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Protecting the Environment

Protecting the Environment

— Achieving a Symbiosis of People, Vehicles and Nature



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COO Message on the Environment

The environment was a main discussion theme at the July 2008 G8 Hokkaido Toyako Summit. In the months that followed, though, the onset of the worldwide financial crisis pushed the environment off the stage as the issue of greatest concern to global society. Even though financial and economic topics are important priorities, that does not mean we are no longer working to deal with climate change or to realize a low-carbon society. For Nissan, 2009 is a pivotal year in which we have to balance overcoming the short-term crisis with the long-term target of charting a course through the environmental challenges we face.

While we are maintaining and strengthening our competitiveness, emphasizing the recovery of Nissan's performance, we know we cannot simply wait for the storm to pass: We must display a clear vision for the future and a willingness to make progress even in the midst of crisis. This approach will lead to fresh opportunities for Nissan.

Addressing our environmental challenges, we spelled out our vision for the future through Nissan Green Program 2010, our medium-term environmental action plan. We are making investments in production capacity for innovative environmental technologies, and we plan to roll out eco-friendly technologies in line with each market's needs.

In the near term, one of the pressing issues is to reduce CO₂ emissions through improvements to our engines, transmissions and other components. For example, we are introducing clean-diesel vehicles in Japan and Europe, and we are putting a million cars with efficient continuously variable transmissions (CVTs) on the road globally. We are working on a number of fronts, but there are limits to what we can achieve through gasoline-engine innovations alone. In the longer term, Nissan is championing the development and widespread use of zero-emission vehicles, such as electric vehicles (EVs). In 2010 we will begin adding EVs to our lineup, and in 2012 we will mass-market them on a global scale. Our target is to be a global leader in zero-emission vehicles. Nissan is not pursuing this objective merely by selling EVs. Our approach involves broad cooperation, including associations with governments and other sectors. Around the world, we have begun forging the ties that will help us realize the end goal of creating a new mobility society.

Over the hundred years since the mass production of automobiles began, our industry has created tremendous value for the people who use our products, even though gasoline-fueled cars have had an impact on the global environment. The automobile industry is creating solutions to lessen environmental impacts, and new technologies are a driving factor. Nissan is bringing inspired technology and innovative solutions, as our zero-emission vehicles will demonstrate when they appear on the global stage. We are working diligently to realize our vision for a cleaner planet.



Toshiyuki Shiga

Chief Operating Officer
Nissan Motor Co., Ltd.



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Nissan's Business Activities and the Environment

A Symbiosis of People, Vehicles and Nature

Nissan's vision of an ideal society is well represented by our environmental philosophy, "a Symbiosis of People, Vehicles and Nature." Since adopting this philosophy in 1992, we have worked hard to make it a reality, constantly assessing in what ways our vehicles and corporate activities impact the global environment while making every effort to address such issues as required. We will continue to make proactive efforts, working with society to create a brighter future for our planet and generations to come.

➤ Toward a Sustainable Mobility Society ➤

In 2008, which marked the beginning of the first commitment period of the Kyoto Protocol, discussions in the international community over a post-Kyoto framework intensified while public awareness of environmental issues also increased. Meanwhile, the impact of the financial crisis in the United States spread quickly around the world, shaking the foundations of the global economy. The international community must find a way to dampen the repercussions of the economic crisis in the short term while at the same time addressing long-term environmental issues. Movement in this direction can already been seen in the environmental and energy policies adopted by the new administration of U.S. President Barack Obama.

Maintaining balance in overcoming the economic crisis and pursuing environmental measures is also a major challenge for businesses. It is not simply a matter of waiting for these challenges to pass; companies must overcome them with a vision for the future, creating new value while maintaining and strengthening their competitive edge with advanced environmental technologies. At Nissan, we are making sincere and proactive efforts toward further innovations based on our medium-term environmental action plan, Nissan Green Program 2010, to realize a sustainable mobility society in which people and vehicles coexist with nature.

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Addressing Environmental Issues for a Better Future

Motor vehicles are built using a quantity of resources and are primarily powered by fossil fuels such as gasoline and diesel. As a global automaker, Nissan takes active steps to identify the direct and indirect impacts of its business on the environment and subsequently minimize them. Furthermore, our ultimate goal is to reduce the environmental impact caused by our operations and Nissan vehicles throughout their lifecycle to a level that can be absorbed naturally by the Earth, leaving as small a footprint on the planet as possible.

Nissan desires to be a "sincere eco-innovator." We show that we are *sincere* by taking a proactive stance toward addressing environmental challenges and reducing the real-world environmental impact. We believe that being an *eco-innovator* means providing our customers with optimal value in the form of innovative products, technologies and services as contributions to a sustainable mobility society.

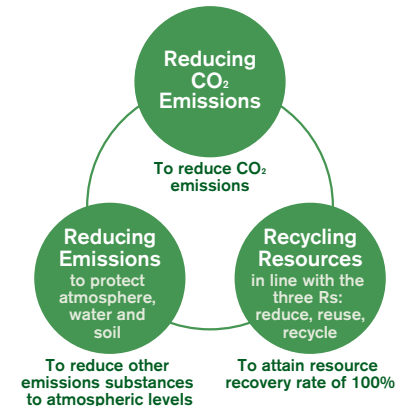
At Nissan, we believe that we can contribute to sustainable development through our environmental initiatives. The exhaust emission levels of the cleanest vehicle today are under 1/100 or even 1/250 of the levels defined in regulations in the early 1970s, and we have set ourselves the ultimate goal of reducing this amount to a level matching that of the clean air of the atmosphere. Moreover, in line with our medium-term business plan, Nissan GT 2012, we are moving ahead with research and development of more environmentally friendly automobiles with the aim of becoming a leader in zero-emission vehicles.

Nissan is actively working to contribute to the protection of the global environment through sustainable mobility to achieve "a Symbiosis of People, Vehicles and Nature."

Nissan's Three Key Issues

After considering the impact of various environmental issues, including climate change, the burden placed on the ecosystem and humans by environment-impacting substances, and mineral and water resources, Nissan defined three key issues to be tackled: reducing CO₂ emissions, reducing other emissions (to protect the air, water and soil) and recycling resources. We are working to achieve specific goals in each of these areas in order to minimize the impact of Nissan's motor vehicles and business activities on the environment.

We feel that these issues can be resolved in a sustainable way only by offering customers the right products at the right time and right cost. Reduction of CO₂ emissions, which Nissan considers one of its top priorities, is being advanced companywide under a "QCT-C" framework that adds the component of CO₂ to the traditional management indices of quality, cost and time.



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⋮ **Becoming a Leader in Zero-Emission Vehicles** ⋮

Our medium-term business plan Nissan GT 2012, which started in fiscal 2008, outlines our goal to become a leader in zero-emission vehicles. In pursuit of this goal, Nissan intends to ramp up efforts toward development and popularization of electric automobiles.

We are also implementing our medium-term environmental action plan, Nissan Green Program 2010, which we launched in December 2006 as a means to help the company as a whole achieve key environmental targets and establish needed frameworks by 2010. We achieved a number of successes in this pursuit in fiscal 2008, including the introduction to the Japanese market of the new X-TRAIL 20GT, equipped with a new clean diesel engine, and the establishment of partnerships with national and local governments around the world for the promotion of electric vehicles.

An "Eco First" Industry Leader

In recognition of Nissan's environmental commitments, including the company's pledge to achieve a 100% rate of resource recovery and comprehensive reduction of CO₂ emissions and its aim to become an industry leader in producing zero-emission vehicles, Japan's Ministry of the Environment in July 2008 endorsed Nissan as an "Eco First" company under a program that helps businesses become eco-sustainable. In line with the terms of the "Eco First" program and Nissan's program commitments, provided to the Minister of the Environment at the time of accreditation, the company will systematically report to the ministry on the progress and results of its environmental initiatives and regularly disclose such information publicly. Nissan is working to further strengthen its environmental measures as an environmental leader in the automotive industry.



NISSAN
GREEN PROGRAM



⋮ http://www.nissan-global.com/EN/ENVIRONMENT/GREENPROGRAM_2010/

Please see our website for more information on Nissan Green Program 2010.



Nissan was proud to receive recognition as an "Eco First" company in summer 2008.



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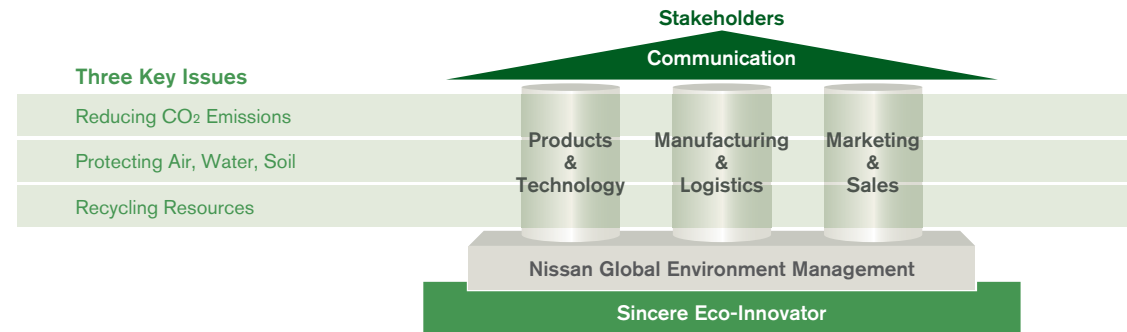
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Environmental Management

A Global Approach to Managing Environmental Challenges

Nissan has identified three major environmental issues that should be addressed: reducing CO₂ emissions; protecting the air, water and soil; and recycling resources. To make progress in these areas, we believe a management system is needed that achieves maximum results by organically linking divisions engaged in product and technical development, production, distribution, marketing and sales. We are building a global environmental management framework to steadily promote a wide range of efforts. Based on this system, targets and action plans are set in all areas of activity to promote consistent activities.

