

# Corporate Governance Report

Last Update: July, 5, 2018

Nissan Motor Co., Ltd.

Securities Code: 7201

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

The corporate governance of Nissan Motor Co., Ltd. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

Corporate governance is one of the important responsibilities of the Company’s management, and its most important role is to clarify the duties and responsibilities of the members of the management team. At the Company, clear management objectives and policies are published for the benefit of the shareholders and investors, and achievements and results are announced early and with as much transparency as possible. The enhancement of corporate governance by full and fair disclosure is the responsibility of management.

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Supplementary Principle 4-1-3 Oversight by the board of succession planning for CEO and other top executives

The representative directors are responsible for the succession planning of the directors including the CEO and other top executives. In addition, senior management is appointed based on consideration by the Company’s Nomination Advisory Council chaired by the CEO, which includes members of the executive committee and certain executive directors.

Supplementary Principle 4-10-1 Involvement and advice of independent directors in examination of important matters such as nominations and remuneration

Each director is appointed based on a proposal of the chairman of the board of directors and determination by resolution of the board of directors.

The chairman of the board determines the compensation of each director based on board resolutions and consultation with the representative directors and taking into account the advice of the independent director, existing contracts, business performance and the results of the benchmarking of executive pay of peer group of multi-national companies conducted by the Towers Watson, the Company’s compensation consultant.

The independent director already fulfills his role and responsibilities by proactively participating in discussions in board meetings based on his broad experience and deep insight.

Therefore the existing process functions appropriately.

#### [Disclosure Based on the Principles of the Corporate Governance Code]

Principle 1-4 Cross-Shareholdings

##### (1) Policy regarding Cross-Shareholdings

Alliances and cooperative relationships to realize various business advantages such as synergies are an important element of our business. We have limited cross-shareholdings to what is reasonably necessary to build and maintain such alliances and cooperative relationships. With respect to any such cross-shareholdings, we verify the mid-to long-term economic rationale and future outlook of such shareholdings, taking into consideration both associated risks and returns.

##### (2) Standards with respect to voting rights of Cross-Shareholdings

We exercise our voting-rights, taking into consideration a number of factors, including effects on our alliances and cooperative relationships, our business interests and the performance of the companies in which we have invested.

#### Principle 1-7 Related Party Transactions

We have an internal rule covering any transactions including those with its directors or major shareholders. This rule provides for transactions to be reviewed by various functions (including financial, accounting, tax, legal, etc.) and approved by the appropriate level of decider depending on the importance and nature of the transactions.

Further, when there is a conflict-of-interest transaction between a director and the Company, the Board Regulations provide that board approval, as well as a post-facto report to the board of important facts associated with such a transaction, are required.

#### Principle 3-1 Full Disclosure

- (1) Company objectives (e.g., business principles), business strategies and business plans

For our vision and mission, refer to:

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

For our mid-term plan, refer to: <http://www.nissan-global.com/EN/IR/MIDTERMPLAN/>

- (2) Basic views and guidelines on corporate governance

Refer to I-1. Basic Policy of this report.

- (3) Board policies and procedures in determining the remuneration of senior management and directors

Refer to our Financial Information (page 44,

<http://www.nissan-global.com/EN/DOCUMENT/PDF/FR/2017/fr2017.pdf>)

- (4) Board policies and procedures in the appointment of senior management and the nomination of directors and statutory auditors candidates

Director candidates (except for outside director candidates) shall be persons who understand company management/ the business of the Company, meet the Company's business requirements and have superior personality/judgment. Outside director candidates shall be persons that can pursue the role of independently monitoring and supervising management and advice on the company's corporate activities based on their broad knowledge and experience and superb judgment.

Statutory auditors candidates must have superior personality and judgment, and also either has deep knowledge of company management and the business of the company, or deep knowledge and experience in areas such as law, finance, accounting, etc.

Each director and statutory auditor candidate is appointed based on a proposal of the chairman of the board of directors and determination by resolution of the board of directors. The chairman of the board must make a proposal regarding a statutory auditors candidate after obtaining prior consent from the board of statutory auditors.

