

# With Our Employees

## Making full use of the capabilities of our diverse staff

**The growth of Nissan is supported by the strong motivation and unique value of each of our employees.**

**The diverse personalities of our employees lead to new ideas and new value.**

**We make an effort to bring this diversity to life and we work to create an environment that allows our employees to be creative and innovative.**

**It is our aim to become an organization in which each employee can reach his or her full potential.**

### **Employees Make the Company** The driving force behind NISSAN Value-Up

High employee motivation is the driving force behind continuous improvement. In the management reforms started in 1999, Nissan's top management has seen its main role to be fostering high motivation in employees, even in difficult conditions. Management has set a clear direction for all levels of the company, and has created an environment that allows every employee to reach his or her full potential. In response, the employees have been very committed to meeting the challenges faced at Nissan. At the present stage in our new mid-term business plan, NISSAN Value-Up, we are building on the positive results of previous plans. Our progress so far has been a source of pride for everyone at Nissan.

Consistent and clear strategies; two-way communication between employees and top management; the improvement of management quality based on objective evaluation through attitude surveys; fair capability evaluation based on job performances; and the delivery of good results. When all of these are achieved at the same time, a synergy occurs: employee motivation is rewarded, and the company sees tangible benefits.

### **A Human Resource Approach that Values "The Possibility of the Individual"**

**The introduction of evaluation based on competency and free agent systems**

Many employees work for Nissan in more than 160 countries throughout the world. These highly diverse, highly skilled individuals are a great asset to our company. We continuously improve our personnel administration system, ensuring that every employee's potential is developed and realized.

Nissan Motor Co., Ltd. reformed its evaluation-based remuneration system and introduced a new system in fiscal year 2004, based on the concept of "designing your own career." Remuneration is determined not only by performance or outcome, but also by capability evaluations of competency (actions or ways of thinking). In an interview held with each employee, the employee is asked to evaluate his or her strong and weak points. Evaluators explain their evaluation to employees. Before this system was introduced, attitude surveys were conducted with all employees. These surveys will be conducted periodically in the future in order to identify employees' opinions on how the system has improved. It is the employees themselves who will guide the development of the personnel administration system. Nissan believes that having a good system in place will naturally lead to the greater realization of employees' capabilities.



Nissan North America, Inc. Smyrna Plant (USA)



Meeting between CEO and employees at Nissan Motor Co., Ltd., for the free exchange of opinions

We have introduced a career development system that supports independent, proactive behavior. Nissan Motor Co., Ltd. has long had an "Open Entry System" in which employees are free to apply for any positions that are openly advertised. About 300-400 employees apply every year, and 70-80 of these employees are transferred. In addition, in fiscal year 2005, we introduced a "Free Agent System" in which employees can freely apply to any department in which they would like to work. We are considering the introduction of this same system for affiliated companies, ensuring "the right person for the right job."

The idea of "the right person for the right job" is also pursued globally. In Europe, for example, Nissan includes more than 30 companies of various sizes with different cultural backgrounds. Personnel management has been performed company by company or department by department. In 2001, we established a Career Committee and began a process of Career Development allowing global personnel arrangements and transfers across departments or regions in accordance with the career goals of each individual.

### Communication Fosters Trust Attitude surveys of employees worldwide

Listening to each other ensures transparency and establishes relationships based on trust. Nissan regards communication as an indispensable tool for management. We carry out company-wide attitude surveys of employees every year. The results are used to improve the quality of management.

In fiscal year 2004, the survey was conducted with 30,000 employees selected at random from every part of the world. In fiscal year 2005, with the start of NISSAN Value-Up, the number of employees taking part in the survey will increase to all employees worldwide.

To provide an opportunity for direct communication between top management and employees, opinion exchange meetings are held all around the world. Good internal communication is needed to ensure that all employees maintain their motivation, especially in a company with so many people from different cultural backgrounds. Company newsletters and videos distributed for internal use are translated into several languages and are used to share information over the Intranet. In September 2004, we integrated these internal communications under a single in-house brand, "N-COM." From 2005, we are providing the latest information from each region via a common intranet 24 hours a day.



