

# Disaster Response at Nissan

Responding to natural disasters was a major task we faced in fiscal 2011 and came to be symbolic for our activities that year. Nissan is always seeking to strengthen its risk management systems in order to better prepare for natural disasters and other emergency situations. While maintaining close communication with our suppliers and each of our global bases, we continue to work hard to minimize risk.

## Better Risk Management

When the Great East Japan Earthquake struck on March 11, 2011, Nissan set up its Global Disaster Control Headquarters in its head office in Yokohama in 15 minutes. We commenced recovery operations for each business location while confirming the safety and status of all our employees, vendors and suppliers. This speedy, focused response was made possible by the drills and simulations that we practice every year, designed to anticipate every eventuality following a natural disaster. The drills that we had practiced only three weeks before the earthquake paid off in our swift response to the unprecedented disaster.

Hundreds of workers from other plants were mobilized to help the restoration work at damaged facilities and vehicle production restarted only one month after the earthquake. The Iwaki Plant, where the damage had been most severe, declared in May that it had made a complete recovery and its production levels had returned to predisaster levels. The Global Disaster Control Headquarters, headed by the chief operating officer, supervised all operations and kept a close eye on both the recovery efforts in Japan and continuing business operations abroad. Along with prompt decision-making by management, we relied heavily on the capabilities of our *genba*, the actual sites where we accomplish our jobs, to drive recovery efforts at the global level.

On March 5, 2012, Nissan once again carried out simulations and drills defined by the Global Disaster Control Headquarters at the head office. New scenarios and subjects that came to light following March 11 were incorporated into the drills and measures were checked to ensure that they are effective and properly prepared. These checks were taken at each of three stages: prevention and preparation, initial response and recovery measures. In the future we aim to enhance the Nissan Group's resiliency by reviewing the disaster risks at our rapidly expanding overseas sites and strengthening the measures taken across our entire supply chain, including secondary and tertiary suppliers and beyond.

## Issues Raised After 3/11

Anticipating the possibility of large-scale earthquakes in the Tokai, southern Kanto and other regions, Nissan has been applying seismic retrofitting and reinforcements to its buildings and facilities since 2003. This is in addition to preparing evacuation centers, evacuation routes and the necessary stockpiles for those unable to return home. However, it became clear after the Great East Japan Earthquake that we had underestimated the potential damage from a tsunami. As a result, we have reevaluated the potential danger and prepared new evacuation centers and routes where needed. Furthermore, following the widespread food shortages that occurred, we are now looking into stockpiling reserves that would be adequate for any season and for employees, their families, local residents and those who must walk home. We are conducting earthquake resistance inspections at buildings and facilities and implementing the necessary reinforcements and measures to prevent items falling.

When a disaster strikes, nothing is more important than protecting people's lives. After the March 11 earthquake we changed our safety confirmation system, basing it on web access rather than email. We have also further clarified our standards for when employees should go home or stay at home and shared this information with the entire company.

## A More Resilient Supply Chain

When the floods in Thailand occurred in October 2011, many of the industrial parks near Bangkok were submerged. Japanese businesses' supply chains were severed and plants in each area of the world were forced to reduce their production levels. In Nissan's case, although its plant in Samut Prakan remained undamaged, a shortage in the supply of components made it necessary to suspend operations there. Operations resumed in November but the production shortage amounted to around 40,000 vehicles.

With the globalization of manufacturing, when the supply of components is cut off, the effect spreads through the supply chain to production bases around the world. We quickly determined which types of cars were at risk of a supply shortage from the floods at every site where Nissan operates and avoided impacting operations in the United States, Europe and China by putting countermeasures in place. In Japan, too, we managed to keep the effects to a minimum.

Based on the measures taken to sustain the supply chain following the Great East Japan Earthquake and the flooding in Thailand, we plan to introduce new procedures to other bases around the world and make them part of a new business continuity plan in fiscal 2012.

### Continuous Support to the Disaster Zone

More than a year after the Great East Japan Earthquake, there are many people facing difficulty in their lives and a great deal of support is still needed in the affected regions. Following our initial relief efforts, we are continuing with operations to support the daily lives of those in the affected regions.

In November 2011, we donated a Civilian microbus to L'Oréal Japan to support their "Hairdressers for Hope" project. The bus was used as the main transport vehicle for their mobile hairdressers. This project provided inexpensive haircuts and hair washes to residents of the disaster-struck areas, as well as serving as a place for the local hairdressers to work. We also donated two Atlas F24 medium-sized trucks to the Shanti Volunteer Association for use in its Iwate Mobile Library Project. From January 2012, one of these vehicles transported the library around temporary housing developments in Rikuzentakata and Ofunato, enabling residents to borrow books and to meet and socialize with others. Nissan will continue to do what it can as an automobile manufacturer to support the people in the afflicted areas in cooperation with nonprofit organizations, nongovernmental organizations and local municipalities.

## Fiscal 2011 Review

### A Year of Challenges and Leadership

**Toshiyuki Shiga**

Chief Operating Officer  
Nissan Motor Co., Ltd.



During fiscal 2011, Nissan had to overcome a number of challenges working against its business interests. The March 11 Great East Japan Earthquake dealt a heavy blow to our Iwaki and Tochigi Plants, as well as to many of our affiliates, dealerships and suppliers. All of our group employees came together as one at this time, utilizing our cross-functional and cross-regional approach to get Nissan on the track toward recovery soon after the disaster. October brought a challenge with the flooding in Thailand, but we were able to build on our experience of recovering from the earthquake and minimize the impact on our operations.

The issues we faced were not limited to natural disasters. The yen posed another significant challenge during fiscal 2011, standing at historically high levels against other currencies. All of these developments presented Nissan with difficult conditions, but we moved swiftly to put needed measures in place, making our decisions always with business continuity in mind.

Meanwhile, in June 2011 we announced our mid-term business plan, Nissan Power 88. The twin goals of this plan are to achieve a sustainable operating profit of 8% and to raise our worldwide market share to 8% by fiscal 2016. Through this plan we intend to expand our geographic reach and promote electric vehicles (EVs) and emission-reduction technology, thereby helping to create a sustainable mobility society and provide mobility for all.

Despite the many challenges Nissan faced in fiscal 2011, we maintained our momentum, making tremendous progress in all areas of our business. We achieved solid growth while setting an all-time annual record for the number of vehicles sold, and Nissan LEAF became the top-selling EV in the world. Fiscal 2012 is the second year of Nissan Power 88. We will continue to lead the way toward the sustainable mobility society of the future.