- (5) Explanations with respect to the individual appointments and nominations based on (4).

The rationale for appointment of outside directors and outside statutory auditors candidates is explained in the general shareholder meeting reference materials. As for appointment of other director and statutory auditor candidates, each candidate's background as provided in the general shareholder meeting reference materials is consistent with the company's policy for appointing directors and statutory auditor candidates.

#### Supplementary Principle 4-1-1 Roles and Responsibilities of the Board

The Board has established Board Regulations that set out matters to be resolved by the board, including matters established by law and the articles of incorporation, matters delegated by general shareholder meeting resolution, and other important business matters. Further, we set forth internal rules specifying the scope of delegation to representative directors, executive directors and corporate officers.

#### Principle 4-9 Independence Standards and Qualification for Independent Directors

We have elected an independent director in accordance with the requirements for outside directors set forth in the Companies Act and independence standards set forth by the Tokyo Stock Exchange.

#### Supplementary Principle 4-11-1 Preconditions for Board and Statutory Auditors Board Effectiveness

Refer to our Financial Information (page 39,

<http://www.nissan-global.com/EN/DOCUMENT/PDF/FR/2017/fr2017.pdf>) and Principle 3-1(4)

#### Supplementary Principle 4-11-2 Preconditions for Board and Statutory Auditors Board Effectiveness

The status of major concurrently-held offices of directors and statutory auditors are explained in our business report and general shareholder meeting reference material.

#### Supplementary Principle 4-11-3 Analysis and evaluation of effectiveness of the board

As done last year, the self-evaluation questionnaire on the effectiveness of the board of directors was completed by the directors and statutory auditors and then the results were reported to the board of directors in May, 2018. Having reviewed the results the board confirmed that (i) efforts to improve the board's operating environment have been made in response to the last year's evaluation results, (ii) the board of directors is functioning effectively, and (iii) based on the constructive opinions presented in the self-evaluation the company would continue to consider measures to further enhance the effectiveness of the board.

#### Supplementary Principles 4-14-2 Director and Statutory Auditors Training

We provide trainings, including, but not limited to those regarding code of conduct and compliance to directors and statutory auditors, and provide explanations about the business and offer opportunities to observe the business as necessary.

#### Principle 5-1 Policy for Constructive Dialogue with Shareholders

- i) A member of the management or a director responsible for constructive dialogue with shareholders;  
The Company (under responsibility of the CFO) engages in constructive dialogue with shareholders and investors and will build a relationship of mutual trust through timely and adequate disclosure of company information and continuous communication.
- ii) Measures to ensure positive cooperation between internal departments with the aim of supporting dialogue;  
We have a dedicated IR department directly reporting to the CFO, and, it will conduct the above dialogue by cooperating with other departments as necessary, such as the corporate planning, general affairs, finance, accounting and legal departments, and obtaining necessary information.
- iii) Measures to promote opportunities for dialogue;  
For analysts and institutional investors, we have held timely financial results briefing sessions, as well as business strategy briefings consistent with the interests of investors etc. Further we have conducted road shows abroad to facilitate dialogue with foreign investors. As for individual shareholders and individual investors, we have held shareholder get-togethers after the shareholder meeting in order to provide opportunities for direct dialogue between the shareholders and management, and also held joint briefing sessions with securities companies about the company for individual investors.
- iv) Measures to relay shareholder views and concerns to the management;  
Comments from shareholders and investors obtained through the above dialogue are provided to management through the corporate officer in charge, and referred to by management.
- v) Measures to control insider information when engaging in dialogue;  
In order to prevent insider trading, we refrain from communications related to our financial information for the period from the day after the end of each financial quarter until the date of official announcement of our financial information.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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#### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Renault S.A.	1,831,837,027	43.40%
The Chase Manhattan Bank, N.A. London Special Account No. 1	144,346,248	3.42%
The Master Trust Bank of Japan (Trust account)	128,846,400	3.05%
Japan Trustee Services Bank Ltd. (Trust account)	109,318,000	2.59%
Japan Trustee Services Bank Ltd. (Trust account 9)	59,204,300	1.40%
Nippon Life Insurance Company	54,028,652	1.28%
Japan Trustee Services Bank Ltd. (Trust account 5)	45,070,200	1.07%
State Street Bank West Client - Treaty 505234	40,397,167	0.96%
Japan Trustee Services Bank Ltd. (Trust account 7)	33,880,300	0.80%
Japan Trustee Services Bank Ltd. (Trust account 1)	33,492,200	0.79%

