

Value Chain



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

Pillars of Activity

1. Pursuing CSR with Suppliers

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

2. Pursuing CSR with Dealers

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

Nissan's Approach to the Value Chain

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

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

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

Fiscal 2011 Review and Future Tasks

In fiscal 2011, cooperation with suppliers was an essential factor in the recovery from natural disasters like the Great East Japan Earthquake and the floods in Thailand. These efforts took the form of support for the affected suppliers and other measures that resulted in an early restart of production. Some of the major initiatives are listed below:

1. We shared information relating to production recovery with suppliers frequently and from an early stage.
2. With regard to rotating power cuts and weekend operation during the summer period, we solicited feedback from suppliers in advance in order to put together appropriate measures and support them when necessary.
3. We established a business continuity plan (BCP) for the supply chain (for both Japan and Thailand).

In fiscal 2012, Nissan plans to introduce the methodology to other overseas operations and establish similar BCPs for those regions.

With Our Suppliers

CSR Guidelines for Suppliers

Nissan and Renault have produced a booklet, *The Renault-Nissan Purchasing Way*, outlining the important values and processes to be adhered to when doing business. This booklet has been shared with the primary suppliers of Renault and Nissan since 2006. Furthermore, in 2010, we drew up the *Renault-Nissan CSR Guidelines for Suppliers* in order to effectively implement CSR practices across our globally expanding base of suppliers. This was distributed to around 7,600 primary suppliers worldwide with the aim of helping them review their business activities from a CSR viewpoint and further instill CSR activities. The guidelines explain Nissan's CSR and procurement policies in five main sections: safety and quality, human rights and labor, the environment, compliance and information disclosure. We drew up this document with reference to the CSR guidelines of the Japan Automobile Manufacturers Association, Inc. and the Japan Auto Parts Industries Association. We have worked to ensure that all suppliers, especially those starting business with us from fiscal 2010 onward, abide by these guidelines.

 The *Renault-Nissan Purchasing Way* and *Renault-Nissan CSR Guidelines for Suppliers* are available for download from our website.
<http://www.nissan-global.com/EN/COMPANY/CSR/LIBRARY/SUPPLIERS/index.html>

Activities to Improve Manufacturing Approaches

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

 Please see our website for more information on the quality initiatives we undertake with suppliers.
http://www.nissan-global.com/EN/QUALITY/PRODUCTS/GLOBAL_SP/

Recognizing Supplier Contributions Worldwide

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

Global Quality Award recipients are selected by our purchasing, quality and other divisions using standard criteria applied worldwide. Global Innovation Award recipients are selected from suppliers nominated by our production, development and quality divisions in the two categories of product technology and process management. In fiscal 2011, three companies received Global Quality Awards and Global Innovation Awards went to 15 companies in the product technology category.

Global Expansion of Our Green Purchasing Guidelines

Nissan sets forth environmental standards for its suppliers of vehicle parts and materials in the Nissan Green Purchasing Guidelines, asking suppliers to cooperate by reducing their environmental impact. We released the guidelines for companies in Japan in 2001, and in 2008 we updated them and have since been expanding coverage to include Europe, Asia, and other regions worldwide. We have asked our primary suppliers to comply with the new guidelines, extending their coverage to their suppliers as well. In this way we are promoting management of environment-impacting substances and continually reducing their use throughout the whole supply chain. We updated the guidelines once more in 2010 in line with the *Renault-Nissan CSR Guidelines for Suppliers*. Briefings were held to explain the guidelines, which were later published on our website. Furthermore, following the release of the Nissan Green Program 2016 in October 2011, we put together new management processes and explained them to suppliers at meetings in November. The amended guidelines are being deployed globally.

 The Nissan Green Purchasing Guidelines are available for download from our website.
http://www.nissan-global.com/EN/COMPANY/CSR/LIBRARY/GREEN_PURCHASING/index.html

Policy Relating to Conflict Minerals

In July 2010, the United States passed a law requiring that companies report the use of four conflict minerals mined in the Democratic Republic of Congo and other surrounding regions of conflict. In response to this, Nissan joined with other companies in the automobile manufacturing industry in moving to investigate the supply chain with the aim of conformance, burden reduction and speedier CSR implementation. Based on this decision, our CSR and purchasing departments are now preparing for the investigation, in cooperation with the industry association.

With Our Dealers

Working with Dealers for CSR Management

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

As a specific measure, we organize self-inspection programs at all dealerships to enable fuller understanding of and improvements to their current compliance management status. The programs carried out during fiscal 2011 have led to increased awareness and improvements on a voluntary basis. To bolster compliance initiatives in cooperation with dealers, we held a meeting for dealership representatives in June 2011 to share information on our initiatives for fiscal 2011 and improve future activities. We aim to further improve our CSR management by ensuring that our sense of compliance is shared with dealerships and by working to build stronger internal controls.

Area Leaders' Messages

Promoting Even More Widespread CSR Activities

Takeshi Sakasai
 General Manager
 Purchasing Administration Department



In 2006 Nissan's purchasing department began distributing *The Renault-Nissan Purchasing Way*, a booklet that defines the values and ideals that we believe should be shared with suppliers. Given the expanding nature of our business, it is now necessary to practice CSR activities together with suppliers that spread across the globe. With our Alliance partner Renault, we created the *Renault-Nissan CSR Guidelines for Suppliers*, which we distributed to all of our primary suppliers worldwide in fiscal 2010. In fiscal 2011, recovery from the Great East Japan Earthquake and the floods in Thailand were critical tasks that involved close cooperation with suppliers. Thorough communication resulted in full support for the affected suppliers and Nissan's early restart of production. In addition to promoting more integrated CSR undertakings, we will continue to work toward building mutually beneficial partnerships with suppliers that enhance the understanding and trust between us.