



Nissan Green Program 2005

Performance Report

April, 2001—March, 2006

The Nissan Green Program 2005 was launched as a medium-term environmental action program in Japan for Fiscal 2001—2005 as a means of achieving the company's environmental concept of "Symbiosis of people, vehicles and nature" through wide-ranging conservation practices associated with our products, technologies, and business activities.

In this report, we present an overview of our progress and achievements in the five years of the Nissan Green Program 2005. Nissan also presents Nissan's environmental activities worldwide in our annually published Sustainability Report and on our website.

Nissan is currently setting new worldwide environmental targets, a new medium-term action program, for Fiscal 2010. We plan to announce details of the next action program in the near future.

Scope of the Report

Period Covered	April 2001—March 2006 (including some part from before and after this time period)
Target Companies	Nissan Motor Co., Ltd. and its consolidated subsidiaries in Japan (including a portion of unaffiliated companies and dealers)

Contents

Nissan Green Program 2005 Objectives and Results 03

Product Development

Improving Fuel Economy	05
Reduction of Exhaust Emissions	06
Development of Clean Energy Vehicles (CEVs)	07
Promotion of Design for Recycling and Management/ Reduction of Environmentally Impacting Substances	08
Reduction of Vehicle Noise	09
Control of Air-conditioner Refrigerant Emissions	09

Production

Promotion of Energy Savings	10
Reduction of Waste and Promotion of Recycling	11
Improved Management of Chemical Substances	12
Environmental Protection in Logistics Operations	13

Sales and Service

Environmental Management at Dealers	14
-------------------------------------	----

Recycling

Appropriate Treatment and Recycling of end-of-life Vehicles (ELVs)	15
-----------------------------------------------------------------------	----

Environmental Management

Environmental Management System (EMS)	16
Environmental Communications	17
Green Procurement	18
Employee Education and Training	18
Environmental Protection in Nissan Offices (Green Office Program)	19

Environmental Information Disclosure

In Fiscal 2006, Nissan integrated the “Environmental Report,” which had been published annually since 1998, into the “Sustainability Report 2006.” To ensure completeness and meet stakeholder needs, we produce the “Sustainability Report” a “Site Environmental Report” for each plant and business sites, and “Technical Notes” introducing our latest accomplishments in the field of environmental technology. We complement these reports by posting additional information on our website, including recent updates, news of our global activities, product data, and details we were unable to include in our publication.



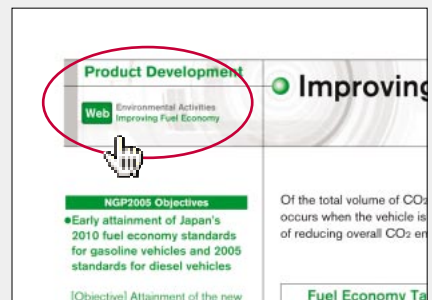
Links to Website

The contents of this report is also available in the environmental section of our website, which includes additional technical data about our environment programs and activities.

Web In the PDF version of this report, please click on the links appearing in each section for a direct connection to the website content.

Environmental Activities:

<http://www.nissan-global.com/EN/ENVIRONMENT/>



Web Corporate Information

<http://www.nissan-global.com/EN/COMPANY/>

Web Environment, Design, Safety and Technology Information

<http://www.nissan-global.com/EN/PLAN/>

Web Product Information (Japan)

<http://www.nissan.co.jp/>

Web IR Information

<http://www.nissan-global.com/EN/IR/>

Web Product Information (by Country)

<http://www.nissan-global.com/EN/GLOBAL/>

Web Corporate Citizenship Information

<http://www.nissan-global.com/EN/CITIZENSHIP/>

Nissan Green Program 2005 Objectives and Results

The following is a categorized chart of the objectives and activities outlined in the Nissan Green Program 2005 (Fiscal 2001–2005) and the major results we achieved by the program's Fiscal 2005 target date.

Overall, we believe we successfully achieved the majority of the program targets. These results will be utilized to help plan our next program. Each category has a correlating section on the following pages of this report. Please refer to the relevant pages for more detailed discussion.

Nissan Green Program 2005 and Major Results by FY2005

Area	Item	NGP2005 Objectives	Major Results by FY2005	Page
Product Development	Improving fuel economy	<ul style="list-style-type: none"> ● Early attainment of Japan's 2010 fuel economy standards for gasoline vehicles and 2005 standards for diesel vehicles [Objective] Attainment of the new standards by 2005 target date 	<ul style="list-style-type: none"> ● Almost all targets achieved (Gasoline passenger vehicles in 7 weight classes, gasoline trucks in 13 classes, diesel vehicles in all classes) 	05
	Reduction of exhaust emissions	<ul style="list-style-type: none"> ● Gasoline vehicles <ul style="list-style-type: none"> ▪ Steady expansion of Nissan's ultra-low emission vehicle (U-LEV) lineup, starting with the 2000 launch of the Bluebird Sylphy [Objective] Achieve U-LEV certification for more than 80% of all Nissan passenger vehicles sold in Japan by end-March 2003 ● Diesel vehicles <ul style="list-style-type: none"> ▪ Early Release of vehicles complying with the latest exhaust emission regulations 	<ul style="list-style-type: none"> ● Gasoline vehicles <ul style="list-style-type: none"> ▪ Achieved U-LEV certification for more than 80% of all Nissan passenger vehicles sold in February 2003 ▪ Set new target of earning SU-LEV certification for 80% of all Nissan passenger vehicles, achieved this target in May 2006 ▪ Achieved U-LEV and SU-LEV for more than 95% of all Nissan passenger vehicles sold by end-March 2006 ● Diesel vehicles <ul style="list-style-type: none"> ▪ Completed the transition of all diesel vehicles to full compliance with Japan's new short-term emission regulations. Launched the "ultra-low PM emissions diesel vehicles" Atlas 20 in June 2004 	06
	Development of clean energy vehicles (CEVs)	<ul style="list-style-type: none"> ● Fuel cell vehicles (FCVs) <ul style="list-style-type: none"> ▪ Projecting the year 2005 as our technical development goal for practical use ▪ Participation in domestic demonstration program for FCVs under the auspices of the Japanese government in 2002 ● Other CEVs <ul style="list-style-type: none"> ▪ Research, development, and market introduction of electric vehicles (EVs), compressed natural-gas vehicles (CNGVs), hybrid electric vehicles (HEVs) 	<ul style="list-style-type: none"> ● Fuel cell vehicles <ul style="list-style-type: none"> ▪ Commenced participation in the Japan Hydrogen & Fuel Cell Demonstration Project (JHFC) in July 2002 ▪ Began limited lease of the X-TRAIL FCV 2003 model in December 2003, first vehicle delivered in March 2004 ▪ Announced Nissan's first in-house developed fuel cell stack and 70MPa high-pressure hydrogen storage system ▪ Commenced limited leasing program of the 2005 model began in December 2005 ▪ Developed a vehicle that improved the previous model's cruising range by 1.4 times to over 500 km ▪ The announcement of the X-TRAIL FCV 2005 model and the completions of the in-house developed fuel cell stack and 70MPa high-pressure hydrogen storage system ● Other CEVs <ul style="list-style-type: none"> ▪ Launched several CEVs, including the Hypermini EV, AD Van CNG, and Tino Hybrid models ▪ Announced the Altima Hybrid model (scheduled for early 2007 U.S. market launch) 	07
	Promotion of design for recycling and management/Reduction of environmentally impacting substances	<ul style="list-style-type: none"> ● Advancing the recycling of new models <ul style="list-style-type: none"> ▪ Attainment of a recoverability rate of 95% or higher by weight for new models by 2005 (based on Nissan in-house calculation standards) ● Reduction of environmentally impacting substances <ul style="list-style-type: none"> ▪ Banning the use of mercury (with limited exceptions) and cadmium ▪ Reducing the use of lead (to be largely phased out by the end of 2002) and hexavalent chromium (to be reduced to one-half of 1996 levels by 2005) 	<ul style="list-style-type: none"> ● Promotion of recycling for new models <ul style="list-style-type: none"> ▪ Models released since FY2001 for which 95% recoverability was attained ● Reduction of environment-impacting substances <ul style="list-style-type: none"> ▪ Use of mercury and cadmium materials was banned, with certain exceptions ▪ Achieved the industry target to "reduce lead content to 10% or less than 1996 levels" for 23 models, including the Serena, Wingroad, and Bluebird Sylphy ▪ Reduced hexavalent chromium content in the Bluebird Sylphy to less than 50% the 1996 level *Exceptions to Japan Automobile Manufacturers Association's voluntary targets <ul style="list-style-type: none"> ▪ Lead: Lead batteries (because the collection route is established) ▪ Mercury: Liquid crystal displays of navigation systems and other devices, combination meters, discharge headlamps, and interior fluorescent lights (minimal amounts used in parts considered essential for traffic safety) 	08
	Reduction of vehicle noise	<ul style="list-style-type: none"> ● Compliance by all models with voluntary targets for vehicle noise that are stricter than regulatory noise limits 	<ul style="list-style-type: none"> ● Achieved voluntary targets for all models 	09
	Control of air-conditioner refrigerant emissions	<ul style="list-style-type: none"> ● Attainment of Nissan's voluntary targets for reduced use of the HFC134a refrigerant 	<ul style="list-style-type: none"> ● Achieved voluntary targets for 32 models 	09