Nissan Design Europe, design center in London (UK)



Nissan Learning Center Management Institute (Japan)

### Diversity initiatives at Nissan North America

To Nissan North America, diversity has long been a corporate priority. Launched in 1998, the company's Corporate Diversity Initiative strives to improve business results by ensuring that core businesses such as Sales, Manufacturing, Research & Development and Design, among others, meet the distinct needs of an increasingly diverse customer and labor base.

To this end, Nissan North America's diversity recruitment and retention efforts are dedicated to ensuring opportunities for employees with the qualifications, personal attributes and desire to advance within a supportive and collaborative business environment. Mandatory diversity training is designed to communicate the importance of establishing a workplace respectful of all employees.

At Nissan in North America, our commitment to diversity goes even further. The fact that minority-owned businesses play a vital role in offering competitive products and services is recognized and proactively supported through a Supplier Diversity Initiative and a commitment to increase the number of minority automobile dealerships.

### Working Toward Individual Development

The establishment of a management institute, The Nissan Learning Center

Nissan wishes to grow and to become an organization that continuously learns and develops. This means that our people must learn and develop, and we are providing ongoing training to meet this goal. To learn means to "stretch" and to compensate for what is missing. Nissan believes a "corporate culture of learning" is not possible without "stretch" management.

We handle human resource development in three ways: "recruiting," "transfer and arrangement" and "provision of training opportunities." In NISSAN 180, our business plan for fiscal years 2002-2004, training programs were developed and implemented on a year-to-year basis. We began by introducing leadership training to educate executive managers in fiscal year 2002. In fiscal year 2003, management training was provided to managers to help them acquire management skills (for example, coaching skills). Finally in fiscal year 2004, a training menu was developed and a learning management system (LMS) was introduced for rank-and-file employees to help them reinforce special skills.

### The Nissan Learning Center Management Institute

In April 2005, we established and started operations in a new training center, the "Nissan Learning Center Management Institute" in Hakone, Kanagawa Prefecture, Japan. The main purpose of this center is to

develop leadership skills within our organization. The management training includes a training course to enable executive managers by ensuring that they have the leadership abilities they need, a training course to reinforce our unique Nissan Management Way management techniques, and a cross-cultural training course for division and section managers who work with the Alliance with Renault. The target participants for this training are employees of Nissan Group companies worldwide, and the facility is positioned as a center of development for Nissan's "corporate culture of learning." We are also reviewing opportunities for joint programs with other companies and with business schools, which will allow us to benefit from outside viewpoints and achieve further improvements in management.

Respect for Diversity  
Tripling the ratio of female managers  
within three years

Nissan sees diversity as an opportunity to bring the workplace and the marketplace closer together. In a perfect world, the workplace would mirror the diversity that exists in the marketplace. There are, however, still many areas where progress can be made.

In order to improve on the current situation, Nissan established a Diversity Development Office in October 2004. This office promotes activities that will transform the company into an organization in which diversity is valued and seen as a business advantage. The goal is to



Nissan North America, Inc. Smyrna Plant (USA)



An event to appreciate diversity at Nissan Canada, Inc.

### An event to appreciate the diversity of Nissan Canada, Inc.

Respect for diversity is a common principle for Nissan worldwide. There are many initiatives in place to address this core principle. For example, every year in Canada, Nissan Canada Inc. (NCI) employees host a Multicultural Week to increase awareness and honor various world cultures. During the

event, NCI employees bring in artifacts, clothing, photographs, videos, cookbooks and other items, which are displayed at the company's Head Office in Mississauga, providing an opportunity to recognize and celebrate the diverse cultures of the world.

create an organization where differences in sex, nationality, ethnicity, individual personality and values are respected and used to bring added value to our company and our customers. The Diversity Development Office works directly with the Diversity Steering Committee. The COO acts as chairman of the Committee, which indicates the strategic importance of the diversity issue.

One theme we focus on is gender diversity, which means increasing the number of women on staff, educating them, and preparing an environment in which they are able to take part in decision-making. It also means understanding the needs of female customers and providing products and services that are attractive to them.