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	N/A

### 3. Corporate Attributes

Listed Stock Exchange and Market Section	Tokyo Stock Exchange(First Section)
Fiscal Year-End	March
Type of Business	Transportation Equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) in the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A
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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

Nissan Shatai Co., Ltd. is the listed subsidiary which the Company has 43.1% of the total number of the issued shares. The Company respects the independence of the business operation of that listed subsidiary while keeping close relations with it.
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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Statutory Auditors
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#### [Directors]

Number of Directors Stipulated in Articles of Incorporation	No maximum limitation
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board of Directors	Chairman
Number of Directors	9
Number of Outside Directors	3
Number of Independent Directors	3

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Jean Baptiste Duzan	From another company											
Keiko Ihara	N/A											
Masakazu Toyoda	From another company											

\* Categories for "Relationship with the Company"

- \* " " when the director presently falls or has recently fallen under the category;
- " " when the director fell under the category in the past
- \* " " when a close relative of the director presently falls or has recently fallen under the category;
- " " when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party who has a significant business relationship with the Company or an executive thereof
- e. A party with whom the Company has a significant business relationship or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/statutory auditor
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a party with whom the Company has a business relationship (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/statutory auditors are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Jean Baptiste Duzan		Jean-Baptiste Duzan once served as Senior Vice President of Renault. There is an agreement entered into by and between Renault and the Company with regard to an overall alliance in the automobile business including equity	He has the broad and sophisticated perspective from abundant experience as a manager and the wide-ranging insight.

		<p>participation. At the end of the year under review, Renault held 43.4% of the Company's shares (number of shares held as a percentage of total shares issued) and the Company held 15.0% of Renault's shares (number of shares held as a percentage of total shares issued, including those under indirect shareholdings). In addition, one (1) incumbent board members concurrently serve as Directors at the Company and Renault, and two (2) ex-officer of Renault serves as Director of the Company. Although the Company and Renault had transactions such as selling and purchasing automotive parts for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. There are no other relations of interest between Renault and the Company.</p>	<p>And he meets the requirements of Independent Director.</p>
Keiko Ihara		-	<p>Due to her involvement in the development of the auto industry and human resources, and her thorough knowledge of motor sports gained as an international female racing driver. She has been active in a variety of areas including education, environment and future mobility services. As a member of advisory boards and as a policy advisor for the public sector and local governments, she has made recommendations from a female perspective. The Company expects her insights to greatly benefit the Company and contribute to its growth. And she meets the requirements of Independent Director.</p>
Masakazu Toyoda		<p>Masakazu Toyoda is currently the Chairman &amp; CEO of The Institute of Energy Economics, Japan. Although the Company and The Institute of Energy Economics, Japan had transactions for the fiscal year ended</p>	<p>Due to the prominent positions he has held, including Vice-Minister for International Affairs of METI, and Special Advisor to the Cabinet.</p>

		March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. There are no other relations of interest between The Institute of Energy Economics, Japan and the Company.	He has extensive experience in economics, international trade and energy, and has consulted for many companies. The Company expects his objective insights and expertise to greatly benefit the Company and contribute to its growth. And he meets the requirements of Independent Director.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
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#### [Statutory Auditors]

Establishment of Statutory Auditors Board	Established
Number of Statutory Auditors Stipulated in Articles of Incorporation	No maximum limitation
Number of Statutory Auditors	4

#### Cooperation among Statutory Auditors, Independent Auditors and Internal Audit Department

Statutory Auditors receive regular reports on the audit plan and the results of audits from Ernst & Young ShinNihon LLC, the Company's independent auditors.  
Statutory Auditors receive regular reports on the audit plan and the results of audits from Internal Audit Department, and exchange opinions with them.