Nissan Green Program 2005 Objectives and Results

Area	Item	NGP2005 Objectives	Major Results by FY2005	Page
Production	Promotion of energy savings	<ul style="list-style-type: none"> Reduction of total CO₂ emissions by more than 10% from FY1999 (42% from FY1990) levels by FY2005 	<ul style="list-style-type: none"> Reduced total CO₂ emissions by 14% from FY1999 (FY2005 emissions were reduced 44% versus FY1990) through improvements to equipment and operating processes as well as other measures 	10
	Reduction of waste and promotion of recycling	<ul style="list-style-type: none"> All plants eliminated direct landfill disposal of waste by FY2001 Reduction of amount of waste incinerated by more than 50% from FY1999 levels by FY2005 (All plants initiated a zero emission program during FY2001) 	<ul style="list-style-type: none"> Zero waste directly to landfill achieved in FY2001 and remains in force Waste incineration volumes reduced by 90% from 1999 levels (from 27,900t in FY1999 to 2,723t in FY2005) 	11
	Improved management of chemical substances	<ul style="list-style-type: none"> Installation in FY2002 of a model paint line that reduces volatile organic compounds (VOCs) emissions to 20g/m² and promotion of efforts to reduce substances subject to the Pollution Release and Transfer Register (PRTR) system 	<ul style="list-style-type: none"> Completed installation of model paint line at No.2 Kyushu Plant in FY2002, reducing VOC emissions to an industry-leading level below 20g/m² Reduced VOC emission volume per unit of painted area in FY2005 by 65% from the FY1994 level 	12
	Environmental protection in logistics operations	<ul style="list-style-type: none"> Reduction of total CO₂ emissions by more than 10% from FY1999 levels by FY2005 	<ul style="list-style-type: none"> FY2005 CO₂ emission levels reduced by 14% from FY1999 levels 	13
Sales and Service	Environmental management at dealers	<ul style="list-style-type: none"> Implementation and improvement of environmental management through the Nissan Green Shop dealer certification system <ul style="list-style-type: none"> Establishment of a system for appropriate treatment of end-of-life vehicles (ELVs) at dealers in Japan Improvement of Japanese dealer abilities to cope with the Automobile Recycling Law (execution of responsibility for taking back ELVs) 	<ul style="list-style-type: none"> Completed certification of all 202 Japanese dealers as Nissan Green Shop dealers. Implemented periodic recertification audits Produced and distributed to all dealers the "Management Response Manual" to ensure full compliance with the Automobile Recycling Law (execution of responsibility for taking back ELVs) 	14
Recycling	Appropriate treatment and recycling of end-of-life vehicles (ELVs)	<ul style="list-style-type: none"> Advance recycling operations <ul style="list-style-type: none"> Development and deployment of new technology for appropriate treatment of end-of-life vehicles (ELVs) Design for recycling Continuing expansion of the Nissan Green Parts 	<ul style="list-style-type: none"> FY2005 recovery rates and volume in Japan based on the Automobile Recycling Law <ul style="list-style-type: none"> Automotive shredder residue (ASR): 67.9% Airbags: 93.5% CFCs/HFCs: 144,346kg In 2001 commenced collecting aluminum road wheels of ELVs and recycling into new parts (FY2005 recycled volume: 100 tons/month) In the fall of 2003, the Oppama Plant began ASR recycle operations, making Nissan the first automaker to use its own incineration facilities to process ASR (FY2005 recycled volume: 400 tons/month) Published the "Dismantling Manual for Parts/Components Containing Copper (Cu) of End-of-Life Vehicle" Nissan Green Parts sales: approximately ¥2.1 billion Jointly developed and launched with Renault the OPERA recycling simulation system 	15
Environmental Management	Environmental management system (EMS)	<ul style="list-style-type: none"> Implementation, operation, and improvement of EMS in line with ISO14001 (ongoing) Construction of a global EMS encompassing core consolidated subsidiaries Prevention of environmental accidents and improvement of risk management (Pollution discharge from plants higher than regulated levels) 	<ul style="list-style-type: none"> Implementation of ISO14001 standards and continuous improvements at all production facilities and in the product development process. Constructed and commenced operations of the global EMS at affiliate companies, focusing on production facilities. Presently examining strategies to develop the global EMS for non-manufacturing sites Achieved zero environmental accidents in FY2005 Risk management enhanced by the issue of the "Crisis Management Manual" from the Head Office outlining periodic environmental performance audits, and environmental accident communications systems and response procedures for plants and business sites operated by Nissan and consolidated companies in Japan 	16
	Environmental communications	<ul style="list-style-type: none"> Publication of the annual Environmental Report and improvement of content Continued release of environmental communications whenever appropriate Participation in and organization of environment-related lectures and exhibitions Issuance and improvement of environmental communications to local communities 	<ul style="list-style-type: none"> Published the Environmental Report annually since 1998 Held the annual Environmental Report readers workshop since FY2003, held an Environmental Communication Meeting in FY2005 Held an Environmental Stakeholder Dialogue in 2003 and an Environmental Advisory Meeting in 2005 Participated in exhibitions and test-ride events, response to related environmental questionnaires and data collection, conducted plant tours 	17
	Green procurement	<ul style="list-style-type: none"> Thorough management of environmentally impacting substances Requests to suppliers to acquire ISO14001 certification by March 2005 environmental communications to local communities 	<ul style="list-style-type: none"> Received environment-impacting substance data reports from suppliers, began conducting new vehicle inspections based on this data Over 95% of suppliers certified under ISO14001 standards or the Japanese Ministry of the Environment's Eco Action 21 	18
	Employee education and training	<ul style="list-style-type: none"> Continued implementation and improvement of Nissan's employee education system and regular educational efforts through in-house publications and other activities 	<ul style="list-style-type: none"> Implemented in-house educational curriculum Ongoing enlightenment activities through the "Environmental Series" pages in the internal newspaper <i>NISSAN NEWS</i> 	18
	Environmental protection in Nissan offices (Green Office Program)	<ul style="list-style-type: none"> Reduction of paper consumption, reuse of resources, and promotion of energy savings Examining and promoting ways of reducing emissions from company-owned vehicles 	<ul style="list-style-type: none"> Activated green purchasing, improved energy conservation, reduced paper consumption, and promoted reuse of resources in our everyday business operations; introduced eco-friendly vehicles for use as company vehicles 	19

Improving Fuel Economy

NGP2005 Objectives

- Early attainment of Japan's 2010 fuel economy standards for gasoline vehicles and 2005 standards for diesel vehicles

[Objective] Attainment of the new standards by 2005 target date

Major Results by FY2005

- Almost all targets achieved (Gasoline passenger vehicles in 7 weight classes, gasoline trucks in 13 classes, diesel vehicles in all classes)

Of the total volume of CO₂ emissions associated with the life cycle of an automobile, the largest portion occurs when the vehicle is on the road. Nissan is working at all levels to improve fuel economy with the aim of reducing overall CO₂ emission volumes.

Fuel Economy Targets Achieved

In Fiscal 2005, our lineup of new gasoline powered passenger models achieved Japan's 2010 fuel economy standards based on an overall weighted average. Broken down by weight category, however, some categories did not meet our objective of meeting the 2010 standards by 2005. We remain dedicated to our goal of all vehicles meeting the standards ahead of their adoption, and are accelerating development of fuel economy technology and preparing wider applications for our new VQ, HR and MR engines, Xtronic CVT, and other technologies to further improve the overall fuel economy performance of our vehicles.

All of our in-house developed gasoline trucks meet the fuel economy standards, but some of the vehicles produced for us on an original equipment manufacturer (OEM) basis do not. We are working with our OEM suppliers to improve the fuel economy performance of these vehicles.

Increased Engine Efficiency

Progress in enhancing engine efficiency was achieved by advances in several areas, including reducing energy loss caused by friction and improving thermal efficiency. In HR and MR engines announced in 2004, Nissan reduced friction resistance by about 30% through such measures as applying Nissan technology to polish bearing components to a mirror-like finish and applying a machining technique that is usually used for racing car engines. In addition, we achieved a superior fuel combustion speed, which enabled top level combustion efficiency for vehicles in this class and improved "real-world fuel economy*" and acceleration performance.