Our Framework for Global Environment Management



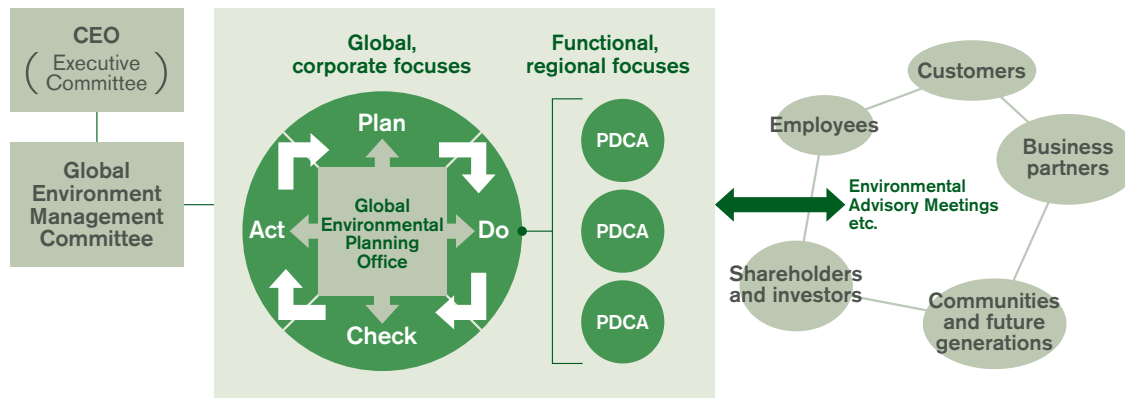
Our Global Environment Management

Nissan has created the organizational system shown on the following page to clarify areas of activity, with the aim of promoting environmental management worldwide. Our Global Environment Management Committee (G-EMC), headed by Nissan's chief operating officer, decides overall policies and the proposals to be put before the Executive Committee. The Global Environmental Planning Office, established in 2007, determines which proposals will be forwarded to the G-EMC

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and assigns specific actions to each division. It is also responsible for the efficient management and operation of progress based on PDCA—the cycle of planning, doing, checking and acting.

Nissan's Global Environment Management Organization



In addition to operating these internal organizations, we gather the ideas of leading figures and institutes at our Environmental Advisory Meetings, using them to grasp the opinions of our stakeholders and to scrutinize our goals and activities. We seek to further enhance our activities by learning about the trends of socially responsible investment (SRI) funds and assessments from rating organizations.

Companywide Management of Environmental Issues

To promote efforts in this field we are introducing environmental management systems in all companies in the global Nissan Group, including production sites, sales companies and affiliates. We are working to apply ISO 14001 standards at our main global production plants and R&D centers; today 17 of 18 production sites, including those of both Nissan and its consolidated manufacturing affiliates, have obtained ISO 14001 certification. Our policy is to extend environmental management systems with these same criteria to regions in which we are newly expanding.

In addition to undergoing audits by third-party organizations, each year Nissan carries out its own internal audits of its environmental systems and environmental performance. These are to check whether our environmental management systems are functioning properly and to confirm that our various organizations are implementing measures on an ongoing basis in line with our environmental policy.

In Japan we have introduced the Nissan Green Shop certification system, an original Nissan approach to environmental management based on ISO 14001 certification. As of the end of March

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2009, some 3,300 dealership outlets of 181 sales companies, including parts and forklift dealers, have been certified under the system. This ongoing approach is maintained through internal audits conducted by the sales companies themselves every six months, in addition to regular annual reviews and certification renewal audits carried out every three years by Nissan headquarters.

• The Nissan Green Procurement Guidelines •

The Nissan and Renault purchasing divisions have laid out their approach to dealing with suppliers—our business partners—in *The Renault-Nissan Purchasing Way*. Nissan's supply-chain management is conducted based on this philosophy.

In April 2008 we issued the Nissan Green Procurement Guidelines as standards for the environmental efforts of our automobile parts and materials suppliers, and we are now expanding these guidelines globally. We will continue to work together with our suppliers worldwide to realize Nissan's environmental philosophy of "a Symbiosis of People, Vehicles and Nature."

• Enhancing Communication with Stakeholders •

Nissan creates a range of opportunities to communicate with stakeholders. We take what we learn through this communication and reflect it in our operations to increase the value of the company and build relationships of trust. An example of this is the Environmental Advisory Meetings we hold each year for discussions between Nissan executives and leading experts in the environmental field. The things we learn in these discussions are used to evaluate the direction of our environmental strategy, letting us change course where needed to achieve our environmental goals. The discussions also play an important role in management by providing external feedback on Nissan's corporate activities. We work to improve communication with our stakeholders through various other means as well, including publishing the annual Sustainability Report and other booklets or pamphlets describing our environmental efforts, disclosing information via our website, and holding exhibitions, test drives, environmental panel exhibits in our factory guest halls, environmental facility tours and traveling environmental lectures with academia-industry cooperation.

• Dialogue with Outside Experts •

We hold our Environmental Advisory Meetings each year for discussions between Nissan executives and experts who are global leaders in the environmental field. These meetings provide an opportunity for us to hear the specialists' opinions on the direction and strategy for our environmental efforts, which we can then evaluate for inclusion in our strategy going forward. At the fourth annual meeting, held for two days starting on November 4, 2008, we outlined our progress in Nissan Green Program 2010, our medium-term environmental action plan, and the environmental



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

Publications and other data on our environmental measures are available at our website.



The annual Environmental Advisory Meeting

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strategy in our Nissan GT 2012 medium-term business plan. We then discussed issues to be pursued in the future. We will continue to seek the opinions of outside experts sincerely, actively considering them for incorporation into our environmental strategy as we move forward with activities to create a sustainable mobile society.

Environmental Education in Local Communities

In Japan, Nissan works actively to bring environmental education classes to schools and other locations near its places of business. In fiscal 2008 we expanded the activities of the Nissan Waku-Waku Eco School and began working with the nonprofit organization Weather Caster Network (WCN). Following talks by a weather forecaster from WCN, children assemble kits of fuel-cell vehicle models that run on hydrogen and oxygen and get a chance to ride in Nissan's X-TRAIL FCV. The children experience future energy sources and technology through these activities, and we aim to enhance the program in the future to help raise children's environmental awareness still more.



Elementary schoolers learning in Nissan's environmental course (Japan)

Environmentally Friendly Operations in China

In August 2008, Japan's Chinese joint venture partner Dongfeng Motor Co., Ltd. was designated as a "national environmentally friendly company" by China's State Environmental Protection Administration. This certification is given with the aim of nurturing companies that combine environmental and economic strengths, and is awarded to firms that fulfill evaluation criteria in 22 areas, including a high level of environmental awareness and technical and management strength. It is the highest environmental honor that the Chinese government can bestow on a company. Only 44 companies in all of China received this certification since 2003, when it was established, through 2008. Nissan was the second automobile company to be certified.

Unique Environmental Education for Employees

Nissan conducts environmental education for all its employees in Japan to promote and deepen individual awareness with regard to the environment. Basic education is a part of the orientation of new employees when they join the company. Classes and seminars are also held to raise the awareness of managers and mid-level employees, using Nissan's original environmental education curriculum.

In January 2008 we began the environmental e-Learning program in Japan. This is an environmental education tool for employees developed in conjunction with Natural Step, an

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international NGO. This program is a tool for enjoyable learning about the earth's environmental mechanisms and the ecological issues that we should be aware of as an automobile manufacturer. In the future we plan to roll this program out at affiliated companies worldwide, arranging this original educational approach more systematically and then spreading it globally.

Nissan Mexicana Establishes Environmental Education Center

In June 2008, Nissan Mexicana established an Environmental Education Center in its Civac plant. In addition to addressing the key issues in Nissan Green Program 2010, this center aims to promote measures that can be undertaken by individuals to help the environment. It serves as a venue for learning about reducing household emissions of CO₂, composting household garbage and recycling techniques, and members of the local community as well as employees are granted wide access to its facilities. Already more than 2,000 local elementary school children have participated in farm work and other hands-on activities organized by the Environmental Education Center.



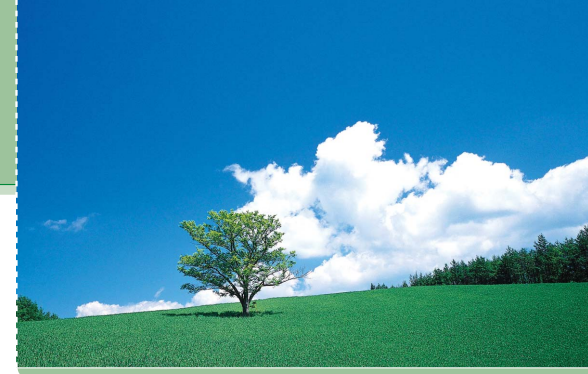
Children learning at the Environmental Education Center in Mexico

European Offices Reduce Their Carbon Footprint

In 2008, Nissan offices in Europe kicked off their "Switch Off and Turn Down" campaign with the aim of reducing CO₂ emissions in the workplace. Each year these offices emit a combined total of 14,500 tons of CO₂, the equivalent to the amount produced by 2,400 European households. Posters featuring an "eco-frog" mascot were put up throughout the workplace to raise employees' awareness of energy-saving measures, such as turning down the air conditioning and switching off lights when not in use. The same eco-frog appeared regularly with clever energy saving tips on PC wallpaper and in e-mail articles. In addition, offices monitored their emissions to gauge their progress in meeting the campaign's targets. The first year's emission reduction is expected to exceed 15%.



Nissan offices carried out a campaign to reduce CO₂ emissions.



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Reducing CO₂

Important Issues for a Global Automaker to Consider

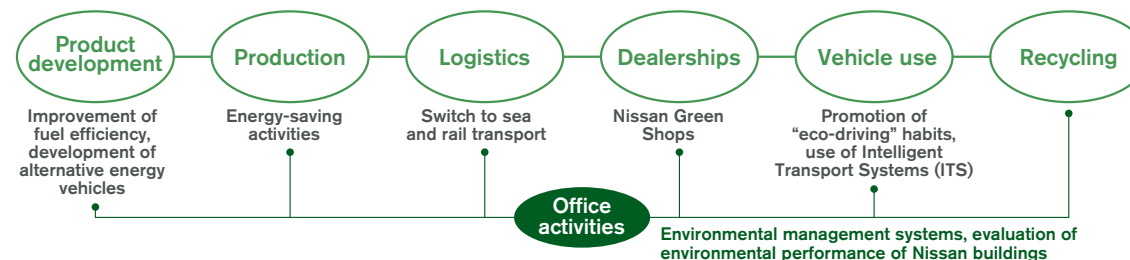
The rising average atmospheric temperature from global warming is thought to be causing changes in the Earth's environment, which will affect the way we live. Carbon dioxide (CO₂) is one of the main causes of global warming, and reducing CO₂ emissions is an important global issue. At Nissan, these emissions are among our highest priorities. As a global automobile manufacturer, we are working to reduce CO₂ emissions at every stage, from production of vehicles to transport and operation—in everything related to Nissan vehicles and our corporate activities.