Appointment of Outside Statutory Auditors	Appointed
Number of Outside Statutory Auditors	3
Number of Independent Statutory Auditors	3

#### Outside Statutory Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Motoo Nagai	From another company													
Tetsunobu Ikeda	From another company													
Shigetoshi Andoh	From another company													

\* Categories for "Relationship with the Company"

\* " " when the director presently falls or has recently fallen under the category;

" " when the director fell under the category in the past

\* " " when a close relative of the director presently falls or has recently fallen under the category;

" "when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Statutory Auditor of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party who has a significant business relationship with the Company or an executive thereof

- g. A party with whom the Company has a significant business relationship or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/statutory auditor
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a party with whom the Company has a business relationship (which does not correspond to any of f, g, or h) (the Statutory Auditor himself/herself only)
- k. Executive of a company, between which and the Company outside directors/statutory auditors are mutually appointed (the Statutory Auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Statutory Auditor himself/herself only)
- m. Others

#### Outside Statutory Auditors' Relationship with the Company (2)

Name	Designation as Independent Statutory Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Motoo Nagai		Motoo Nagai was once the Managing Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.), and the Deputy President (Executive Officer and Director) of Mizuho Trust & Banking Co., Ltd. Although Mizuho Bank, Ltd., and the Company had transactions such as cash in banks or borrowings for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. Although Mizuho Trust & Banking Co., Ltd., and the Company had transactions such as cash in banks and others for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted	He has the broad and sophisticated perspective from abundant experience as a manager and the wide-ranging insight. And he meets the requirements of Independent Statutory Auditor.
Tetsunobu Ikeda		Tetsunobu Ikeda was once Representative Director The Bank of Yokohama, Ltd., President of Hamagin Tokai Tokyo Securities Co., Ltd. and President of Sky Ocean Asset Management Co., Ltd. Although The Bank of Yokohama, Ltd. and the Company had transactions such as cash in banks or borrowings for the fiscal year ended March 31, 2018, the disclosure of a summary is omitted because such transactions may be judged to have no impact on the judgment of shareholders and investors in view of the transaction scale thereof. There are no relations of interest	He has the broad and sophisticated perspective from abundant experience as a manager and the wide-ranging insight. And he meets the requirements of Independent Statutory Auditor.



		between Hamagin Tokai Tokyo Securities Co., Ltd. and the Company. There are no relations of interest between Sky Ocean Asset Management Co., Ltd. and the Company.	
Shigetoshi Andoh		Shigetoshi Andoh was once the Chairman of Hitachi Zosen Corporation. There are no relations of interest between Hitachi Zosen Corporation and the Company.	He has the broad and sophisticated perspective from abundant experience as a manager and the wide-ranging insight. And he meets the requirements of Independent Statutory Auditor.

#### **[Independent Directors/Statutory Auditors]**

Number of Independent Directors/Statutory Auditors	6
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#### **Matters relating to Independent Directors/Statutory Auditors**

All Outside Directors/Statutory Auditors that meet the requirements of Independent Directors/Statutory Auditors have been designated as Independent Directors/Statutory Auditors.

#### **[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration / Other
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#### **Supplementary Explanation**

In addition to the remuneration in cash base on each Director's contribution, SARs are granted to Directors (where the market price of one (1) share of common stock of the Company exceeds the exercise price determined in advance, the grantees may receive the difference in amounts from the Company). SARs are limited to the equivalent of up to 6 million shares of the Company's common stock per annum.

Recipients of Stock Options	None
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#### **[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	Only for certain Directors
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#### **Supplementary Explanation**

Details of the Director Remuneration are disclosed in accordance with related laws and regulations such as Corporate law, Financial Instruments and Exchange Act and Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### **Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods**

The chairman of the Board of the Company in consultation with the representative directors and taking into account existing contracts determines the compensation of each director after reviewing the director's performance and the results of the benchmarking of executive pay survey conducted by the Company's compensation consultant.