In Japan, the national average of women in management positions is 2.8% (fiscal year 2003). The current total for the automobile and transportation industry is even lower, with less than 1% female managers on average. At Nissan Motor Co., Ltd., where 5.8% of all employees are female, the ratio of female managers is also as low as 1.6% (fiscal year 2004). Even though this ratio is higher than that of the industry average, it still provides an opportunity for improvement. There are some regional discrepancies; for example, the ratio of female managers reaches 20% for Nissan North America, Inc. and 5.6% for European operations. This makes the low ratio of female managers in Japan all the more conspicuous.

Our target is to increase the ratio of female managers at Nissan Motor Co., Ltd. from 1.6% in fiscal year 2004 to 5% by the end of fiscal year 2007.

To further promote diversity, we are also initiating a new program to foster specific career development for women, to allow improvements in the balance between work and home life, and to promote an attitude of openness to diversity. One of the initiatives we are using to improve the work-life balance is a day-care center called "March Land", inside the Nissan Technical Center in Atsugi, Japan. The day-care opened in April 2005. It gives employees a greater opportunity to balance their careers and their home life by providing an environment in which they can take extended childcare leave starting in April 2005. It now exceeds the standard legal requirement the newly revised Child and Family Care Leave Act in Japan. Furthermore, we are considering other initiatives, such as flexible work schedules and company-sponsored babysitting.

### Diversity in Recruiting

Nissan Motor Co., Ltd. has also taken steps to enhance diversity during the recruitment process. Although most new college graduates are hired for technical posts in Nissan, the ratio of women specializing in science and engineering in university is low. We are making an effort to increase the number of female engineers by increasing the number of presentations given at universities in Japan and elsewhere. As a result, the ratio of female engineers being hired is increasing. European operations have set a recruitment target to secure that the percentage of women going through selection process is in line with the percentage of women available with the required qualifications.





Dongfeng Motor Co., Ltd. (China)



An assembly line with reduced workload, allowing female workers to operate the whole line without the assistance of male workers (Aichi Machine Industry, Japan)

### Joint Venture Corporation in China

Dongfeng Motor Co., Ltd., (China), established in 2003, is a joint venture between Nissan Motor Co., Ltd. and DongFeng Motor Corporation, a government enterprise in China. Each partner holds 50% of the equity and capital of 16.7 billion RMB (approximately 220 billion yen, or USD 2

billion at the exchange rate at the time). The company sells two brands: Nissan for passenger vehicles, and Dongfeng for commercial vehicles. Including its affiliated companies, more than 70,000 employees work for this joint venture corporation. The company is now implementing its mid-term business plan,

which is based on three principles: significant growth, operational enrichment, and the realization of organizational learning through the establishment of a stronger partnership between the two companies. Nissan builds on the lessons learned through our revival years to help local management.

### Enhancing Opportunities for Employees with Disabilities

The employment ratio of people with disabilities at Nissan Motor Co., Ltd. was 1.9% at the end of September 2004 (The legal requirement is 1.8%). In fiscal year 2004, we worked in cooperation with universities to provide internship programs for hearing-impaired students and students with other disabilities, giving them an opportunity to learn about technology by experiencing real-world business settings where technology is applied. This program provides opportunities not only for the students to learn about the ways in which technology is applied, but also for the employees, who have a chance to learn about diverse capabilities.

### Toward Human-friendly Plants Manufacturing innovation based on ergonomics

We are improving work practices at our plants so that employees feel even safer and more confident carrying out their daily tasks. We are promoting Nissan's own production system, the Nissan Production Way, in each country by focusing on the philosophy of "human-friendly production," lowering the burden on workers in our plants. Since many of the processes used at our plants depend on human technical skills, workers' job functions are being revised based on ergonomics. In cooperation with experts from our Alliance partner Renault — which has considerable experience in ergonomics — we reformed our criteria for assessing the difficulty levels of operation processes in 2001. As a result, we have reduced operations that imposed too large a burden on employees. Nissan Motor Manufacturing (UK) Ltd.

reduced the most burdensome operations by 30% in fiscal year 2004 and now has a reporting system to discover and identify problems in their early stages. In addition, Aichi Machine Industry Co., Ltd. (Aichi, Japan), which is a manufacturer of engines and transmissions for Nissan, is testing our approach to ergonomics through the operation of their production lines, and has reduced the operational burden enough to allow the lines to be operated by women only. The know-how obtained through these studies is reflected in the engine production lines for compact cars such as the Tiida and Note, which started operations in late 2004. As a result, female workers were successfully included for the first time in the engine assembling process, which used to depend solely on male workers. The results of these burden-reducing activities have resulted about not only in a reduction in accidents, but also in improvements in concentration during operations, reductions in cost, and improvements in quality.