Nissan's Efforts for a Low-Carbon Society

The Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), published in November 2007, concluded that climate systems are warming. The first commitment phase of the Kyoto Protocol started in 2008, and at the same time international debate has intensified with regard to the next framework from 2013.

These movements are accompanied by increasingly strict regulations on CO₂ emissions by the governments of many nations. In December 2008, the European Commission adopted a comprehensive plan to fight global warming. In the United States, the administration of President Barack Obama is working for a shift away from traditional dependence on oil, and has put forth

Nissan's Efforts to Reduce CO₂ Emissions

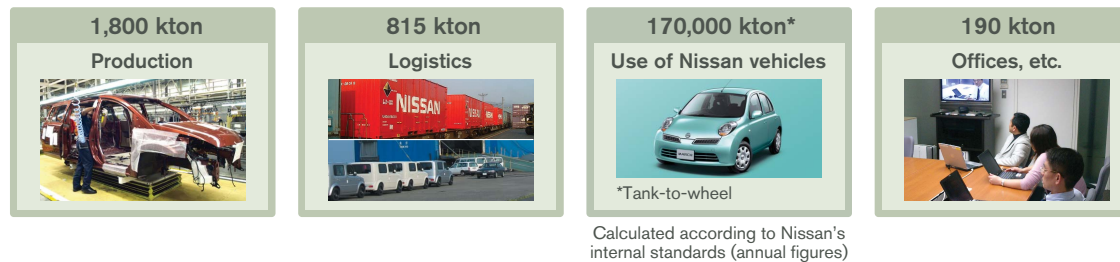


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environmental and energy policies featuring focused investment in natural energy. China too, with its rapidly developing economy, is looking to improve automobile fuel efficiency and is considering new regulations. As governments take these steps, customers are growing louder in their demand that companies take environmental measures.

We already are living in a carbon-constrained society, and today there is a need for a sense of urgency. Society needs to first slow the increase in CO₂ emissions, and then move to reducing them. This demands innovative technologies and business models. At Nissan we are accelerating our efforts for a low-carbon society.

Nissan's CO₂ Emission Levels



Our Approach to Reducing CO₂ Emissions

Technical innovation is essential for reliable progress in reducing CO₂ emissions. We are unlikely, however, to reduce them to sustainable levels by technology alone; this will require cooperative efforts by all of society. Even in the area of technology, we cannot pursue only CO₂ reductions; unless consideration is given to basic performance and cost, allowing the technology to be put into widespread use, we will not achieve real sustainability. Based on this awareness, Nissan considers environmental issues from the perspective of the entire lifecycle of its vehicles, and is working to reduce CO₂ emissions in all its corporate activities. We want to turn these challenges into an opportunity to contribute to a sustainable society.

Emission Management with QCT-C

We have introduced the Nissan Global CO₂ Management Way, QCT-C, to ensure results from our CO₂ reduction activities. This is a new set of management indices with CO₂ (C) added to the traditional QCT indices of quality, cost and time, and it shows the efforts we are making across the entire company to reduce CO₂. With QCT-C, we have placed CO₂ reductions alongside quality, cost and time in importance, and we are promoting corporate activities with a balance in these four

areas. We have set CO₂ reduction targets in all areas of our business with the aim of creating new value for customers and society.

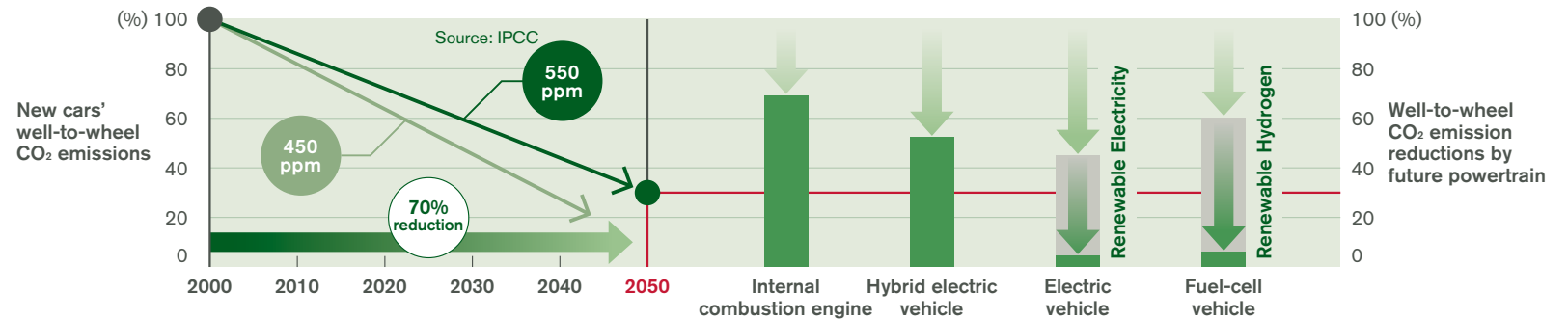
A Long-Term Emission Reduction Roadmap

We have established long-term CO₂ reduction targets and are carrying out systematic research and development based on those targets. Opinions vary with regard to the levels at which average global temperature and CO₂ concentration need to be kept. Based on the IPCC's Third Assessment Report, our working assumption has been that it is necessary to stabilize atmospheric CO₂ at less than 550 parts per million in order to keep average temperatures from rising more than 2 degrees Celsius. To achieve this, the automotive industry should consider reducing "well-to-wheel" CO₂ emissions for new vehicles by 70% in 2050 compared with levels in 2000. This would include emissions generated from the extraction of crude oil through refinement and delivery to customers as fuel, as well as fuel consumption during operation. (The latest scientific findings in the IPCC's Fourth Assessment Report, issued in November 2007, suggest that further reductions may be necessary.)

If we consider the potential for CO₂ reductions that can be achieved with the various vehicle power sources, we believe that it should be possible to reduce CO₂ emissions from gasoline engines another 30%. Over the short and medium term, therefore, the focus of CO₂ reduction efforts will be on enhancing the fuel efficiency of engines. Diesel engines produce less CO₂ than gasoline engines, and we are aiming to make further improvements in their emission levels. We are also developing combustion-engine and hybrid vehicles that can use biofuels.

Over the longer term, it is unlikely that the 70% CO₂ reduction target can be met without the spread of electric-powered vehicles, such as electric and fuel-cell vehicles, and the use of renewable energy as a source of power for them. In our medium-term business plan, Nissan GT 2012, we have set the target of making Nissan the leader in zero-emission vehicles. We have already begun cooperating with many government and local bodies, and are discussing infrastructure development and other ways of promoting the use of these vehicles.

Long-Term CO₂ Reduction Goals



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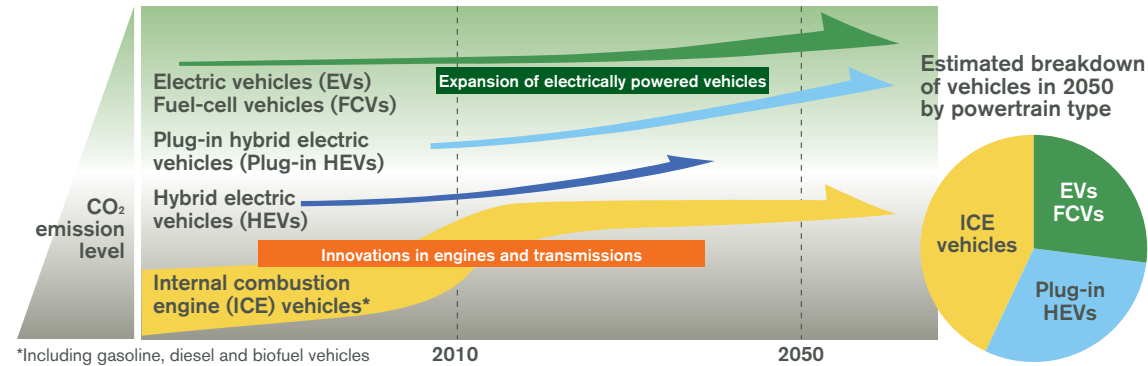
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Nissan's "Four Rights" Philosophy

To steadily reduce CO₂ emissions, we aim to provide effective technologies at prices customers can afford and to spread these technologies widely with a focus on their total contribution. Our basic approach to introducing technology is the "four rights"—providing the right technology, at the right time, in the right market and at the right value to the customer.

Based on these four rights, we are working to raise the efficiency of gasoline engines to the highest possible level, while moving ahead with the development and launch of electric and fuel-cell vehicles as the zero-emission vehicles of the future. We believe it is one social obligation of a global automaker to provide technology that has true value while meeting the diverse needs of customers and society.

Nissan's Powertrain Roadmap



*Including gasoline, diesel and biofuel vehicles

An Integrated Approach to Reducing Emissions

We approach CO₂ reductions during vehicle operation from the three perspectives of vehicles, drivers and the driving environment. CO₂ emissions during vehicle operation change depending on vehicle performance and type of fuel, as well as on driving technique and road conditions. We therefore seek not only to improve our vehicles, but also to conduct educational activities and introduce technology that supports eco-driving habits by our customers, and to improve the traffic environment in coordination with local and national governments and other industries.



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Supporting Our Customers' Eco-Driving Practices

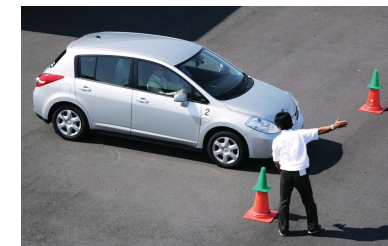
Nissan is conducting activities to encourage more drivers to adopt eco-driving habits. In September 2008 we held an eco-drive training session during CEATEC Japan 2008, a comprehensive exhibition of advanced IT and electronics. This was an opportunity to raise general environmental awareness. Participants received eco-driving advice from professional drivers, and we introduced the "Eco Pedal" system, a world-first technology to support more efficient driving.

In addition, during a training session for corporate customers on the Grandrive test course, participants learned how to increase fuel efficiency by up to 20%. The event, which included practice driving on the course and eco-driving advice from Nissan employees, earned much praise from participants.

Elsewhere, we are conducting in-house eco-driving activities in which employees report their own mileage and compete in low fuel consumption driving.

Clean Diesel Vehicles for the Japanese Market

Together with our Alliance partner Renault, we are conducting research for technologies to reduce CO₂ emissions, and increasing our shared and joint development of platforms, engines and transmissions. The X-TRAIL 20GT, equipped with a clean diesel engine based on the M9R engine jointly developed by the two companies and incorporating original Nissan technology, was launched on the Japanese market in September 2008. This is the first vehicle in the world to comply with Japan's strict 2009 Emission Regulations, which will be applied to gasoline and diesel vehicles sold in Japan from October 2009.