#### **[Support System for Outside Directors and/or Statutory Auditors]**

The Company has the Auditors Office, where dedicated three (3) managers are assigned, to support the activities of the Company's Statutory Auditors including Outside Statutory Auditors.

## **2. Matters on Functions of Business Execution, Auditing and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

The structure of the Board of Directors is simplified in the pursuit of more efficient and flexible management, and the authority for business execution is clearly delegated as much as possible to corporate officers and employees. Furthermore, several conference bodies have been established to deliberate and discuss important corporate matters and the execution of daily business affairs.

Statutory Auditors audit the execution of the Directors' duties by attending the Board of Directors' meetings and other significant meetings and hearing from the Directors on their business reports regularly and whenever necessary. Also, the Company has the global internal audit function to handle efficient, effective auditing of the Company's activities on a group-wide and global basis.

## **3. Reasons for Adoption of Current Corporate Governance System**

The Company adopts a Statutory Auditor system, which consists of four (4) Statutory Auditors including three (3) Outside and Independent Statutory Auditors. We believe this system provides substantial Corporate Governance.

<Matters for Outside Directors>

As mentioned in "Organizational Composition and Operation".

< Status of activities to strengthen functions of the Statutory Auditors>

As mentioned in "Cooperation among Statutory Auditors, Independent Auditors and Internal Audit Department" and "Support System for Outside Directors and/or Statutory Auditors".

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company distributed the notice of convocation of AGM 3 weeks prior to the date of the meeting and posted the notice of convocation on its website prior to distribution.
Scheduling AGMs Avoiding the Peak Day	The Company held the 119 <sup>th</sup> AGM on June 26, 2018.
Allowing Electronic Exercise of Voting Rights	The Company enables shareholders to exercise voting rights through the Internet website
Participation in Electronic Voting Platform	The Company participates in an electronic voting platform operated by ICJ Corporation.
Providing Convocation Notice in English	Disclosed in the Company's website, etc..
Other	The Company has held shareholder get-togethers after AGMs in order to in order to provide opportunities for direct dialogue between the shareholders and management. During FY2017, the Company saw a substantial increase in the number of its shareholders. As a result, the Company was regrettably unable to host the reception due to space limitations at the venue after the 119 <sup>th</sup> AGM.

#### 2. IR Activities

	Supplementary Explanations	Presentation / Explanation by representative directors
Regular Investor Briefings for Individual Investors	The Company has held joint briefing sessions with securities companies about the company for individual investors.	-
Regular Investor Briefings for Analysts and Institutional Investors	The Company has held timely financial results briefing sessions.	
Regular Investor Briefings for Overseas Investors	The Company has conducted road shows abroad to facilitate dialogue with foreign investors.	
Posting of IR Materials on Website	The Company has published IR materials including English materials on its website.	
Establishment of Department and/or Manager in Charge of IR	Department : IR Department Management : Hiroshi Karube (CFO), Joji Tagawa (CVP) Person Responsible for Handling of Information : Joji Shirai (Manager)	

#### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has the related stipulation in its "Global Code of Conduct for NISSAN Group"
Implementation of Environmental Activities, CSR Activities etc.	The Company has pursued CSR and environmental activities and disclosed the outline in "Sustainability Report" published in its website.
Development of Policies on Information Provision to Stakeholders	The Company has regarded the management transparency as important and pursued fair disclosure to stakeholders.

Other	The number of Corporate Officers is 51, consisting of 27 Japanese and 24 foreigners, of which two are women.
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## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

The Board of Directors of Nissan determined Nissan's systems and policies to ensure appropriate management and execution of Nissan and its group companies' business, which is outlined below.

(1) Systems to ensure efficient execution and management of business activities by the directors

Nissan has a Board of Directors, which decides material business activities of the Company and oversees the activities of the individual directors. In addition, statutory auditors who comprise the board of auditors audit the activities of the directors.

Nissan's Board of Directors is relatively small, so it is structured with a transparent and logical system of delegation is implemented, by which the authority to perform business activities are properly delegated to corporate officers and other employees.