### Improving Occupational Safety and Health Systems Creating an "accident-free workplace" through the introduction of risk management

It is every company's responsibility to ensure the health and safety of its employees. To meet this goal, we set a common global objective to attain the industry's highest safety standard in each region, to hold a global meeting regularly to discuss safety issues, and to exchange information regarding accident trends.

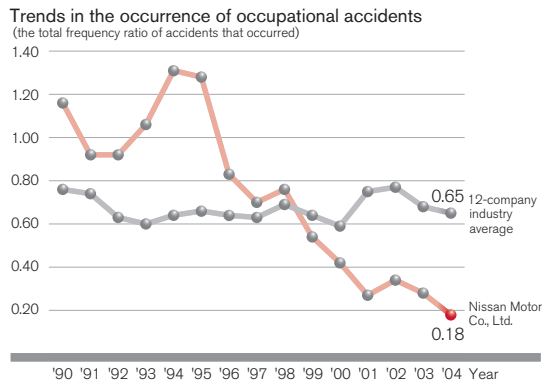
Nissan Motor Co., Ltd. makes continuous improvements with regard to safety. The objective is to increase safety



Nissan Motor Manufacturing (UK) Ltd.



Dongfeng Motor Co., Ltd. Guangzhou Huadu plant (China)



★Source: Statistical chart of occupational accidents in the automobile industry (The Japan Automobile Manufacturers Association, Inc.)

management standards every year using a Safety Evaluation System, which has been devised internally. Starting in fiscal year 2004, we introduced a new risk assessment system and began striving for an accident-free workplace.

In 2004 (from January to December), we successfully achieved a figure of 0.18 for the total frequency ratio of accidents that occurred (total accident cases/total working hours x one million). This rate is much lower than 0.65, the industry average figure calculated by the Japan Automobile Manufacturers Association, Inc. In addition, we receive trainees from every major global site, including sites such as Dongfeng Motor Co., Ltd. (our joint venture in China). We provide practical training regarding work safety.

In fiscal year 2004, Nissan North America, Inc. initiated training on ergonomics for engineers at Nissan Technical Center North America, Inc. Also, activities by a Safety Medical Team at the time of production start were promoted, and furthermore a disaster reporting system and improvement program were implemented. Nissan Motor Manufacturing (UK) Ltd. conducts benchmark surveys for the entire company, and as an outcome of these surveys both ergonomics and safety performance improved significantly in fiscal year 2004 compared to fiscal year 2003.

Nissan Mexicana, S.A. de C.V. in fiscal year 2004 conducted danger alertness training to minimize disaster damage deriving from behavioral factors. Also, a Safety

Evaluation System and an Occupational Safety and Health Management System were introduced, and the enforcement of 10 basic safety rules was strengthened to raise the level of safety.

In fiscal year 2005, activities globally will continue in order to further improve our occupational safety and health activities.

To improve worker health, we have applied systems that conform to laws and regulations in each region of the world. Nissan Motor Co., Ltd. has developed a program called the Total Health Promotion Plan to promote health issues, such as stress and to give advice about certain habits. The objective is to increase the ratio of healthy people (the ratio of employees who are not ill compared to the total who received a medical examination) from year to year. The result in fiscal year 2004 was a health ratio of 65.47% for all staff.

In Japan, new employees receive training about the prevention of HIV/AIDS, and an in-house consultation service has been set up. In the UK, medical hygiene standards provide specific procedures for accidents involving bloodshed, which are prepared in order to prevent an HIV infection from occurring. In South Africa, communication and training, voluntary counseling and testing is on going. For those infected and affected by the disease, individual life style management programs have been introduced in cooperation with local clinics and support groups.