Our Grandrive test course hosted an eco-driving training session.



Exhaust from clean diesel engines does not stain cloth placed over the exhaust pipe.

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REDUCING CO₂ THROUGH PRODUCTS AND TECHNOLOGIES

A 70% Reduction by 2050

To address global warming it is said that atmospheric CO₂ concentration will need to be kept below 550 parts per million in 2050. In pursuit of this we have set a target of reducing CO₂ emissions from vehicles by 70% by 2050, for which we are taking various approaches in our efforts toward this goal. At Nissan we disclose fuel-consumption data for our vehicles in accordance with the measurement standards of each country, and also set in-house standards for average real-world fuel economy that combines a mix of city, highway and heavy-traffic road conditions to be used as an index for improving fuel efficiency. We also calculate the companywide averages for fuel consumption in Japan and North America, and for CO₂ emissions in Europe, according to the number and type of vehicles shipped each year. This helps us set targets to meet regulatory standards in each region and to reduce overall CO₂ emissions. The graph at right shows the average annual CO₂ emissions of new Nissan cars sold in the Japanese, U.S. and European markets based on actual shipments.

Becoming a Leader in Zero-Emission Vehicles

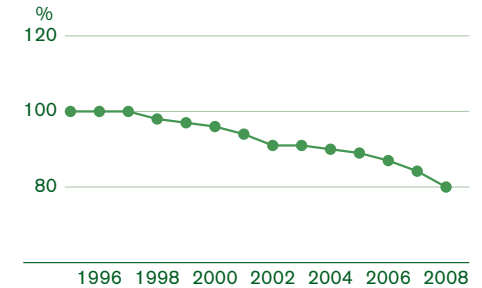
Nissan's Zero-Emission Approach

The ultimate long-term strategy for automakers to protect the environment and create new demand is to develop zero-emission vehicles, which have essentially no environmental impact while being driven. Renault and Nissan place the introduction and widespread marketing of electric-powered vehicles with zero emissions at the center of their Alliance strategy, and in its medium-term business plan, Nissan GT 2012, Nissan has committed to becoming the leader in zero-emission vehicles.

Our New Electric Vehicles

Electric vehicles that run on a battery-powered motor are one type of zero-emission vehicle that emits no CO₂ during operation. At Nissan we sold our first electric car in 1947, and since the 1960s we have been actively developing them, giving us experience in introducing and marketing a large number of these vehicles. We plan to launch a car designed and engineered as an electric vehicle from the start in Japan and the United States in 2010 and mass-market it globally in 2012. We are looking into the development of multiple lineups in the years after that.

Sales-Weighted Average CO₂ Emissions of New Passenger Cars (Japan, EU, USA)



The Hypermini, an EV model launched in 2000



Our Pivo 2 concept car, unveiled at the 2007 Tokyo Motor Show



EVs are now in development using test cars.

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Technologies to Popularize Electric Vehicles

Nissan was early to focus energy on the development of the motors, batteries and inverters that form the core technology for electric-powered vehicles. Today we are working toward achievement of the targets we set out in the Nissan Green Program 2010, intensifying development efforts to bring our technologies closer to practical application and to further reduce costs. In 2007 we cofounded the Automotive Energy Supply Corporation (AESC), a joint venture with NEC Corp. and NEC Tokin Corp. for the production and supply of compact lithium-ion batteries. The batteries the company develops will be used in hybrid and fuel-cell vehicles as well as electric vehicles.



Nissan teamed up with NEC and NEC Tokin to form Automotive Energy Supply Corp., a manufacturer and vendor of Li-ion batteries.

Steps to Promote Zero-Emission Mobility

Increasing the use of zero-emission vehicles is something no single company can do on its own. The wide adoption of the vehicles requires that the cars be economical to use and that the societal infrastructure be in place to support their use. As of June 2009, the Renault-Nissan Alliance has begun work toward rolling out zero-emission cars in Israel, Denmark, Portugal, the Principality of Monaco, the United Kingdom, France, Switzerland, Ireland, China and Singapore. In Japan, we are working with Kanagawa Prefecture and the city of Yokohama, and in the United States, we are in talks with state governments in Tennessee, Oregon, California, Arizona, Washington and North Carolina, with the goal of promoting zero-emission mobility and creating the required infrastructure.

Messages from Our Stakeholders

Working with Nissan for an Electric Future



Shigefumi Matsuzawa
Governor
Kanagawa Prefecture (Japan)

Electric vehicles (EVs) are a promising technology for conservation of the environment and resources. Still, there are various issues to be addressed, including the costs of implementation and development of power-source infrastructure. Consequently, Kanagawa Prefecture has announced a package of EV promotion measures including special benefits for EV users. The aim is to have 3,000 electric vehicles operating in the prefecture by 2014.

I have great confidence in the positive steps we are taking to develop and promote EVs along with Nissan, a world leader in environmental technologies based right here in Kanagawa, where it has also cooperated as a member of the Kanagawa EV Promotion Council. In the future I hope to work together on projects like the construction of a network of battery-charging stations, thereby creating a "Kanagawa model" for EV promotion to share in Japan and around the world.

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Cooperating on Next-Generation Traffic Systems

In March 2009, the Renault-Nissan Alliance reached an agreement with the city of Yokohama for the Yokohama Mobility "Project ZERO," a five-year joint plan to realize an Environmental Model City promoted by Yokohama. Cooperative efforts by this partnership will seek to spread eco-driving practices, experimentally test a road guidance system to alleviate congestion and increase the use of electric vehicles.

Nissan is also undertaking joint research with the University of Tokyo on automobile traffic that promotes coexistence with both urban spaces and the environment, and has obtained the university's cooperation for evaluation of current action items and dissemination of information. The city of Yokohama, along with other regions around the world with which the Alliance has already concluded similar partnerships, is scheduled to be one of the first markets to receive Nissan electric vehicles.



The Alliance and the city of Yokohama have agreed to work together on next-generation transportation systems for zero-emission vehicles.

Messages from Our Stakeholders

Real Progress Toward a Low-Carbon Future



Hiroshi Nakada
Mayor
Yokohama City (Japan)

The City of Yokohama, as an Environmental Model City leading international society, is promoting the shift to a low-carbon society, aiming to reduce the CO₂ emissions per capita of its residents by more than 30% by 2025. In order to curb global warming, it is important to secure the citizens' active participation in our endeavors and to expand their accomplishments both within the country and overseas. As part of this action plan, we have teamed up with Nissan to launch the Yokohama Mobility "Project ZERO" starting in 2009. The project will combine our knowledge to achieve a sustainable lifestyle through a new transportation system offering lower carbon intensity and enjoyable, rich mobility as a practical and effective transportation measure, which is particularly important for a low-carbon society. While taking the lead through the transmission of the "Yokohama Model" born from this endeavor, we also seek to establish the presence of both Yokohama as a chosen city and Nissan as a chosen company in the low-carbon age.

This year marks the milestone 150th Anniversary of the Opening of the Port of Yokohama. In the midst of the commemorative event EXPO Y150, the "Nissan Y150 Dream Front & Super Hi-Vision Theater" will give its visitors hope for the future. We would like to take advantage of the opportunity provided by the festivities as we work hand-in-hand with Nissan to improve the sustainability of our planet.

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Putting FCVs on the Road

Fuel-cell vehicles (FCVs) run on electricity generated from hydrogen and oxygen, and are another zero-emission vehicle that emits no CO₂ or other exhaust gases. The only substance emitted during driving is water. Nissan began limited leases of fuel-cell vehicles in Japan in 2003. In December 2008, we delivered an X-TRAIL FCV to the city of Nikko in Tochigi Prefecture, known for Toshogu Shrine and other UNESCO World Heritage Sites. The X-TRAIL FCV has an original, Nissan-developed fuel-cell stack with maximum output of 90 kilowatts, giving maximum speed and acceleration performance equivalent to that of a gasoline engine. The vehicle will be used in junior high school science classes and to promote tourism.



This X-TRAIL FCV is on the road in Tochigi.

Nissan's High-Capacity Fuel-Cell Stack

We have developed a new fuel-cell stack that puts out about twice the power of conventional stacks, and we began vehicle tests at the end of 2008. This fuel-cell stack features a new thin, metallic internal separator and an improved membrane between the hydrogen and oxygen elements. This improves output from 90 kilowatts to 130 kilowatts while reducing the stack in size to about three-fourths of a conventional unit, meaning that a high-capacity stack of the same volume as a conventional fuel cell can generate about twice the output and can power larger vehicles. We have also reviewed the electrode catalyst layer structure, achieving reductions in the amount of precious metal used and improvements in durability.



We are now testing vehicles using a fuel-cell stack with twice the power output of conventional stacks.

The World's First Automotive SiC Inverter

The size of the inverters that control the electricity in electric-powered vehicles is limited by layout within the vehicle. Nissan uses silicon carbide (SiC) elements in the diodes that are a major component in inverters, and has developed the world's first small, lightweight inverter for automobiles. We have begun driving tests of this inverter in our X-TRAIL FCV. SiC diodes are a technology that can be applied in electric vehicles and hybrids as well as in fuel-cell vehicles. We consider inverters to be a core technology for electric-powered vehicles, and are working to reduce the size even further by applying SiC elements to the transistors, another main inverter component.

Innovation in Engines and Transmissions

Boosting Sales of CVT-Equipped Cars

Nissan aims to reduce total CO₂ emissions through proliferation of what we believe to be effective technology. Toward this end we aimed to sell more than 1 million vehicles worldwide equipped with continuously variable transmissions (CVTs) by fiscal 2007. In that year we sold 1,088,000 vehicles with CVTs, achieving our target. In fiscal 2008 we sold approximately the same number of CVT-equipped cars for the second year running. In addition, the new Teana introduced in Japan in June 2008 is fitted with an XTRONIC CVT incorporating Adaptive Shift Control (ASC). As a simple



The XTRONIC CVT emblem affixed to our cars

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means to convey our environmental efforts to customers, we have started affixing "XTRONIC CVT" emblems to Nissan vehicles that have power trains with improved environmental performance.