* Real-world fuel economy: a vehicle's average fuel economy as measured by Nissan, based on the mix of fuel economy tests conducted under actual driving conditions—city streets, highways, and heavy traffic streets, for example—encountered by real drivers.

Expanded CVT Promotion

We have been focusing on developing and introducing a belt-type CVT that continuously varies the transmission ratio as a technology to improve both engine performance and fuel economy. Today Nissan is the world leader in CVT technology, which it offers in a broad range of passenger vehicles.

Nissan sold over 450,000 units of CVT-fitted vehicles in Fiscal 2005 and aims to raise CVT-fitted vehicle sales above one million units in Fiscal 2007. The reduction in CO₂ emission volume achieved by one million CVT-fitted vehicles is estimated to be equivalent to the reduction amount attainable by 200,000 hybrid vehicles.

Lighter Vehicle Weight

Nissan's Committee for Lighter Vehicle Weight Promotion sets weight reduction targets for each model and works in tandem with suppliers to meet the targets. The Skyline released in 2001 incorporates an array of aluminum materials, making the model one of the world leaders in lightweight suspension. In addition, the FUGA released in 2004 was lightened by about 38kg by partly using aluminum materials.

Development and Expanded Use of e-4WD

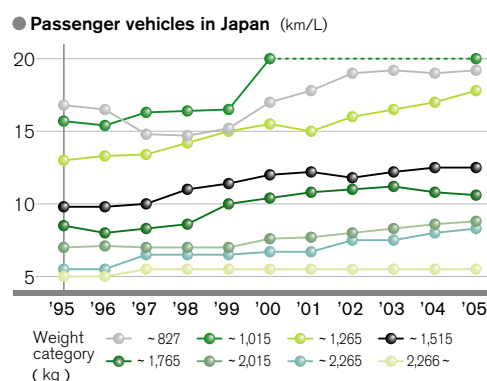
Nissan's e-4WD enhances traction and driving performance on low-traction surfaces, such as roads covered in snow or ice, while also improving fuel economy. The e-4WD is the world's lightest and most compact electric four-wheel-drive system. Nissan estimates the e-4WD system offers over 5% better fuel economy than conventional 4WD systems. Nissan has equipped the March and the Cube with this system since 2002.

Fuel Economy of Major New Models

New high-efficiency engines, improved vehicle construction, and other advancements have enhanced the fuel economy of the new 2005 Serena and Wingroad models. Compared to same-class existing models, the Serena and Wingroad are respectively 7% and 12.5% more fuel efficient under the 10-15 mode* and 30% and 25% more efficient based on Nissan's in-house standards for real-world fuel economy.

*10-15 mode: official test mode for passenger vehicles in Japan

Fuel Economy Trends



Nissan Serena (Japan) achieved the level exceeding 20% of Japanese 2010 fuel economy standard

Reduction of Exhaust Emissions

NGP2005 Objectives

Gasoline vehicles

- Steady expansion of Nissan's ultra-low emission vehicle (U-LEV) lineup, starting with the 2000 launch of the Bluebird Sylphy

[Objective] Achieve U-LEV certification for more than 80% of all Nissan passenger vehicles sold in Japan by end-March 2003

Diesel vehicles

- Early Release of vehicles complying with the latest exhaust emission regulations

Major Results by FY2005

Gasoline vehicles

- Achieved U-LEV certification for more than 80% of all Nissan passenger vehicles sold in February 2003
- Set new target of earning SU-LEV certification for 80% of all Nissan passenger vehicles, achieved this target in May 2006
- Achieved U-LEV and SU-LEV for more than 95% of all Nissan passenger vehicles sold by end-March 2006

Diesel vehicles

- Completed the transition of all diesel vehicles to full compliance with Japan's new short-term emission regulations. Launched the "ultra-low PM emissions diesel vehicles" Atlas 20 in June 2004



Nissan Note (Japan) certified as a SU-LEV

Nissan has been a forerunner in the development of catalyst and combustion technology as well as in bringing the results of our research to market in the form of vehicles with ultra-low emission performance. We are actively pursuing our goal of wider diffusion of these eco-friendly technologies.

U-LEV Development and Market Introduction

In January 2000, Nissan launched the Sentra CA featuring a number of innovative technologies including high-speed jet high swirl combustion, an ultra-low heat mass catalyst, and a high-precision air/fuel ratio control system. Verified as surpassing the rigid emission standards, the California Air Resources Board (CARB) certified the Sentra CA as the world's first Partial Zero Emission Vehicle (PZEV) gasoline vehicle. Nissan followed with the release of the 2.5L Altima to the U.S. market as a certified PZEV in 2003.

Nissan's continuing advances with the Sentra CA technology led to the release in Japan of the Bluebird Sylphy in August 2000, which became the first gasoline vehicle to receive certification by the Japanese Ministry of Land, Infrastructure and Transport as an Ultra-Low Emissions Vehicle (U-LEV).^{*} The Bluebird Sylphy achieved emission levels 50% lower than the U-LEV standard and when the Super Ultra-Low Emission vehicle (SU-LEV)^{**} certification system started in December 2003, was certified as Japan's first SU-LEV. The vehicle also complies with the 2010 fuel economy standards.

^{*} U-LEV: A vehicle that emits 75% fewer exhaust emissions of nitrogen oxide (NOx) and hydrocarbon (HC) than the level prescribed in the year 2000 exhaust emissions standards

^{**} SU-LEV: A vehicle that emits 75% fewer exhaust emissions of nitrogen oxide (NOx) and nonmethane hydrocarbon (NMHC) than the level prescribed in the year 2005 exhaust emissions standards

SU-LEV Diffusion Targets

To make a true contribution to reducing the environmental impact of automobiles, it is important that vehicles with low-emissions technology become more widely available. Based on this view, we set a target* of making more than 80% of the gasoline vehicles we sell in Japan U-LEVs, and achieved that goal in February 2003. We then set a higher target of making 80% of our gasoline vehicles in Japan SU-LEVs, and we achieved that target in May 2006. As of March 2006, over 95% of our gasoline vehicles sold in Japan were certified U-LEV and SU-LEV models.

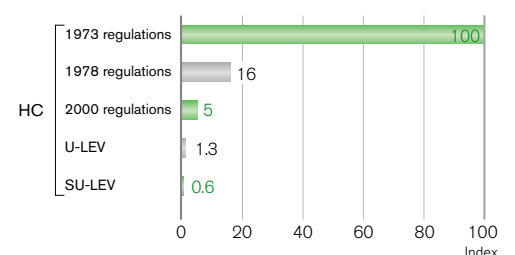
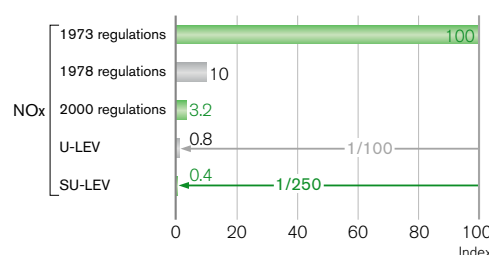
* We estimate that increasing SU-LEV unit sales to 80% of our total unit sales of gasoline vehicles in Japan would reduce NOx and HC by roughly the same amount as converting 40% of our unit sales to fuel-cell or electric vehicles.

Cleansing Diesel Emissions

We equip our diesel engines with the Nissan "common rail fuel injection system" to maximize fuel combustion rates and with the "self-regeneration type diesel particulate filter (DPF) system" with a catalyzed filter that captures, oxidizes and removes particulate matter. These and other technologies are key advances toward bringing our diesel vehicles into full compliance with Japan's new long-term emission regulations.

To date, we have launched two certified "ultra-low PM emissions diesel vehicles"; the Atlas 20 cab-over truck Atlas 20 in June 2004 and the Atlas 20 Hybrid model in May 2006.