Nissan uses a proven system of Executive Committee where key issues such as business strategies, important transactions and investments, are reviewed and discussed, as well as other committee meetings where operational business issues are reviewed and discussed.

For review and discussion of the regional and specific business area operations, Nissan utilizes management committees.

In order to promote cross functional activities, cross functional teams – CFTs – are organized. CFTs detect problems and challenge and propose solutions to line organizations.

Nissan implements an objective and transparent Delegation of Authority procedure for the purpose of speeding up and clarifying the decision making processes as well as ensuring consistent decisions.

Nissan ensures the efficient and effective management of its business by determining and sharing management policy and business direction through establishment of the mid-term management plan and the annual business plan.

(2) Systems to ensure compliance of directors' and employees' activities with laws and articles of association

Nissan implements a "Global Code of Conduct", which explains acceptable behaviors of all employees working at Nissan group companies worldwide and promotes their understanding of our rules of conduct.

In order to ensure rigorous and strict compliance with the code of conduct, Nissan and its group companies offer educational programs such as an e-learning system.

With regard to members of the Board of Directors as well as corporate officers of Nissan, Nissan establishes a "Guidance for Directors and Corporate Officers regarding Compliance", which explains the acceptable behaviors of the members of the Board of Directors and the corporate officers.

Nissan stands firm and takes appropriate actions against anti-social forces or groups. If any director, officer or employee is approached by such forces or groups, the said individual shall promptly report such matter to his/her superiors and applicable committee, and shall follow their instructions.

If any director, officer or employee encounters, directly or indirectly, any actual or threatened illegal or criminal action such as fraud or blackmail during the course of business activities, the said individual shall act resolutely against it, and he/she shall promptly report such matter to his/her superiors and specific committee, and shall follow their instructions.

For the purpose of monitoring and ensuring compliance with the code of conduct, Nissan establishes a "Global Compliance Committee".

Nissan implements a hotline system by which the employees are able to submit, via an internal hotline or an external hotline, their opinions, questions and requests freely and directly to Nissan management, and importantly, to report incidents which they believe to be a violation of the code of conduct and company and/or local laws.

Nissan is committed to continually implementing relevant company rules. Examples include "Global Rules for the Prevention of Insider Trading" and the "Rules for the Protection of Personal

Information". The Company continually offers education programs to employees as part of its program to promote the understanding and compliance with such corporate rules.

Nissan is committed to improve and enhance the internal control systems to ensure accuracy and reliability of its financial reports in accordance with the Financial Instruments and Exchange Law together with its related rules and standards.

Nissan has established a department specialized in internal audit for the purpose of regularly monitoring Nissan and group companies' business and their compliance with laws, articles of associations and corporate ethics.

The Company's activities relating to the Nissan-Renault Alliance, including operational functions under common-management, are subject to direction, supervision and oversight by the Company's Board of Directors, Executive Committee and relevant officers. Decision-making occurs by the Company's Board of Directors, officers or employees in accordance with the Company's Delegation of Authority, and as otherwise necessary to comply with legal and regulatory requirements.

(3) Rules and systems for proper management of risk and loss

Nissan minimizes the possibility of occurrence of risks and, if they occur, mitigate the magnitude of losses by sensing such risks as early as possible and implementing appropriate countermeasures. In order to achieve such objective, Nissan and its group companies implement the "Global Risk Management Policy".

Management of material company-wide risks are assigned primarily to the members of the Risk Management Committee, who are responsible to monitor, manage and implement necessary measures such as preparing relevant risk management manuals.

Concerning the management of other specific business risks beyond those supervised directly by the Risk Management Committee, they are handled by each manager in the business function who will evaluate, prepare and implement the necessary measures to minimize such risks.

(4) Systems to ensure accurate records and the retention of information of directors' execution of business

Nissan prepares full and accurate minutes of meetings of the Board of Directors of Nissan in accordance with laws and the board regulations and ensures they are retained and managed in a secure environment.

In performing business activities by various divisions and departments, matters to be decided pursuant to Delegation of Authority are decided by either electronic system or written documents, and are stored and retained either electronically or in writing.