Rolling Out Clean Diesel Vehicles

Clean diesel vehicles are a promising means to bring CO₂ emissions below the levels of conventional diesel vehicles. We began selling the Qashqai fitted with a clean diesel engine in Europe in 2007. Outstanding environmental performance is also seen in the X-TRAIL 20GT. Launched in Japan in September 2008, this is the first vehicle to comply with Japan's 2009 Emission Regulations. The X-TRAIL 20GT won the ANRE (Agency for Natural Resources and Energy) Director-General's award in the 19th annual Energy Conservation Prizes, presented by the Ministry of Economy, Trade and Industry, and the Minister's Prize in the fifth annual Eco-Products Awards presented by the Ministry of Land, Infrastructure, Transport and Tourism.

A Thousand Kilometers Without Refueling

Using the X-TRAIL 20GT, our new clean diesel vehicle that is the first in the world to meet Japan's 2009 Emission Regulations, we successfully took on the challenge of driving 1,000 kilometers without refueling in Hokkaido, Japan. This challenge, undertaken as one part of our eco-driving educational activities, took place over three days starting on October 22, 2008. The driving was done by six test drivers in turns, and the planned road course was covered without refueling. The final driving distance was 1,012 kilometers, over which the vehicle achieved fuel efficiency of 20.6 kilometers per liter. During the drive the team stopped at Nissan dealerships in Hokkaido, where they gave talks and demonstrations on eco-driving to convince people of its effectiveness.

A similar challenge was undertaken in Kyushu, this time with the participation of Nissan employees with no special eco-driving skills in addition to the test drivers. In all they completed 1,306 kilometers without refueling, recording fuel efficiency of 23.9 kilometers per liter.

Introducing Biofuel Vehicles

Biofuels are produced mainly from plant matter, such as sugar cane, corn, and construction waste material. Since they are produced from plants that have absorbed CO₂ during their lives, they do not add significantly to overall CO₂ levels and have been a focus of considerable attention as a renewable energy source. Two main types of biofuel are used for automobiles: bioethanol and biodiesel. All new gasoline-fueled vehicles sold by Nissan worldwide can already run on gasoline with a blend of up to 10% bioethanol (E10). In North America, Nissan markets the Titan FFV and Armada FFV, which can run on 85% bioethanol fuel (E85). In March 2009, we began marketing our flex-fuel Livina, the first Nissan vehicle that can run on any bioethanol blend (E100), in Brazil.



The X-TRAIL 20GT won the Minister's Prize.



平成20年度
省エネ大賞
資源エネルギー庁長官賞
主催:経済産業省

Nissan also garnered an Energy Conservation Prize from the Japanese government.



The X-TRAIL 20GT made it more than 1,000 kilometers without refueling.



Nissan Livina

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Nissan Participates in Biofuel Trials

Nissan took part in the Tokachi E10 trials starting in April 2008 on Japan's northern island of Hokkaido. These trials, part of a grant program by the Ministry of the Environment to promote the development of technologies to combat global warming, were the first in Japan with the aim of spreading the use of E10 fuel, a gasoline mixture including 10% bioethanol. In participating in this project, Nissan developed an E10-compatible vehicle based on the Murano, the first car in Japan to receive official certification from the Minister of Land, Infrastructure, Transport and Tourism as an E10 vehicle. The trial vehicles were used in acquiring vehicle data on actual use conditions. The bioethanol used in the Tokachi trials is made from substandard wheat and sugar beet and has little impact on food supplies. Yet according to our estimates, it has the potential to replace 1% (15,000 kiloliters) of the annual gasoline demand of Hokkaido.



Nissan developed an E10 vehicle based on its Murano for the Tokachi trials.

Support for Eco-Driving Habits

We have developed an accelerator pedal that supports fuel-efficient driving by adjusting the reactive force on the sole of the driver's foot when he or she steps on the accelerator pedal. This "Eco Pedal" system is the first of its kind in the world. If the system detects excessive pressure on the accelerator when the car is accelerating or cruising, it alerts the driver to this by both a fuel consumption lamp and increased pedal pushback. In this way the driver can aim for more fuel-efficient accelerator pedal operation, both visually and through tactile sensation. Our research indicates that this system can help drivers improve fuel efficiency by 5%–10%. We plan to begin introducing the Eco Pedal on new models starting in 2009.

Testing ITS to Support Eco-Driving

Eco-driving is an immediate and effective means of helping to reduce CO₂ emissions. From September 2008 through March 2009, we tested our Eco-driving Support Service, which aims to promote the driving practice through Intelligent Transport Systems (ITS). Our Eco-driving Support Service uses Nissan's Carwings information service for car navigation, which offers advice and information on Eco-driving and which won the ANRE (Agency for Natural Resources and Energy) Director-General's award in the 18th annual Energy Conservation Prizes in Japan. The service analyzes and diagnoses the driving conditions of individual drivers and provides specific advice on fuel-efficient driving methods via the Internet. In this testing we will evaluate the effect of eco-driving support and drivers' reactions to it; findings will be reflected in the Carwings service in the future.

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Carbon Offsets with the March Collet

Nissan became the first automaker in Japan to conduct carbon offset activities through sales of its vehicles, using the March Collet that went on the market in May 2008. The concept of carbon offsets is that combining CO₂ emissions with activities to reduce CO₂ can potentially cancel the effect of those emissions. For every March Collet sold we pledged one ton of carbon credits, thus allowing customers to participate in CO₂ reduction activities through the purchase of a vehicle. One ton of CO₂ offset is equivalent to the emissions from driving this vehicle about 8,000 kilometers. Thanks to our customers' support, this has allowed us to write off 11,134 tons of emissions in Japan. It is Nissan's hope that activities like these will not only contribute to the achievement of Japan's greenhouse gas reduction targets set under the Kyoto Protocol, but also serve as an opportunity to raise customers' interest in environmental activities.



March Collet

Our Parallel Hybrid System

Nissan plans to launch a rear-wheel-drive hybrid car combining a gasoline engine and electric motor in the Japanese and North American markets in 2010. The experimental vehicle, announced to the public in August 2008, is fitted with a parallel-powertrain hybrid system developed by Nissan. This system connects a motor, which handles both propulsion and regeneration, directly with the engine and transmission using two clutches. It provides both high power and responsive acceleration. This hybrid vehicle is fitted with a high output lithium-ion battery that gives efficient energy output during acceleration and energy accumulation during deceleration, contributing to both acceleration performance and fuel efficiency.

REDUCING CO₂ IN OUR BUSINESS ACTIVITIES

Cutting Emissions at Our Global Production Sites

Most of the CO₂ emissions in the manufacturing process are from the consumption of fossil fuels. As a part of the Nissan Production Way (see page 79), we are confronting these issues directly and engaging in a variety of energy-saving activities in manufacturing our vehicles. In the area of production technology, this includes the introduction of highly efficient facilities, improved production methods and the use of energy-efficient lighting. In our business offices, fine control of lighting and air-conditioning equipment enables us to operate with lower levels of energy loss. We then share these activities and best practices with our global production sites to promote lower CO₂ emissions.

We have also started to utilize renewable energy sources appropriate to the location of each plant site. Since 2005 we have installed 10 power-generating wind turbines on the grounds of Nissan Motor Manufacturing (UK) Ltd., which together provide about 7% of the electricity used at the entire site. In Japan, Nissan Motor Company is participating in the city of Yokohama's Y-Green

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Partner program for wind power generation. We are also adopting solar energy; Nissan Motor Iberica, S.A. in Spain has set up solar energy panels and Nissan Mexicana, S.A. de C.V. in Mexico has installed facilities to produce hot water by solar power. Nissan's target is to reduce CO₂ emissions by 7% below the fiscal 2005 level by fiscal 2010 as measured by "CO₂ emissions per global vehicle" (total emissions generated from global Nissan vehicle manufacturing sites divided by the total Nissan vehicle production volume). To achieve this, we are promoting CO₂ emission reduction activities and introducing Japan's cutting-edge energy conservation technology at our plants worldwide, while our plants in all countries also learn and share best practices with each other. CO₂ emissions per vehicle in our global manufacturing sites for fiscal 2008 were approximately 0.63 tons, a 10% reduction from the fiscal 2005 level.

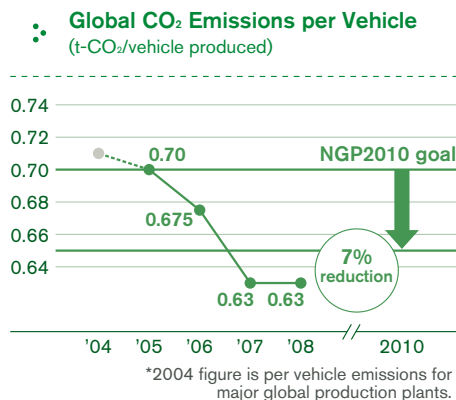
Nissan's New Painting Technologies

We have developed a new painting technology to potentially reduce the environmental impact of our painting lines by half. This new technology controls paint particles at the micron level, covering large surfaces all at once to achieve painting that is twice as fast and uses half the equipment of conventional lines. The environmental impact from exterior body panel painting facilities is reduced by as much as 50% compared to conventional plants. On automobile painting lines, air conditioning used in the production process accounts for about one-fourth of the energy for the entire process. In addition, the use of environmentally friendly water-based paint requires increased energy use to evaporate the water. The adoption of our new painting technology makes it possible to reduce the size of the plant itself, significantly cutting energy use and helping to reduce CO₂ emissions. Volatile organic compounds (VOCs) are also reduced, with waste paints and cleaning solvents cut considerably. We plan to gradually roll out this technology across our global production sites.

More Efficient Transport and Modal Shifts

For Nissan, which has markets and production sites around the world, transport efficiency is an important way to reduce our environmental impact. Distribution can be made more efficient through two major approaches. One is to raise the loading ratio, by increasing the amount that is carried at one time and decreasing the number of shipments; the other is to shift the transport mode from trucks to ships or trains, which emit less CO₂. At Nissan we are working to reduce CO₂ emissions through an integrated approach.

In 2008, CO₂ emissions from activities related to distribution amounted to about 88,000 tons in Japan. Overall, there was a decrease of 23,000 tons of CO₂ from the previous year. We are now moving to monitor and control CO₂ emissions from transport in North America, Europe and other regions as we do in Japan.



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Moves to Improve Loading Ratios

Nissan has been sending its own trucks to take delivery of needed parts from suppliers since 2000, making it the first Japanese automaker to do so. This has enabled us to “visualize” waste during transport that had been hidden in the past. We have worked with suppliers to optimize the frequency of deliveries and transport routes and to improve packaging specifications, or the “mode of packaging.” The result is better loading ratios and reduced truck runs. We have already introduced this approach in China and Thailand, and we plan to adopt it at a new plant currently under construction in India as well.