Exhaust Emissions of SU-LEV (% , Japan)



Development of Clean Energy Vehicles (CEVs)

NGP2005 Objectives

Fuel cell vehicles (FCVs)

- Projecting the year 2005 as our technical development goal for practical use
- Participation in domestic demonstration program for FCVs under the auspices of the Japanese government in 2002

Other CEVs

- Research, development, and market introduction of electric vehicles (EVs), compressed natural-gas vehicles (CNGVs), hybrid electric vehicles (HEVs)

Major Results by FY2005

Fuel cell vehicles

- Commenced participation in the Japan Hydrogen & Fuel Cell Demonstration Project (JHFC) in July 2002
- Began limited lease of the X-TRAIL FCV 2003 model in December 2003, first vehicle delivered in March 2004
- Announced Nissan's first in-house developed fuel cell stack and 70MPa high-pressure hydrogen storage system
- Commenced limited leasing program of the 2005 model began in December 2005
- Developed a vehicle that improved the previous model's cruising range by 1.4 times to over 500 km
- The announcement of the X-TRAIL FCV 2005 model and the completions of the in-house developed fuel cell stack and 70MPa high-pressure hydrogen storage system

Other CEVs

- Launched several CEVs, including the Hypermini EV, AD Van CNG, and Tino Hybrid models
- Announced the Altima Hybrid model (scheduled for early 2007 U.S. market launch)



X-TRAIL FCV 2005 model

Nissan continues to make advances developing technology and products associated with fuel cell vehicles, electric vehicles, compressed natural-gas vehicles, hybrid vehicles and other clean energy vehicles with the aim of controlling CO₂ emission volumes and cleansing exhaust gas.

Fuel Cell Vehicles (FCVs)

Nissan commenced FCV development in 1996 and expanded to full-scale development in 2001. We are making steady progress toward the commercialization of FCVs through public road testing in Japan and North America and limited leasing of FCVs in Japan. (See the Timeline table below.)

Electric Vehicles (EVs)

In 2000, Nissan launched the Hypermini, an ultra-compact electric vehicle as a revolutionary new concept for city driving. Nissan has been working with researchers at the University of California, Davis since November 2001 to conduct marketability studies of ultra compact electric vehicles while activating a working car sharing program.

Compressed Natural-Gas Vehicles (CNGVs)

In January 2000, the Nissan AD Van CNG became the world's first certified ultra-low emission vehicle (U-LEV) and went on to capture top market share in the compact van CNG vehicle market. Nissan followed with the releases of the Caravan CNG, Civilian CNG, and Atlas CNG and plans to continue introducing a wide range of commercial vans, minibuses, trucks and other vehicle types to fill out its lineup of natural-gas models.

Hybrid Vehicles (HEVs)

Nissan has developed in-house hybrid technology, which resulted in the launch of Tino Hybrid in April 2000. With the aim of further developing hybrid vehicle technology to meet emerging customer needs, we formed a technical partnership in September 2002 with Toyota Motor Corporation. In June 2004, we produced a prototype of the Nissan Altima Hybrid and set a launch date in early 2007 for the U.S. market.

Nissan FCV Technology Development Timeline

1996	Start of FCV technology development
1999	Start of driving tests for the R'nessa FCV, a methanol reformer fuel cell vehicle.
2001	Nissan enters into a five-year, ¥85 billion alliance with Renault to develop FCV technology
2001 April	Road testing of the Xterra FCV in California
2002 July	Participation in the Japan Hydrogen & Fuel Cell Demonstration Project (JHFC)
2002 December	Debut of the X-TRAIL FCV 2003 model and start of road tests in Japan (top speed 125km/h, cruising range over 200km)
2003 December	Limited leasing of the 2003 model (top speed 145km/h, cruising range over 350km)
2004 March	X-TRAIL FCV delivered to Cosmo Oil Co., Ltd.
2004 April	X-TRAIL FCV delivered to Kanagawa Prefecture and the City of Yokohama
2005 February	Developed Nissan's first in-house fuel cell stack and a 70MPa high-pressure hydrogen storage cylinder
2005 December	Limited leasing sales of the X-TRAIL FCV 2005 model (cruising range over 370km and top speed 150km/h) and developed the model using the 70MPa high-pressure hydrogen storage cylinder (cruising range over 500km)
2006 February	Road testing in Canada of the X-TRAIL FCV 2005 model (cruising range over 500km) equipped with the 70MPa high-pressure hydrogen storage system

Promotion of Design for Recycling and Management/ Reduction of Environmentally Impacting Substances

NGP2005 Objectives

●Advancing the recycling of new models

- Attainment of a recoverability rate of 95% or higher by weight for new models by 2005 (based on Nissan in-house calculation standards)

●Reduction of environmentally impacting substances

- Banning the use of mercury (with limited exceptions) and cadmium
- Reducing the use of lead (to be largely phased out by the end of 2002) and hexavalent chromium (to be reduced to one-half of 1996 levels by 2005)

Major Results by FY2005

●Promotion of recycling for new models

- Models released since FY2001 for which 95% recoverability was attained

●Reduction of environment-impacting substances

- Use of mercury and cadmium materials was banned, with certain exceptions
- Achieved the industry target to "reduce lead content to 10% or less than 1996 levels" for 23 models, including the Serena, Wingroad, and Bluebird Sylphy
- Reduced hexavalent chromium content in the Bluebird Sylphy to less than 50% the 1996 level

Exceptions to JAMA's voluntary targets

- Lead: Lead batteries (because the collection route is established)
- Mercury: Liquid crystal displays of navigation systems and other devices, combination meters, discharge headlamps, and interior fluorescent lights (minimal amounts used in parts considered essential for traffic safety)

*JAMA: Japan Automobile Manufacturers Association, Inc.



Brought cabin VOC concentrations below guideline values set by the Ministry of Health, Labor and Welfare in the Bluebird Sylphy (Japan)

Nissan implements recycle-based design concepts at the new vehicle development stage to increase the effective use of natural resources. Vehicles are developed with targets for recoverability rate (ease of recycling) and dismantling efficiency (ease of dismantling at the end of life stage), and to incorporate material identification markings for plastic and rubber parts. All operations are conducted in compliance with ISO14001 standards.

Promotion of Design for Recycling

To improve reuse and recycling at the end of a vehicle's service life, Nissan has prepared "Recycling Design Guidelines" outlining the areas to improve our existing products, present new product structure ideas, and introduce other recycling concepts. We follow the principle of the "3Rs (Reduce, Reuse, and Recycle)" from the initial design phases in an effort to use materials that improve product structure and facilitate the ease of recycling. These guidelines are the result of many years of dismantling research of vehicles at the end of their service life.

Nissan teamed with Renault to develop the OPERA recycling simulation system that uses basic data on parts materials and information collected during dismantling processes to simulate the vehicle recoverability rate and recycling costs at the early stages of vehicle design.

These efforts enabled us to achieve recoverability rates of over 95% for the new March and Cube models released in 2002, the Cube Cubic in 2003, and the Lafesta in 2004. Since the Note debuted in 2005, all new Nissan models have achieved this high standard, and the company now markets eight vehicles with recoverability rates of 95% or higher.

Reduction of Substances with Environmental Impact

We carefully monitor and control the chemicals contained in our products based on Nissan chemical substance guidelines with the aim of reducing the use of materials that negatively impact the environment. We also make our business partners aware of Nissan policies, targets, and handling methods for substances with potential environmental impact and request reports on conditions and progress made toward reducing usage of the substances.

The adoption of lead-free materials for fuel tanks, electro-deposition coating, wheel balance weights, and other areas enabled Nissan to meet the Japanese automotive industry's 2006 target for lead use in Fiscal 2003, three years ahead of schedule. Our goal is to reduce lead use to 10% or less of the average amount used in Fiscal 1996. All new Nissan vehicles released since Fiscal 2004, a total of 23 models, meet this standard.

We have also stopped nearly all use of mercury and cadmium. The use of hexavalent chromium is also steadily being reduced in our vehicles, and we have already achieved the industry target of "less than half the average amount used in 1996" for the Bluebird Sylphy.

● Reduction of Vehicle Noise

NGP2005 Objectives

- Compliance by all models with voluntary targets for vehicle noise that are stricter than regulatory noise limits

Major Results by FY2005

- Achieved voluntary targets for all models

The noise produced by running vehicles is perhaps one of the most immediately noticeable environmental impacts produced by automobiles. Nissan has set voluntary noise targets—met by all of our models—that are stricter than regulatory noise limits.

Reducing Noise at the Source

Vehicles produce noise from various sources, including the engines, tires, exhaust, air intakes, cooling fans, and wind noise. Nissan takes an overall approach to reducing vehicle noise by conducting study and development on vehicle sections as well as on individual components.

Voluntary Targets Stricter than Regulatory Noise Limits

Nissan has adopted voluntary targets for vehicle noise, which are 1dBA stricter than the regulatory noise limits for all vehicles. All of our passenger vehicle models achieved compliance with our voluntary targets in Fiscal 2000, and all of our commercial vehicles achieved compliance in Fiscal 2002.

● Control of Air-conditioner Refrigerant Emissions

NGP2005 Objectives

- Attainment of Nissan's voluntary targets for reduced use of the HFC134a refrigerant

Major Results by FY2005

- Achieved voluntary targets for 32 models

Some refrigerants used in vehicle air conditioning units are destructive to the ozone layer. Nissan has been making efforts to develop units that use less refrigerant as well as to develop new refrigerants with less environmental impact.

