produce more competitive products through its Monozukuri Activities program, a collaboration among suppliers and Nissan that commenced in 2008. Since 2009, we have been expanding these activities through the joint Thanks Activities initiative, which emphasizes trust and cooperation between Nissan and its suppliers. With the goal of working with our suppliers to become cost leaders in today's challenging market conditions, we are striving to improve product quality, cut costs and rationalize our manufacturing through measures that include increasing production volume per part, promoting localization and improving logistics.

One important issue in the light of the substantial increases in global production volume during 2012—the second year of our Nissan Power 88 mid-term business plan—is building with our suppliers a system to ensure steady supply. Working with our suppliers, we are enhancing our Monozukuri Activities to establish such a system.

Responding to Disaster Risk

In addition to our supply chain business continuity plan (BCP) formulated for Japan and Thailand, we expanded our scope of consideration to include establishing similar supply chain BCPs for other operations (North America, Europe, China and India). We are also promoting the visualization of the supply chain via steps to ensure smooth initial response by ascertaining supply chain conditions and measures to address anticipated risks in advance.

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Click here for more information on the quality initiatives we undertake with suppliers.

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Recognizing Supplier Contributions Worldwide

Each year Nissan recognizes the contributions of its suppliers with awards presented in each of the regions where we operate, as well as with two worldwide supplier awards, the Global Quality and Global Innovation Awards. These are presented to suppliers that have contributed to our business performance at the global level. This awards system aims to encourage suppliers in the global supply chain to embrace our management approach, which balances the economic activities of quality, cost reduction and technological development with environmental concern and social responsibility.

Global Quality Award recipients are selected by our purchasing, quality and other divisions using standard criteria applied worldwide. Global Innovation Award recipients are selected from suppliers nominated by our production, development and quality divisions in the two categories of product technology and process management. In fiscal 2012, three companies received Global Quality Awards, and Global Innovation Awards went to seven companies in the product technology category.

Revising Our Green Purchasing Guidelines

Nissan set forth the environmental standards for its suppliers in 2001 in the Nissan Green Purchasing Guidelines, asking them to cooperate by reducing their environmental impact. Prior to 2012, the guidelines had been updated twice, expanding coverage to include the following items:

- 1** 2008: Management of environment-impacting substances and reductions of their use throughout the supply chain
- 2** 2010: Promotion of environmental activities throughout the supply chain in line with the *Renault-Nissan CSR Guidelines for Suppliers*

In 2012, the following items were added based on the Nissan Green Program 2016:

- 1** Start gathering environmental data, including CO₂ emissions and water discharges, in the supply chain
- 2** Enhance management of environment-impacting substances in response to the environmental regulations of various countries by expanding regions and substances covered
- 3** Begin confirming with suppliers the setup for the management of environment-impacting substances and items to be observed at the stage of supplier selection

Policy on Conflict Minerals

In August 2012, bylaws were enacted in the United States requiring companies to report the use of four minerals mined in the Democratic Republic of the Congo and surrounding countries, which were potentially believed to be sources of funds for armed insurgents. Agreeing with the spirit of this legislation, Nissan decided, from a CSR viewpoint, to investigate the supply chain for any use of conflict minerals and established a policy aimed at preventing the use of conflict minerals.

Preliminary studies were conducted between October and December 2012, and full-scale investigations will begin in fiscal 2013. We plan to disclose the findings of the study in our Sustainability Report and elsewhere.

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Click here to download the revised version of the Nissan Green Purchasing Guidelines.

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WORKING WITH OUR DEALERS

Nissan undertakes various measures to ensure that its approach to compliance is shared with dealerships and to enhance its internal controls. We aim to further improve our CSR management by strengthening the lines of communication with dealers.

Working with Dealers for CSR Management

To promote consistency in the CSR management approaches taken by Nissan and its dealers, we carry out activities on an ongoing basis aimed at helping dealerships in Japan enhance their compliance.

As a specific measure, we organize self-inspection programs at all dealerships to enable fuller understanding of and improvements to their current compliance management status. The programs carried out during fiscal 2012 have led to increased awareness and improvements on a voluntary basis. To bolster compliance initiatives in cooperation with dealers, we made an effort to familiarize them with our various programs and undertook improvement activities during fiscal 2012. We aim to further improve our CSR management by ensuring that our sense of compliance is shared with dealerships and by working to build stronger internal controls.

Compliance Training for Sales Companies

Nissan offers the following compliance training programs for sales companies:

Information Security

Based on teaching materials that cover the same topics as those taught in our e-learning courses, each sales company implements information security training so as to avert risks arising from serious incidents occurring in the course of daily activities, such as virus infections, unintended email transmissions and information leaks due to misplaced or stolen PCs.

Global Social Media Policy

Examples of inappropriate posts on social networking services or blogs that are in violation of Nissan's global social media policy are shared with sales companies. In an effort to enhance awareness and prevent a recurrence, we also convey information on the potential adverse impact, not just to the sales company but also to the Nissan Group as a whole, when such posts are made.

Harassment

We provide training materials, particularly on power harassment, given the growing social interest in abuses of authority and incidents of such abuse at sales companies. Sales companies undertake training on such topics as "examples of acts and statements that constitute harassment," "what impact a harassment case can have," "past incidents involving sales companies" and "what steps should be taken when a case comes to light."

Prevent Bribery

We are making thoroughgoing efforts to prevent bribes involving Nissan employees on a global basis, and we are asking sales companies, too, to update existing rules and to inform their employees of the changes.

At the same time, we are also distributing materials based on the detailed rules of the Nissan Group's Global Code of Conduct concerning entertainment and gifts.