In Europe, we are conducting joint shipment of parts and completed vehicles in cooperation with our Alliance partner Renault. In joint shipments by ferry across the English Channel we have also linked up with other automakers to further improve transport efficiency.

A huge number of parts of many different materials and shapes go into an automobile. We therefore put much effort into devising efficient modes of packaging. We have developed an original program to cultivate packaging design engineers, and we are now training them at production sites in Japan and other countries. As of the end of March 2009, 26 people from nine countries had completed this training. These specialists are contributing to further improving transport efficiency at the global level.

Streamlining Shipping with Modal Shifts

To increase transportation efficiency and reduce CO₂ emissions, we have reviewed our transport methods and are undertaking a modal shift from truck to maritime and rail transport. Some 60% of our completed vehicles in Japan are transported by sea. Parts shipments from the Kanto area to our Kyushu Plant are nearly all by rail and ship. The Japanese Ministry of Land, Infrastructure, Transport and Tourism has recognized Nissan as an outstanding enterprise for this modal shift to sea transport.

At our overseas sites, transport methods are selected to best match the local geographical conditions. In China, barge and rail transport have been used from an early stage for parts shipments to inland plants. We are also shifting from truck to rail and ship for completed vehicle transport, depending on the destination. In Mexico we are increasing the proportion of completed vehicles that are transported domestically by rail.



Our modal shift to rail transport is helping us to reduce CO₂ emissions.

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Measures at Our Dealerships and Offices

We are currently working to upgrade the Nissan Green Shop program implemented throughout Japan to introduce comprehensive CO₂ management measures at our dealers. In fiscal 2008, based on Nissan Green Program 2010, we began managing CO₂ emissions from the business activities of Nissan dealers.

The Nissan Advanced Technical Development Center (NATC) in Atsugi, Kanagawa Prefecture, was completed in May 2007. This center received the top "S" ranking from IBEC, the Institute for Building Environment and Energy Conservation, a third-party rating agency for Japan's Ministry of Land, Infrastructure, Transport and Tourism. This ranking is given under the Ministry's Comprehensive Assessment System for Building Environmental Efficiency, or CASBEE. The "S" ranking was also given in October 2008 to Nissan's new corporate headquarters, which is scheduled for completion in 2009, certifying it as an office building that conforms to the highest level of environmental performance in Japan. CASBEE forms part of the Japanese government's efforts to fulfill its obligations under the Kyoto Protocol by promoting energy-saving structures, and Nissan is helping Japan to meet its national environmental targets.

We have also begun managing CO₂ emissions from corporate activities at European business sites and the new Nissan North America headquarters in Tennessee, which was built with consideration for its environmental impact ahead of the global headquarters in Japan. We plan to strengthen our management of CO₂ emissions in many more countries and regions in the future.

Using Less Energy at Nissan Dealerships

Nissan dealerships in Japan have begun putting heat insulating film on windows to reduce the amount of energy used in air conditioning. Most showrooms have large windows so that the vehicles on exhibit can be seen from outside, and much energy is consumed in regulating the room temperature because of the low heat-insulating properties of the glass. All Nissan dealerships in Japan taken together emit an amount of CO₂ equivalent to that of a major production plant. To reduce energy consumption, we have been using the insulating film first in showrooms where its effect is predicted to be greatest, and will gradually expand the use of this film among other Nissan outlets.



Nissan's new Yokohama headquarters will be an eco-friendly facility.



The Nissan Advanced Technical Development Center in Atsugi, Kanagawa Prefecture



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Protecting the Air, Water and Soil

The Challenge of Manufacturing Cleaner Cars

Our lives depend on a balance within the ecosystem composed of such elements as the air, water, soil and other living beings. In order to hand down a healthy global environment to future generations, Nissan is making efforts to help reduce the environmental effects of our vehicles throughout their lifecycles. We are making this approach a new part of our values as we continue to develop and champion a wide range of environmentally friendly technologies.

Adding New Value to Nissan Vehicles

We have been quick to develop vehicles that meet or exceed various environmental protection regulations in the countries where we do business. Examples include vehicle exhaust regulations and restrictions on materials that can impact water or soil quality when vehicles are disposed of, and targets for the reduction of volatile organic compounds (VOCs) in vehicle cabins. We have made significant progress in reducing the amount of nitrogen oxide (NO_x) and non-methane hydrocarbon (NMHC) in vehicle emissions. Today, in Japan emissions from our U-LEV (Ultra-Low Emission Vehicle) models* are 1/100 of the level permitted in the early 1970s, while our SU-LEV (Super Ultra-Low Emissions Vehicle) models** are under 1/250 of the early 1970s level. While continuing to share the pleasure and richness of driving with our customers through the cars we provide to them, we are actively tackling the challenge of technological innovation that lets us add the new value of environmental performance to our products.

*U-LEV: 50% less NO_x and NMHC than the level prescribed in the 2005 emission standards

**SU-LEV: 75% less NO_x and NMHC than the 2005 emission standards level



SU-LEV sticker



U-LEV sticker

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Societal Demands for Environmental Quality

The impact of automotive products on the environment comes primarily in the usage stage in the form of emissions. Countries around the world are implementing stricter regulations covering these exhaust emissions. Euro4, the European Emissions Standards Level 4, went into effect in Europe in 2005, and the follow-up Euro5 standards are coming into effect in 2009; in the United States, the Environmental Protection Agency's Tier 2 or California Air Resources Board's Zero Emission Vehicle (ZEV) requirements regulate vehicle emissions in that country; and Japan is now implementing its 2009 Emission Regulations. In particular, governments are expected to bring the regulations on diesel vehicles, which offer an effective means of reducing CO₂ emissions, into line with those now covering gasoline vehicles. In addition, China and other emerging countries are now moving toward closing the time lag in implementation of exhaust regulations as stringent as those seen in Japan, Europe and North America.

To help minimize the release of formaldehyde, toluene and other VOCs in vehicle cabins, the Japan Automobile Manufacturers Association has launched a voluntary program that calls for all new models launched in Japan from April 2007 to meet standards set by the Japanese Ministry of Health, Labor and Welfare for concentration levels of 13 compounds in vehicle interiors.

Furthermore, controls on the environmental impact of substances are being strengthened in countries around the world. Examples include the European End-of-Life Vehicles (ELV) Directive and the European Commission's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation, which went into force in June 2007.

We are progressively implementing and carrying out measures to address these issues as we expand our business globally, responding to the demands of society to reduce our environmental impact as much as possible.

Reducing Impact Throughout the Vehicle's Life

Nissan believes that the timely delivery of vehicles equipped with effective environmental technologies at an affordable price is connected to reducing environmental impact. As such, we work to reduce environmental impact throughout the entire vehicle lifecycle, from development and manufacturing to usage and disposal. In the design and development stage we utilize top-level catalytic technologies to develop cleaner vehicles.

As our procurement network for parts and materials expands globally, we have decided to standardize our environmental initiatives, producing the Nissan Green Procurement Guidelines. In fiscal 2008 the guidelines were adopted by our suppliers in Europe; they are now being put into operation. By sharing Nissan's corporate philosophy and environmental action plan with suppliers, we are working to build an environment management structure for reducing environmental impact all the way up the supply chain.

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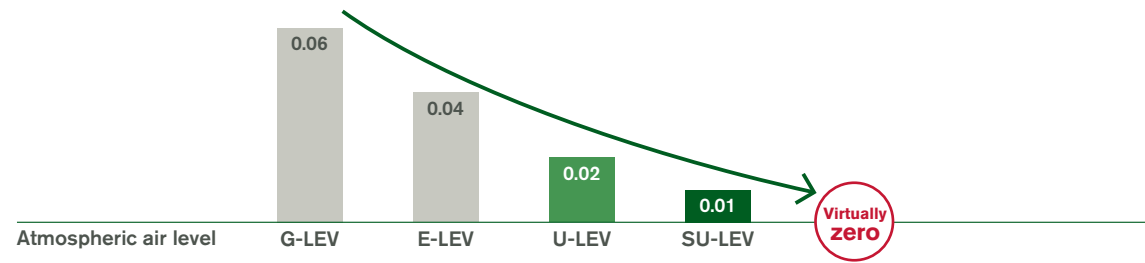
PROTECTION WITH OUR PRODUCTS AND TECHNOLOGIES

Manufacturing with Future Standards in Mind

Nissan proactively sets strict regulations and targets for the design and production of its vehicles with the aim of making them more environmentally friendly. Our Sentra CA, released in the United States in January 2000, was the first gasoline-powered car in the world to receive Partial Zero Emissions Vehicle (PZEV) certification in compliance with the emissions requirements of CARB, the California Air Resources Board. PZEV vehicles must meet the zero evaporative emission regulations as well as have an on-board diagnostic (OBD) system that warns of problems with the catalytic converter or other emission-control systems. Our Bluebird Sylphy, released in Japan in August 2000, became the first vehicle to gain certification from the Ministry of Transport (now the Ministry of Land, Infrastructure, Transport and Tourism) as an Ultra-Low Emission Vehicle (U-LEV). In 2003 this model became Japan's first to receive SU-LEV certification as a Super Ultra-Low Emission Vehicle, with emissions at roughly half the level of U-LEVs. As of the end of February 2009, over 85% of all Nissan gas-powered vehicles sold in Japan are SU-LEVs.

Nissan has set itself the ultimate goal of emissions as clean as the atmosphere, and we are continuing research and development in this direction with the aim of bringing to market as early as possible vehicles that are compliant with exhaust emission regulations in each region where we do business.

Exhaust Emissions Reductions and Future Target for LEVs (NOx and HC) [g/km]



Major Nissan Models Certified in Japan as SU-LEVs



Cube



Serena



Dualis



Lafesta



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• Nissan's World-Class Catalytic Technology •

We have long been one of the world leaders in the movement toward cleaner emissions, starting with our action to meet the requirements of the U.S. Clean Air Act of 1970, and including the world's first PZEV certification and Japan's first U-LEV certification. In May 2006 we reached our goal of earning SU-LEV certification for 80% of our gasoline-powered passenger vehicles sold in Japan. As of the end of February 2009, this figure had risen above 85%. The Nissan Tiida, which is marketed in Beijing, China, cleared the Euro3 emission standards that the Beijing government adopted in 2005. The Sylphy followed with certification for meeting Euro4 standards. We were also one of the first automakers to receive certification from the Beijing Environmental Protection Bureau for our OBD system. In Europe, too, we moved steadily ahead with programs to comply with Euro4 regulations, introducing qualifying vehicles in 2003, well ahead of the 2005 introduction of the new rules. Nissan plans to continue leading the industry in meeting global environmental quality standards.