Reducing Refrigerant Use

When the chlorofluorocarbon 12 (CFC12), commonly used in vehicle air conditioning units, was found to be highly destructive to the earth's natural ozone layer, we promptly switched to using the alternative refrigerant hydrofluorocarbon 134a (HFC134a) and by the end of 1994 had eliminated all use of CFC12 in our vehicles.

HFC134a is less harmful than CFC12 but has also been identified as a greenhouse gas. As we continue seeking a better alternative, we have been equipping our new vehicles with air conditioning units that use smaller volumes of refrigerant and that are designed to prevent leakage when the unit is operated.

Based on objectives outlined by the Japan Automobile Manufacturers Association (JAMA), Nissan has set a voluntary target of steadily introducing air conditioning units that use 10% less refrigerant volume than 1995 levels. As of the end of 2005, air conditioning units meeting these voluntary targets are installed in 32 of our vehicle models.

Developing Eco-friendly Refrigerant

We are actively participating in research with car air conditioning unit makers to develop systems that use a new refrigerant based on CO₂ and hydrocarbon (HC), which has less impact on global environment.

In Fiscal 2003, the X-TRAIL FCV 2003 model was introduced with an air conditioner using a CO₂-based refrigerant we developed with Calsonic Kansei Corp. The unit features high refrigerant density at low temperatures while also providing very effective heating. In addition, the CO₂ used in the refrigerant is recycled from our plant CO₂ emissions, thus further reducing the overall emission of CO₂. We are continuing with research and development of this promising technology with the aim of introducing similar units to our gasoline vehicles.

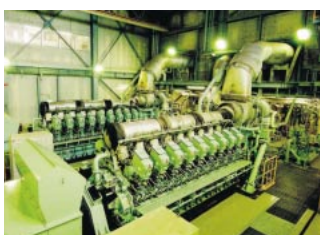
Promotion of Energy Savings

NGP2005 Objectives

- Reduction of total CO₂ emissions by more than 10% from FY1999 (42% from FY1990) levels by FY2005

Major Results by FY2005

- Reduced total CO₂ emissions by 14% from FY1999 (FY2005 emissions were reduced 44% versus FY1990) through improvements to equipment and operating processes as well as other measures



Cogeneration system in Tochigi Plant

Nissan is approaching the reduction of CO₂ emissions in our production processes on two fronts, improving equipment and improving operating procedures. Through these efforts, our domestic production processes produced 14% less CO₂ emissions in Fiscal 2005 than in Fiscal 1999 even as we significantly increased the number of vehicles produced.

Across-the-board Energy Savings

When one plant confirms that a certain measure is effective in reducing CO₂ emissions, that measure is then applied to other plants, thereby multiplying the positive impact and producing significant cumulative results.

One initiative was to progressively introduce to all plants a control system that coordinates pneumatic compressor use to ensure flexible responses to production volume, production-line modifications, and other changing conditions. Nissan is also working to conserve energy at all levels of its operations, including optimizing the supply of steam, highly energy-efficient lighting, and inverters to reduce the load on equipment motors.

In Fiscal 2001, Nissan gathered a team of energy specialists into the Nissan Energy Service Company (NESCO) to focus on promoting efficient energy usage at Nissan's five automobile plants in Japan. NESCO is taking an increasingly active role in energy saving activities.

The facility planning department provides guidance for enhancing operating equipment efficiency and develops plans to introduce new equipment to improve energy efficiency. We are diligent about saving energy in any way possible, and our efforts extend to ensuring that all equipment is shut down during non-operating times, and we continue to constantly seek and develop new energy-saving measures.

Introduction of Cogeneration Systems

Nissan is actively installing cogeneration systems that capture and utilize the heat produced when generating electricity and raise overall energy efficiency and help to further reduce CO₂ emissions. Usage of these systems is steadily growing each year, and cogeneration systems are currently in operation at the Oppama, Yokohama, Tochigi and Kyushu plants.

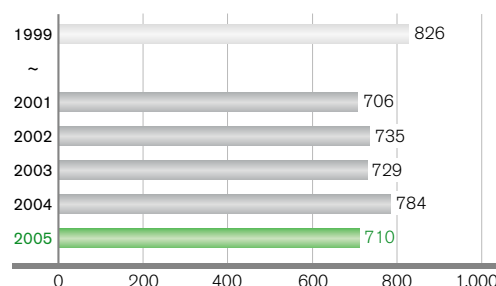
Use of Renewable Energy

Nissan is also emphasizing the use of renewable energy as an additional way to decrease the impact of our operations on the environment. We are participating as a partner in a project to construct a wind-powered generator in the city of Yokohama, Kanagawa Prefecture. The new facility is scheduled to commence operation by the end of Fiscal 2006, and we plan to utilize the power generated at our Yokohama Plant.

In addition, Nissan Motor Manufacturing (U.K.) Ltd. introduced six wind-powered electric generators in Fiscal 2005.

CO₂ Emissions (1,000t-CO₂, Japan)

Production



Reduction of Waste and Promotion of Recycling

NGP2005 Objectives

- All plants eliminated direct landfill disposal of waste by FY2001
- Reduction of amount of waste incinerated by more than 50% from FY1999 levels by FY2005 (All plants initiated a zero emission program during FY2001)

Major Results by FY2005

- Zero waste directly to landfill achieved in FY2001 and remains in force
- Waste incineration volumes reduced by 90% from 1999 levels (from 27,900t in FY1999 to 2,723t in FY2005)

Nissan implements various measures to reduce the waste from its automobile production processes and promote recycling. Promotion of “zero waste emissions” activities based on the “3Rs (reduce, reuse, and recycle)” concept has resulted in the achievement and maintenance of “zero direct landfill waste” and a substantial reduction in the volume of waste incineration.

Application of the 3R Activities

Reduce - Curbing waste generation

Nissan invests significant capital and is engaged in a wide range of activities to reduce the volume of waste generated during the production process. Special committees are dedicated to researching technical measures to reduce waste production, utilize returnable palettes for parts delivery operations, reduce the volume of cutting oil used through recovery and reuse or by a spray application technique, and utilizing a drying process for wastewater treatment sludge.

Reuse - Reusing waste

We aim to steadily expand the range of reusable parts and materials. Efforts to raise our reuse rates include the collection and multiple reuse of protective covers for parts that in the past had been disposed of after use.

Recycle - Recycling waste

Nissan promotes effective recycling via thorough and detailed segregation of about 100 types of waste in cooperation with recycling operators. Our recycling operations continue to expand and now

include recovering and reselling for reuse various types of plastic from wrapping materials, which previously would have been incinerated. In addition, we also recycle mill end-waste from production processes.

Promotion of Zero Direct Landfill Waste and Recycling

Nissan has consistently maintained the standard of “zero direct landfill waste” (less than 1.0% of the level of Fiscal 1990) since first achieving the target in Fiscal 2001. The goal of reducing the volume of waste incineration to 50% or less of the Fiscal 1999 level was first achieved in Fiscal 2003, well ahead of schedule. Ongoing efforts further reduced the FY2005 volume of waste incineration to just 10% (2,723 tons) of the Fiscal 1999 level.

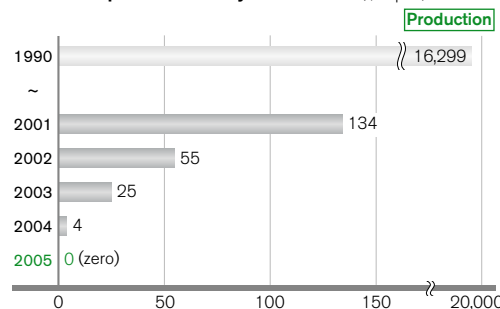
Nissan achieved a recycling rate* of 99.5% in Fiscal 2005 in Japan, while the Yokohama, Kyushu, and Iwaki Plants posted perfect 100% recycling rates. We plan to implement these recycling efforts on a global scale.

* Recycling rate: the percentage of the total amount of waste and valuable resources generated that is recycled, included via thermal recovery.