• Bringing Clean Diesel Vehicles to Market •

Nissan aims to stay ahead of the regulatory curve in the field of cleaner exhaust emissions with the development of new clean diesel vehicles equipped with such technologies as diesel particulate filters (DPFs) that trap and remove the substances that make up dark fumes, NO_x-absorbent catalysts and oxidation catalysts. The Qashqai SUV, which we released in Europe in 2007, clears the Euro4 standards. In September 2008 we launched the X-TRAIL 20GT as the world's first clean diesel vehicle to meet Japan's 2009 Emission Regulations, which are among the strictest in the world.

World's First Ultralow Precious Metal Catalyst

Nissan is the first automaker in the world to put into practical use an "ultralow precious metal catalyst" for gasoline vehicles that uses only half the precious metals of conventional catalysts. The new 2008 model Nissan Cube incorporates this technology. Exhaust-cleaning automotive catalysts use such metals as platinum to facilitate chemical reactions that convert the nitrogen oxide (NO_x), carbon monoxide (CO) and hydrocarbon (HC) in exhaust gases into less harmful byproducts. Controlling the use of large quantities of limited and costly precious metals, however, was a major technological obstacle. The Cube reduces the use of precious metals in the underfloor converter from 1.3 grams to 0.65 grams, achieving the same level as SU-LEV models. Plans call for the catalyst to hereafter be gradually incorporated in new compact models released in Japan.



The ultralow precious metal catalyst uses valuable materials more efficiently.

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Our High Voluntary Standards

In an effort to reduce the release of environment-impacting substances, Nissan has established voluntary standards to meet the environmental regulations enacted in countries where it does business. We are working on a global basis to prohibit or limit the use of four heavy metals (mercury, lead, cadmium and hexavalent chromium) and polybrominated diphenyl ether (PBDE) flame retardants in all new models launched from July 2007 onward. We are also reconsidering the parts and adhesives used in the seats, door trim, floor carpets and other parts of our vehicle cabins with the aim of reducing in-cabin volatile organic compounds (VOCs).

PROTECTION IN OUR BUSINESS ACTIVITIES

Reducing the Environmental Impact of Production

Nissan has taken a thorough approach to establishing a management system and usage standards to control environment-impacting substances in the manufacturing process, and is actively engaged in activities to reduce both usage and emissions of such substances. Keeping in step with the globalization of markets and parts procurement channels, we have instituted voluntary standards worldwide that are more stringent than the regulations in the countries where our main plants exist as we work together with our suppliers to reduce the use of environment-impacting substances. For example, Japan revised its Air Pollution Control Law in fiscal 2006, outlining new requirements for VOCs to be met by fiscal 2010. Nissan has already complied with these requirements by switching to water-based paints that include minimal amounts of VOCs, as well as by reducing the amount of paint and thinner used and collecting leftover materials, thereby improving production efficiency.



We brought cabin VOC concentrations below guideline values set by the Ministry of Health, Labor and Welfare in the Bluebird Sylphy.



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



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Toward Sustainable Recycling of Resources

Giving New Life to Resources

Nissan operates on a global scale, manufacturing and marketing its cars all around the world and utilizing resources in a variety of forms. In line with our basic stance of treating resources as limited, and believing that they should be used as efficiently as possible, we are working to make effective use of resources at every stage of our vehicles' life cycle. In this way, we hope to continue contributing to the enrichment of people's lives with sustainable mobility.

•• Sustainable Resource Use Around the World ••

The average passenger vehicle, which weighs from 1 to 2 tons, is constructed of finite materials, including iron, aluminum, copper and synthetic resin. It also consumes fossil fuels once it is on the road. Nissan is keenly aware of the importance to its business of making effective use of all resources, no matter how common or rare they may be.

Nations around the world are taking steps to boost efficient resource usage. Japan and the countries of the European Union were among the first to regulate automobile recycling; the End-of-Life Vehicles (ELV) Directive came into effect in Europe in 2000, followed by an Automobile Recycling Law in Japan that came into force in 2005, promoting the creation of better recycling systems.

Korea also brought into force a law mandating ELV recycling in 2008. Moreover, preparations are being made in China and other developing economies to cope with the expected dramatic increases in ELVs accompanying rapidly rising car sales there. Nissan is taking its own independent measures and making every effort to promote resource recycling globally, using the methods best suited to each area in which we do business.

•• The Global Nissan Recycling Way ••

The Global Nissan Recycling Way is a guideline that we constantly keep in mind as we consider ways to recycle and implement them. Our basic approach in identifying and resolving issues is to employ the "three Rs"—reduce, reuse and recycle. Essentially, we aim to reduce the use of

•• The Global Nissan Recycling Way



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substances that will end up as waste, reuse what we can and recycle materials whenever possible. This is done throughout a car's life cycle, which we have separated into four stages: development, production, sales and service and end-of-life.

Responding quickly to Japan's Automobile Recycling Law, which set a 95% recovery rate as the target to achieve by 2015, Nissan moved its own recycling target up by five years, incorporating it into the Nissan Green Program 2010 (NGP2010). We hit this target in fiscal 2006, four years ahead of NGP2010 and nine years ahead of the legal requirement. We are now aiming to reach this 95% target on a global basis.

At the development stage, Nissan vehicles are designed to reduce their use of environment-impacting substances and make them easier to recycle, with consideration even to the point of reducing automobile shredder residue, or ASR, created during recycling. To reduce reliance on nonrenewable resources, we also give consideration to the use of recycled plastics and other materials, as well as renewable biomaterials. Material reclaimed from bumpers exchanged in repairs is recycled for use in new vehicles. We are also examining the possibility of recycling synthetic resins from ELVs as material for new vehicles, exploring methods to overcome the technical challenge of maintaining their quality.

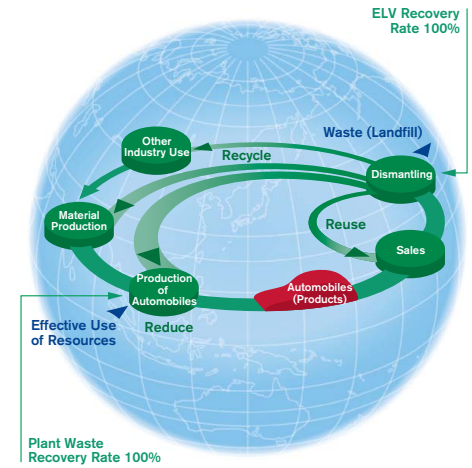
Nissan is working to reduce as much as possible the waste generated during the production phase, while also promoting reuse and recycling. Reused parts provide new value in the sales and service phase. Moreover, we research ways to make dismantling and recycling easier at the end of a vehicle's life. We then share the knowledge and techniques gained in this stage with people involved in the earlier phases of the life cycle to improve the total process. Nissan places particular emphasis on recycling used cars into new vehicles to the greatest extent possible, rather than into other products, without sacrificing material quality.

Through such measures Nissan seeks to achieve its ultimate goal of a 100% recovery rate, the percentage of all byproducts from production and other business activities, including heat exhaust, that is recovered instead of discarded. We hope to expand our resource recycling approach through connections with different groups in society, as well as through partnerships with industries outside our own.

Converting Derelict Bamboo Forests into Automobile Parts

In an effort to reduce resource consumption in automobile manufacturing, Nissan came up with the idea of using bamboo harvested from derelict groves and culled in the process of thinning cultivated groves—a resource that has been difficult to dispose of in Japan—as material for car parts. We are currently working with local governments, universities and parts suppliers to develop techniques for effectively converting bamboo into useful material. This initiative will help us improve our carbon neutrality when the material is incinerated in the vehicle's end-of-life phase by emitting the same amount of CO₂ that the plants absorbed while they grew. It will also let us contribute to resolving the problem of dealing with derelict groves and fostering regional development.

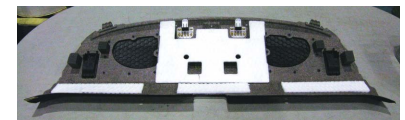
Resource Recycling Flows: Our Ultimate Goals



Harvested bamboo



Bamboo fiber



Vehicle parts

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• DEVELOPMENT: RECYCLING A PART OF DESIGN •

• Design Centered on the Life Cycle •

Making efficient use of all natural resources to produce eco-friendly vehicles is essential to the sustainability of our mobility society. Nissan designs and develops new vehicles from the point of view of the three Rs, taking into consideration the automobile's entire lifecycle, from the design stage until the end of its useful life. We seek to avoid the use of substances that impact the environment and ensure that our products are easy to dismantle and recycle. Since 2005 Nissan has achieved a recoverability rate of 95% or greater for all new models in Japan, and we are focusing development efforts on pushing this rate still higher.

Working together with our Alliance partner Renault, we have created a recycling simulation system called OPERA for use in the early design stages to calculate recoverability rates and recovery costs for new models. This has led to enhanced recycling efficiency from an economic standpoint as well.

• Achieving a 95% Recoverability Rate with the Skyline •



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Turning Bottle Caps into Car Components

Since January 2008 Nissan employees in Japan have been actively participating in a program to collect the caps from plastic bottles discarded at Nissan offices and facilities and some related companies nationwide and recycle them into material for vehicle parts.

As a way of making maximum use of a limited resource, we collaborated with other companies to create a flow for recycling the polypropylene in the caps, a resin used in many vehicle parts, as a material for our vehicles. Beginning in fiscal 2009, the material from these collected bottle caps is being put to use in parts for Nissan cars. Through such activities we are working to create an environment in which employees can demonstrate their personal concern for the environment.



Bottle caps are collected and recycled into vehicle parts.

♣ PRODUCTION AND DISTRIBUTION: EFFICIENT USE OF RESOURCES ♣

♣ Aiming for a 100% Recovery Rate ♣

Nissan actively promotes measures based on the three Rs in its production processes whenever possible, striving to minimize the waste generated and maximize recycling efficiency by means of thorough sorting of waste. In line with the objectives of our medium-term environmental action plan, NGP2010, we are working to achieve a 100% recovery rate for our operations in Japan and bring this rate to automotive-industry-leading level in each region. Our efforts have paid off; as of the end of 2008 we have achieved this 100% rate at five manufacturing plants, one operations center and three of our affiliates in Japan.