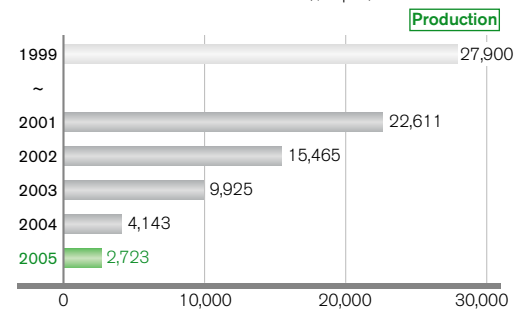


On-site incinerators in Tochigi Plant

Waste Disposed Directly to Landfill (t, Japan)



Volume of Incinerated Waste (t, Japan)



Improved Management of Chemical Substances

NGP2005 Objectives

- Installation in FY2002 of a model paint line that reduces volatile organic compounds (VOCs) emissions to 20g/m² and promotion of efforts to reduce substances subject to the Pollution Release and Transfer Register (PRTR) system

Major Results by FY2005

- Completed installation of model paint line at No.2 Kyushu Plant in FY2002, reducing VOC emissions to an industry-leading level below 20g/m²
- Reduced VOC emission volume per unit of painted area in FY2005 by 65% from the FY1994 level

Nissan strictly supervises the use of chemical substances that have the potential of becoming environmental pollution. We enforce preventive measures and seek to minimize risk by placing priority on reducing the amount of these substances used and strictly controlling or eliminating the amount that is discharged from the manufacturing processes.

Reducing Volatile Organic Compounds (VOCs)

Nissan places top priority on reducing the presence of VOCs, a category that makes up 90% of all chemicals emitted during automobile production. We continue to work hard to achieve compliance before regulations are introduced in each respective country of operation, to raising our collection and recycle rates of cleansing thinner and other VOCs, and to reducing the volumes discharged outside the plants in addition to cutting down the overall amount of VOCs used.

One step we are taking to reduce the volume of VOCs volume is the modification of our painting process lines by installing new equipment allowing the use of water-based paint. The painting line at No.2 Kyushu Plant was converted to water-based paint in Fiscal 2002. At less than 20g/m², the plant's water-based painting line maintains the lowest VOC discharge level in the industry. The Tochigi Plant converted to water-based paint in Fiscal 2004, and No.1 Kyushu Plant converted in Fiscal 2005.

Raising the recycling rate and lowering the volume of cleansing thinner used enabled Nissan to achieve a 65% reduction in VOC emission volume per unit of painted area from Fiscal 1994 to Fiscal 2005.

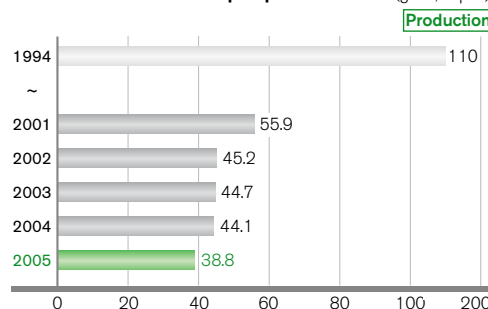
Management of Chemical Substances

When new oils and fats, chemicals, paints, and other materials are adopted for use within the company, the corresponding Material Safety Data Sheet (MSDS) is acquired from the material's manufacturer, and the information that this provides is used to evaluate all environmental, safety, and health factors. Harmful substances are prohibited from use and are replaced with materials that have less impact on the environment.

Furthermore, we register the materials and substances we use in a tabulation system and diligently record the corresponding usage quantities and the volumes discharged to the environment. Chemical products requiring registration are the 435 substances designated by the Pollutant Release and Transfer Register (PRTR) Law as well as various other chemicals.

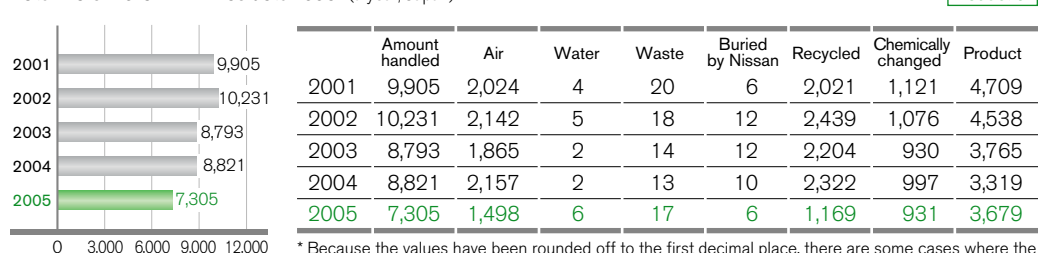
This tabulation system for chemical substances accesses information from the purchase control system for procurement of materials. By managing all necessary information in an integrated manner, reliable statistics on usage and discharge volumes can be tabulated and effective measures implemented.

VOCs Release volume per painted area (g/m², Japan)



A line switched to water-based paint, producing less VOCs at Kyushu Plant

Total volume of PRTR substances (t/year, Japan)



* Because the values have been rounded off to the first decimal place, there are some cases where the aggregated amount for each item does not agree with the sum total.

Environmental Protection in Logistics Operations

NGP2005 Objectives

- Reduction of total CO₂ emissions by more than 10% from FY1999 levels by FY2005

Major Results by FY2005

- FY2005 CO₂ emission levels reduced by 14% from FY1999 levels

Measures to improve the efficiency of our logistics operations are another aspect of our efforts to reduce CO₂ emissions. With the cooperation of parts makers and logistics firms, we are working to raise the loading ratio while implementing a modal shift to transport systems with lower CO₂ emission output. In Fiscal 2005, these efforts enabled us to reduce CO₂ emission levels by 14% from Fiscal 1999 levels.

Improving Loading Ratios

Revising the methods of transport

In Fiscal 2000, Nissan became the first Japanese automaker to implement a "roundup" system with the automaker dispatching its own trucks to collect required parts. The "roundup" system consolidates parts deliveries from several different suppliers into a larger single load, enabling higher loading ratios than the traditional system where each supplier dispatches trucks individually. The result has been a significant improvement in loading ratios with the number of deliveries per day to our plants in Japan by 10-ton trucks being cut from 2,500 to 2,200 deliveries.

Improving containers and packing

Nissan has also created a more efficient loading system utilizing 55 types of specially designed containers that are also collapsible to minimize the load space they occupy during empty return trips. These efforts have helped raise the loading ratio by approximately 10%.

In addition, we use Computer Aided Design (CAD) to simulate packaging design types. This enables planning for maximum loading ratios during the design stage and eliminates the need for prototype parts in our logistic planning. In April 2005, we established the Logistics Engineering Group to refine this work and to facilitate a more systematic approach to streamlining Nissan's logistics.

Modal Shift

Nissan is progressively shifting its transportation mode for finished vehicles and parts from truck to vessel for longer distance within Japan. Currently, 51% of these shipments are made by sea.

In addition, in Fiscal 2004, all parts makers making truck shipments to the Nissan Kyushu plant from the Kanto region of Greater Tokyo completed the switch to train-based shipment forwarding. The revised system has reduced CO₂ emissions by about 70% compared to transporting the same volume by truck. In Fiscal 2005, we also focused on establishing an all-rail transport system for after-sales parts and successfully reassigned a portion of the deliveries from the Tohoku and Kinki regions to the Sagami-hara Parts Center to rail transport.

In 2005 and 2006, we introduced "Nissan Car Pack" containers for rail transport to help deal with the higher delivery volume that usually occurs when vehicle orders increase in February and March. The innovative design uses a double-stack container which carries two vehicles, one above and one below. Nissan Car Pack enabled us to ship about 1,000 export models from the Tochigi Plant to the Yokohama Honmoku Pier both years during these high-volume periods.

Another key move to reduce CO₂ emissions was achieved by redirecting a portion of the shipments of U.S.-bound export models produced at the Tochigi Plant from the Oppama port to the Honmoku port which is a shorter distance for truck delivery.



Modal shift to rail

Environmental Management at Dealers

NGP2005 Objectives

●Implementation and improvement of environmental management through the Nissan Green Shop dealer certification system

- Establishment of a system for appropriate treatment of end-of-life vehicles (ELVs) at dealers in Japan
- Improvement of Japanese dealer abilities to cope with the Automobile Recycling Law (execution of responsibility for taking back ELVs)

Major Results by FY2005

●Completed certification of all 202 Japanese dealers as Nissan Green Shop dealers. Implemented periodic recertification audits

●Produced and distributed to all dealers the "Management Response Manual" to ensure full compliance with the Automobile Recycling Law (execution of responsibility for taking back ELVs)

Nissan's environmental management activities include our unique Nissan Green Shop dealer certification system that promotes and highlights the environmentally sound operations of Nissan dealerships and promotes the application of the Automobile Recycling Law in Japan.

Nissan Green Shop Dealer Certification System

We developed the Nissan Green Shop certification system based on the ISO 14001 guidelines to promote effective environmental activities at our sales companies and automobile dealerships in Japan. The system was introduced in 2000 and all of our sales companies and dealerships were recertified in the first comprehensive review in March 2002.

Nissan Green Shop certification requires each company to establish a system for environmental responsibility headed by an environmental representative and manager, promote proper treatment of ELVs and waste materials, process and recycle the waste they generate in their service and repair activities, and conduct environmental outreach to inform our customers of these efforts.

Annual surveillance and certification renewal audits every three years ensure that the certified Green Shops not only maintain but also steadily enhance their environmental activities. Dealers are also required to perform annual internal audits. In March 2005, all our sales companies and dealerships successfully passed the recertification inspection.

The inspection process adopted a point system in 2003 to provide a clearer view of how the companies were performing in relation to each other and to determine the overall average. The new evaluation system has helped raise awareness and boost motivation to achieve our environmental objectives, and the result was steadily rising scores in both Fiscal 2004 and 2005.

As of March 2006, approximately 3,400 dealerships and shops throughout Japan are certified Nissan Green Shops.

Automobile Recycling Law Compliance

In preparation for the adoption of the Automobile Recycling Law in January 2005, we produced and distributed an original "Service Response Manual" to ensure all staff at our dealerships would have a full understanding of the legislation. We also held information sessions in key locations to provide guidance on how carry out everyday tasks in compliance with the legislation.

We also set up an exclusive Automobile Recycling Law information desk to provide swift responses to questions from sales companies. In addition, Nissan is making effective use of our "Green Cycle Newsletter". First published in 1998, this bulletin provides timely environmental reporting to sales companies and features a series of articles about the new Automobile Recycling Law along with other easily understandable updates. The law's provisions have been set as fundamental elements of the Nissan Green Shop auditing priorities to further ensure full compliance.



Nissan Green Shop certification logo

Appropriate Treatment and Recycling of end-of-life Vehicles (ELVs)

NGP2005 Objectives

●Advance recycling operations

- Development and deployment of new technology for appropriate treatment of end-of-life vehicles (ELVs)
- Design for recycling
- Continuing expansion of the Nissan Green Parts

Major Results by FY2005

●FY2005 recovery rates and volume in Japan based on the Automobile Recycling Law

- Automotive shredder residue (ASR): 67.9%
- Airbags: 93.5%
- CFCs/HFCs: 144,346kg

●In 2001 commenced collecting aluminum road wheels of ELVs and recycling into new parts (FY2005 recycled volume: 100 tons/month)

●In the fall of 2003, the Oppama Plant began ASR recycle operations, making Nissan the first automaker to use its own incineration facilities to process ASR (FY2005 recycled volume: 400 tons/month)

●Published the "Dismantling Manual for Parts/Components Containing Copper (Cu) of End-of-Life Vehicle"

●Nissan Green Parts sales: approximately ¥2.1billion

●Jointly developed and launched with Renault the OPERA recycling simulation system

* For further information on recycling design, please see "Promotion of design for recycling and management/Reduction of environmentally impacting substances" (page 08).



Dismantling research of ELVs in Japan

Nissan has established an integrated in-house system and maintains partnerships with outside operators to maximize the recycling of reusable materials and the reduction of waste. Based on the principle of the "3Rs (Reduce, Reuse, and Recycle)", these efforts are aimed at further raising the recovery rates of end-of-life vehicles.

Applying Our Recycling Research

For nearly a decade, Nissan has been participating in research with recyclers to optimize the dismantling of our vehicles. These collaborative activities have provided research and testing data that has been integral to developing environmentally friendly disposal methods, recycling materials, and the recovery and reuse of parts.

The product development division has integrated this valuable feedback into the final designs of our vehicles. Research data was a key element in the development of the Nissan airbag processing system used in Japan under the provisions of the Automobile Recycling Law.

Aluminum Road Wheel Recycling

Nissan developed an innovative process for recycling aluminum road wheels without compromising the quality of the material. Dismantlers in Japan separate and recover aluminum road wheels from Nissan's ELVs. We then collect the wheels at the Nissan Yokohama Plant to regain the high quality aluminum and recycle it into important new parts, such as suspensions, that require high quality material.

Energy Recovery from Automobile Shredder Residue (ASR)

In the fall of 2003, Nissan achieved a technological breakthrough in thermal recovery and became the first Japanese automaker to use existing incineration facilities at one of its own plants to recover energy from ASR. The success of our overall waste material recycling efforts allowed us to modify part of the waste incineration facilities at the Oppama Plant to process ASR and recover energy in the form of heat produced during the incineration process. The vapor generated is then used for heating in the plant's paint process.

Nissan Green Parts

The Nissan Green Parts system is an innovative complete cycle for reusing parts from Nissan ELVs. After recyclers carefully remove reusable parts, we collect and confirm the quality of the parts, and then resell them at sales outlets as second-hand Nissan Green Parts for repairs and replacement.

A total of 42 different parts are currently included in this scheme under two main categories: reusable and rebuilt. Reusable parts are second-hand parts that have been thoroughly washed and checked for quality. Rebuilt parts are those that have been dismantled, inspected, and fitted with replacements in place of expendable components. In addition to reducing the volume of waste, this system offers the economical advantages of enabling customers to buy parts at reduced prices while reducing waste processing costs at recycling facilities.

Bumper Collection and Recycling

Since 1992, Nissan has promoted the collection and recycling of used plastic bumpers accumulated during the repair and replacement of vehicle parts at dealers in Japan. This initiative is now firmly established and volumes are steadily increasing with some 273,143 bumpers collected for recycling into new plastic parts for new vehicles in Fiscal 2005.

Response to the Automobile Recycling Law

Advances in our recycling and disposal operations for ASR, airbags, chlorofluorocarbons (CFCs) and hydrofluorocarbons (HFCs) have enabled Nissan to achieve standards higher than those established in Japan by Automobile Recycling Law adopted in January 2005.

Nissan is a leading member of a group of 11 automobile manufacturers in the Automobile Shredder Residue Recycling Promotion Team (ART) formed to promote the efficient recovery of ASR in Japan. As a leader of the team, Nissan is taking the initiative to work together with various sections of society and to improve the efficiency of recycling operations throughout the automotive industry.

Environmental Management System (EMS)

NGP2005 Objectives

- Implementation, operation, and improvement of EMS in line with ISO14001 (ongoing)
- Construction of a global EMS encompassing core consolidated subsidiaries
- Prevention of environmental accidents and improvement of risk management (Pollution discharge from plants higher than regulated levels)

Major Results by FY2005

- Implementation of ISO14001 standards and continuous improvements at all production facilities and in the product development process. Constructed and commenced operations of the global EMS at affiliate companies, focusing on production facilities. Presently examining strategies to develop the global EMS for non-manufacturing sites
- Achieved zero environmental accidents in FY2005
- Risk management enhanced by the issue of the "Crisis Management Manual" from the Head Office outlining periodic environmental performance audits, and environmental accident communications systems and response procedures for plants and business sites operated by Nissan and consolidated companies in Japan



Audit for ISO14001 certification in Japan

The Nissan group continues to promote and advance its environmental protection activities. We upgraded and further established our environmental organizational structure, and constructed and commenced operation of the EMS. We are also fortifying our risk management for emergency situations including our emergency response skills in the case of an environmental accident.

Promotion System

In 1993, Nissan established the Environment Management Committee, chaired by our Executive Vice President of Research and Development, to develop company-wide policies and goals and to assess and confirm our progress in the area of environmental management. In 2003, the committee expanded its scope internationally and became the Global Environmental Management Committee, chaired by our Chief Operating Officer.

Goals for the environmental management systems of individual divisions are formulated under the guidance of the Global Environment Management Committee, with each division promoting activities aimed at attaining its own divisional targets.

In addition, the production division instituted a global management system to regulate environmental data from all our production sites and enable coordinated environmental actions around the world. In Fiscal 2005, we started an ongoing program of liaison meetings of environmental managers from core production sites.

Environmental Management System Operation and Auditing

In our mission to promote activities that reduce environmental impact, we have steadily advanced efforts to obtain ISO14001 certification. All of our domestic production plants and business sites as well as major overseas plants have received ISO14001 certification. In addition, our product development processes are also certified and implement concepts and product specifications to reduce environmental impact from the earliest product planning stages to the final designs.

We conduct internal environmental audits and independent third-party audits to ensure the EMS is operating as intended, verify ongoing improvement, and confirm that each organization is in compliance with our environmental policies and targets. For the internal audits, we engage independent environmental auditors to conduct objective system audits to verify the EMS operating status and environmental performance audits to confirm the effectiveness of the system.

Enhancing Risk Management

We have taken proactive measures to be prepared for environmental accidents and other emergencies, including steps to prevent the occurrence of such accidents as well as employee training based on emergency response manuals issued by Nissan. Parallel to this training, we keep all employees up-to-date on the processes and procedures used to report such occurrences to the proper authorities.