♣ Packaging and Waste Reduction ♣

To help preserve forest resources, Nissan has been moving forward with efforts to replace the wooden pallets and cardboard boxes used in parts shipping with units made from such materials as steel and plastic, which can be returned for reuse. We have been working with our Alliance partner Renault since 2001 to standardize and share our returnable pallets, and with the inclusion of China and other Asian markets in this initiative, global standardization is now nearly complete. We are also working with our suppliers to develop and adopt new packaging materials for shock absorbers that are more reusable and recyclable than the paper and plastic now used.

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• SALES AND SERVICE, END-OF-LIFE: RECYCLING AT DEALERSHIPS •

• Dealerships Doing Their Part as Nissan Green Shops •

Nissan has implemented its own Nissan Green Shop environment management certification system in line with ISO 14001 standards at its dealerships in Japan, which totaled some 3,300 outlets belonging to 181 sales companies as of March 2009. Dealers certified as Nissan Green Shops designate officers responsible for environmental issues. These officers maintain dealer compliance with environmental regulations, ensure that ELVs and various forms of waste are disposed of properly, manage all environment-related equipment and carry out communication activities aimed at customers. We regularly conduct internal audits with the aim of improving the quality of operations. In 2008 we newly added measures based on Nissan Green Program 2010 to reduce CO₂ emissions related to sales activities.



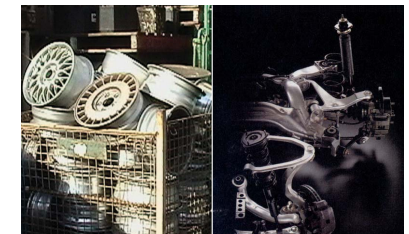
Nissan Green Shops operate throughout Japan.

• Promoting Resource Recycling with Nissan Green Parts •

Parts with the potential for recycling include those reclaimed from ELVs as well as those replaced during repairs. Nissan collects and thoroughly checks the quality of these secondhand parts, and those that receive a passing grade are sold through our sales outlets as Nissan Green Parts. We sell 42 different parts this way, in two categories: reusable parts, which are cleaned and tested for quality before sale, and rebuilt parts, which are disassembled and have components replaced as needed. Sales of these parts in fiscal 2008 reached ¥1.96 billion.

• Recycling Wheel Rims to Save Resources •

Nissan is engaged in a unique recycling program to collect aluminum wheel rims from ELVs and reuse them. While waste aluminum materials are usually recycled into engine parts, we work together with recyclers throughout Japan to collect rims from Nissan ELVs and put the recycled high-grade aluminum back to use in suspensions and other important vehicle parts. Striving to reduce the use of virgin natural resources, we presently collect and recycle around 100 tons of end-of-life aluminum wheel rims each month.



Aluminum recovered from end-of-life wheels is reborn as new suspension parts.

• Research on Efficient Ways to Recycle ELVs •

To optimize processing and improve the recovery rate for ELVs, Nissan carries out experimental studies to develop more efficient ways of dismantling its cars. While such research has until now focused on establishing methods of processing waste oil, waste liquids, lead and other substances that impact the environment, we are presently moving ahead with research aimed at further

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increasing the recovery rate in order to reclaim and reuse valuable raw materials from ELVs. Feedback from the studies has led to improvements in dismantling techniques and has also proved useful to our product design division in choosing suitable materials and designing vehicles that are easier to dismantle.

• Toward Efficient Recycling Throughout the Industry

Japan's Automobile Recycling Law, which was enacted in 2002 and went into force in January 2005, requires automakers to take back and recycle automobile shredder residue (ASR) and airbags, as well as to take back and dispose of chlorofluorocarbons and hydrofluorocarbons (CFCs and HFCs) from their ELVs. As part of its efforts to comply with the law and increase the efficiency of its resource recovery, Nissan joined with 14 automobile manufacturers and other firms to form the ASR Recycling Promotion Team (ART). As a leading member of this team, Nissan is working together with society to improve recycling efficiency throughout the industry.

Nissan's recovery rate in Japan for ASR from April 2008 through March 2009 was 76.7%, more than satisfying the 50% level mandated by the law for fiscal 2010 and even clearing the 70% requirement set for fiscal 2015. We have also achieved an airbag recovery rate of 94.6%, exceeding the legally required 85%, and have recovered and safely destroyed 168,117.9 kilograms of CFCs and HFCs.

• Shredder Residue as a Reusable Resource

Even before the 2002 enactment of Japan's Automobile Recycling Law, Nissan was taking action to recover automobile shredder residue, or ASR. Nissan developed technology to control the temperature of ASR during the heat recovery process, which had been difficult due to the material's high heat index. After modifying the furnace at our Oppama Plant, in fall 2003 we became the first automaker in the world to recover energy from ASR in its own furnace. Since the Automobile Recycling Law went into force in 2005, we have processed about 5,500 tons of ASR annually. With the energy generated in the incineration we create steam used in the vehicle painting process at the factory.

Improved Recycling Efforts in Europe

The European Union's End-of-Life Vehicles (ELV) Directive, enacted in October 2000, requires automobile manufacturers and sales distributors to take back and recover ELVs. With the aim of achieving the 95% recovery rate mandated by the law for 2015, Nissan International S.A. and Renault are cooperating in the establishment of networks for collecting and recycling ELVs and supporting the sales distributors in countries where Alliance synergy effects can be attained.

• Recycling Performance Overview (Apr. 2008-Mar. 2009; Japan)

ASR	Volume Received	132,977.7 t
	Volume Recovered	101,959.2 t
	Recovery Rate	76.7%
Airbags	Volume Received	58,770.9 kg
	Volume Recovered	55,587.3 kg
	Recovery Rate	94.6%
CFCs/ HFCs	Volume Received	168,117.9 kg
	Total Deposits Received	¥6,202,192,794
Total Cost for Recovery, etc.		¥6,158,035,133



• <http://www.nissan-global.com/EN/ENVIRONMENT/CAR/RECYCLE/REGULATIONS/>

For more information on our recycling efforts and compliance, see our website.



Our Oppama Plant is outfitted to recover energy from ASR.



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Responding to Various Environmental Issues

A Responsible Member of an Eco-Aware Society

Nissan's environmental philosophy, "a Symbiosis of People, Vehicles and Nature," sums up its vision for an ideal society. To realize this ideal society we have reviewed the impacts of our products and corporate activities on ecosystems and established three key areas of focus for the environmental efforts that are needed today. Social circumstances, however, change with time. To respond flexibly to those changes, we will continue to identify new issues that must be resolved, with the above philosophy as a cornerstone.

☘ Sustainable Use of Water Resources ☘

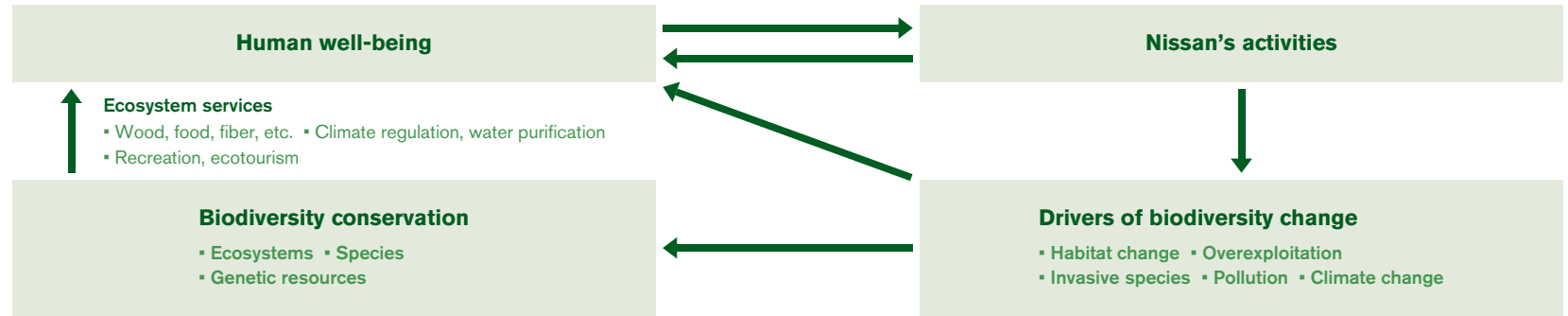
Ensuring environmental sustainability is one of the seven Millennium Development Goals outlined in the Millennium Development Declaration, which was adopted at the U.N. Millennium Summit in September 2000. One of the Environmental Sustainability targets in the Development Goals is to "halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation." At Nissan we use water resources in our production processes and elsewhere, and are deeply aware of the importance of this issue. We are working to preserve water resources by reducing our water use and reusing discharged water.

☘ Biodiversity Conservation ☘

Since the Convention on Biological Diversity was adopted at the 1992 U.N. Conference on Environment and Development (Earth Summit), efforts to conserve biodiversity have been made by signatory countries at the national scale. The need for participation by industry was later debated at the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP9) in 2008. At Nissan we define our relationship with biodiversity as below, based on the U.N. Millennium Ecosystem Assessment framework, and are working to identify issues that must be addressed while promoting activities including cooperation with external organizations.

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• The Relationship Between Biodiversity and Nissan



Joint Research with the U.N. University

Nissan hopes to clarify the relationship between ecosystem services (the value produced in society by nature through biodiversity conservation) and the automobile industry. To this end, we have conducted joint research since 2007 with the United Nations University Institute of Advanced Studies, which plays a central role in the U.N. Millennium Ecosystem Assessment. This has included a workshop with experts in the global environmental field in August 2008, where we debated the kinds of ecosystem services that the automobile industry depends on and the kinds of impact the industry is having on ecosystem services. We are now making preparations to present the results of this joint research, including the outcome of the workshop, to the general public.



The August 2008 workshop, held in California, focused on biodiversity issues.

Messages from Our Stakeholders

Joint Research to Achieve Sustainable Growth



Claudia ten Have, PhD
Managing Research Fellow
United Nations University
Institute of Advanced Studies
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The United Nations University Institute of Advanced Studies (UNU-IAS) has worked with Nissan since 2007 to assess the relationship between ecosystem services and the automotive sector. The study, initiated by Nissan, has provided opportunities for UNU-IAS researchers and Nissan managers to explore the environmental impact of their operations, extending to their suppliers and customers. We have been impressed by the candor of Nissan's approach, the sincerity of its commitment to augmenting ecosystem services and minimizing resource depletion and its willingness to improve resource usage. To our knowledge, Nissan is the first automaker to engage U.N. expertise to help review its operations from a comprehensive biodiversity and ecosystem services perspective. With each step the company takes to apply and explore new processes, technologies and materials, it is better poised to balance the goal of business growth with its environmental and sustainability commitments.