Along with the periodic environmental performance audits of our plants and business sites, we also conduct environmental accident response drills as outlined in our emergency response manuals. Every year, we conduct accident response drills simulating an oil or chemical spill at a water treatment facility, a leak at a fueling station, and other potential emergency situations.

Nissan places special emphasis on open and regular communication with the local residents of the communities where it has plants or business sites. This helps local residents more fully understand the details of our business activities and the risk management systems we have in place. This commitment includes the scheduling of public discussions on the various environmental preservation activities and other specific steps that we undertake at individual business sites.

NGP2005 Objectives

- Publication of the annual Environmental Report and improvement of content
- Continued release of environmental communications whenever appropriate
- Participation in and organization of environment-related lectures and exhibitions
- Issuance and improvement of environmental communications to local communities

Major Results by FY2005

- Published the Environmental Report annually since 1998
- Held the annual Environmental Report readers workshop since FY2003, held an Environmental Communication Meeting in FY2005
- Held an Environmental Stakeholder Dialogue in 2003 and an Environmental Advisory Meeting in 2005
- Participated in exhibitions and test-ride events, response to related environmental questionnaires and data collection, conducted plant tours



School visit at an elementary school in Japan on the topic of the environment

Nissan actively promotes open and regular communication with all our stakeholders via environmental reports, websites, and various other media as well as through public events, including vehicle exhibitions and test-drive events.

Environmental Report

Nissan's environmental communication activities were elevated in 1998 with the publication of the annual "Environmental Report" and further enhanced in 2004 with the annual "Sustainability Report." In addition, since 2001 each of our plants and business sites has issued an individual "Site Environmental Report" to local residents and plant visitors. Our "Environmental Report" and "Sustainability Report" publications have been honored with numerous awards for superior environmental communication.

In 2003, we hosted a "Environmental Report Workshop" and in 2006 held an "Environmental Communication Meeting" to discuss and exchange views on environmental communications and our information disclosure activities. These meetings have been invaluable in helping us continue to improve our communications.

In Fiscal 2006, we integrated the "Environmental Report" into the "Sustainability Report" and set up a website to report environmental issues faced by our business operations and provide detailed environmental data. The aim is to provide more extensive and flexible reporting, and we intend to continue to develop the website as a core information source.

Talking with Stakeholders

Customers

For general users, we offer model-specific environmental information in our catalogues publish "Technical Notes" with details of Nissan's environmental technologies. In addition, Nissan presents regular exhibits of ultra low-emission vehicles (U-LEVs) at its dealerships in Japan, and hosts and participates in exhibits and test-drive events of fuel cell vehicles (FCVs).

Local communities

To deepen the understanding of Nissan activities in the communities surrounding our operating sites, environmental information panels are displayed in the guest halls at each plant. In addition, the Oppama Plant offers an environmental equipment course among its factory tours, and all plants hold "Open Days" and various other guided tours of our environmental facilities.

In Fiscal 2002, we introduced presentations for elementary school students with a theme of a "Special Course on Electric Vehicles" focused on the Nissan Hypermini and the "Topics for the Future Automobile Society and the Environment."

Our educational activities have grown to cover a wide spectrum of media and activities ranging from the distribution of environmental pamphlets, data sheets, and videos to presenting public lectures.

External experts

The objective opinions of external experts provide invaluable insight on how best to advance our global environmental strategies. To promote dialogue with external environmental experts, we held an Environmental Stakeholder Dialogue in 2003 and followed with an Environmental Advisory Meeting in 2005.

Green Procurement

NGP2005 Objectives

- Thorough management of environmentally impacting substances
 - Requests to suppliers to acquire ISO14001 certification by March 2005 environmental communications to local communities
- ### Major Results by FY2005
- Received environment-impacting substance data reports from suppliers, began conducting new vehicle inspections based on this data
 - Over 95% of suppliers certified under ISO14001 standards or the Japanese Ministry of the Environment's Eco Action 21

Nissan implements technical standards to exercise effective global control over the "environment-impacting substances" contained in parts and other components procured from external sources. Additionally, we request all suppliers in Japan adhere to our "Nissan Green Procurement Standards" and submit environment-impacting substance data reports, establish environmental management systems, and specify their environmental representatives.

Environment-impacting Substance Data Reports

Nissan requires all suppliers submit data on substances identified as producing an environmental impact. For parts and materials (oils, paints, chemicals, etc.), this data is used to confirm that no substances banned under Nissan standards are present. This procedure also enables us to identify in the early development stage any materials that require caution and enables us to focus on developing appropriate alternative technologies.

We have conducted thorough inspections of our new models and future models currently under development based on the environment-impacting substance data reports received from suppliers. We also began compiling a database of the environment-impacting substances used in vehicle parts to streamline and improve the efficiency of our inspection and control processes.

Environmental Management System Establishment

Nissan had requested its suppliers to establish

environmental management systems by March 2003 and work voluntarily to obtain ISO14001 certification by March 2005. All of our suppliers in Japan complied with the first request and, as of March 2005, over 95% of our all of our suppliers had obtained certification either under ISO14001 or the Japanese Eco Action 21 environmental assessment program of the Japanese Ministry of the Environment.

Environmental Representative Identification

We have asked our suppliers to clearly specify their environmental representatives in order to ensure smooth and reliable information about our environmental conservation measures. Nissan reciprocates by providing information on our environmental conservation measures and the environmental impact of our products. In this way, we create a two-way dialogue of information sharing that forms a foundation for a mutual awareness of environmental issues and strategies.

Employee Education and Training

NGP2005 Objectives

- Continued implementation and improvement of Nissan's employee education system and regular educational efforts through in-house publications and other activities
- ### Major Results by FY2005
- Implemented in-house educational curriculum
 - Ongoing enlightenment activities through the "Environmental Series" pages in the internal newspaper NISSAN NEWS

At Nissan, we believe it is important for all our employees have a deep understanding of global environment issues and Nissan's role in environmental preservation. We have established employee education courses to promote understanding of environmental issues.

Training at All Employee Levels

In Fiscal 2005, all of our nearly 760 new workers received environmental education training as part of their orientation program. New section managers receive supplemental training to ensure they smoothly transition to a leading role in the conservation activities already under way.

We also offer curriculum catered to the specific needs of employees at different tiers in our organization, including classes to raise awareness of environmental issues for middle level management, seminars led by environmental experts for top management from our technical development division, and educational programs providing specially designated employees an opportunity to engage in in-depth discussions with environmental experts.

International Law and Regulation Explanatory Sessions

Nissan holds regular briefings on environmental

and safety regulations for employees from our development divisions and core affiliated companies. The meetings cover regulatory and societal trends in markets of key importance to Nissan and enable us to encounter and exchange information from beyond our company and divisions. The information helps us both heighten environmental awareness and adjust our business activities quickly in response to changing laws.

Environmental Information for Nissan Employee Families

We include "Environmental Series" pages in our internal newspaper, that we regularly distribute to provide environmental information to all employees and family members of Nissan and its affiliates, including retired employees. In addition, we hold various monthly events on environmental, 3R (Reduce, Reuse, and Recycle) promotional, and energy conservation themes, and display posters and distribute pamphlets with information focused on raising environmental awareness.

● Environmental Protection in Nissan Offices (Green Office Program)

NGP2005 Objectives

- Reduction of paper consumption, reuse of resources, and promotion of energy savings
- Examining and promoting ways of reducing emissions from company-owned vehicles

Major Results by FY2005

- Activated green purchasing, improved energy conservation, reduced paper consumption, and promoted reuse of resources in our everyday business operations; introduced eco-friendly vehicles for use as company vehicles

Nissan initiated the company-wide "Green Office Program" in 1998 to promote environmental conservation efforts in our everyday business activities in accordance with our ISO14001-based environmental management system.

Green Purchasing

We conduct our office supply procurement activities with special consideration for the environment. Purchasing of office supplies and recycled paper, for example, is regulated by a specific manual on the use of recycle paper. Green purchasing is also a key factor when we select company vehicles and a main factor in our active introduction of low-emission vehicles and compressed natural gas (CNG) buses.

Energy and Natural Resource Savings

We have also implemented measures to limit energy consumption in our offices, including maintaining balanced air conditioner temperatures, switching off lights during lunchtime and after business hours, turning off equipment while not in use, and utilizing energy saving office automation equipment.

To limit our consumption of paper, we have reduced the number of pages printed or copied and progressed toward a paperless workplace using intranet and on-line conferencing tools. In Fiscal 2005, these efforts enabled the Nissan Motor Co., Ltd. to decrease the volume of paper purchased for office use by 21,300kg from the prior year. In addition, it is standard practice in our offices to separate used materials into recycling categories.