While the departments in charge are responsible for proper and strict retention and management of such information, directors, statutory auditors and others of Nissan have access to any records as required for the purpose of performing their business activities.

Nissan has enacted an "Information Security Policy" and a "Global Records Management Policy" to enhance proper and strict retention and management of information and to prevent improper use of information and unintended disclosure of such information. Furthermore, Nissan has an Information Security Committee, which is engaged in overall management of information security in Nissan and makes decisions on information security matters.

(5) Systems to ensure proper and legitimate business activities of the group companies

i) Systems to ensure efficient execution and management of business activities by directors of the group companies

Nissan establishes various management committees which are trans-group organizations in order to ensure proper, efficient and consistent group management.

In management committee meetings, Nissan provides group companies with important information and shares with them management policies; this ensures that the business decisions of all group companies are made efficiently and effectively.

The group companies implement an objective and transparent Delegation of Authority procedures.

ii) Systems to ensure compliance of activities of directors and employees of the group companies to laws and articles of association

Group companies implement each company's code of conduct in line with the Global Code of Conduct and establish a compliance committee and ensure full compliance with all laws and our corporate code of conduct. The Global Compliance Committee regularly monitors these companies and works to ensure further strict compliance with laws, articles of association and corporate behavior. In addition, group companies implement a hotline system which ensures that employees are able to directly communicate to the group company or to Nissan directly their opinions, questions, and requests.

The internal audit department of Nissan periodically carries out local audits on the business of group companies for the purpose of monitoring and confirming legal compliance, relevant articles of association as well as management of business risks. Major group companies establish their own internal audit departments and perform internal audits under the supervision of Nissan's internal audit department.

Nissan's statutory auditors and group companies' statutory auditors have periodic meetings to share information and exchange opinions for the purpose of ensuring effective auditing of group companies.

In particular, the scope and frequency of internal audits and other monitoring activities on the business of the group companies may vary reasonably because of, for example, the size, nature of the business, and materiality of such group companies.

iii) Rules and systems for proper management of risk and loss of the group companies

The group companies implement the Global Risk Management Policy.

Management of risks related to the group companies, which could affect the business of the entire group is assigned primarily to the members of the Risk Management Committee, who are responsible to monitor, manage and implement necessary measures.

Concerning the management of the other risks related to the group companies, each group company is responsible for the same and will evaluate, prepare and implement the necessary measures to minimize such risks.

iv) Systems for directors of the group companies to report business activities to Nissan

Nissan requests the group companies to report and endeavors to maintain certain important business matters of the group companies, through multiple routes, including, (i) the systems stated in i) through iii) above and (ii) relations and cooperation between each function of Nissan and the corresponding function of the other group companies.

(6) Organization of employee(s) supporting Nissan's statutory auditors, systems showing their independence from Nissan's directors, and systems to ensure effectiveness of Nissan's statutory auditors' instruction to them

Nissan has an auditors office to support the activities of Nissan's statutory auditors. Dedicated manager(s) is assigned and performs his/her duties under the supervision and responsibility of the statutory auditors.

The statutory auditors make appraisal of dedicated manager's performance, and his/her move to another department and his/her disciplinary action are subject to prior approval of the board of auditors.

(7) Systems to report business issues to Nissan's statutory auditors and systems to ensure to prevent disadvantageous treatment of those who made such report

i) Systems for Nissan's directors and employees to report business issues to Nissan's statutory auditors

Nissan's statutory auditors determine their annual audit plan and perform their audit activities in accordance with that plan. The annual audit plan includes schedules of reports by various divisions. Directors and employees make reports in accordance with the annual audit plan.

When Nissan's directors and employees detect any incident which could have a materially negative impact on Nissan, they are required to immediately report such incidents to Nissan's statutory auditors.

In addition, Nissan's directors and employees are required to make an ad-hoc report to Nissan's statutory auditors regarding the situation of business activities when so requested.

The internal audit department periodically reports to Nissan's statutory auditors its internal audit plan and the results of the internal audits performed.

- ii) Systems for directors, statutory auditors and employees of the group companies and those who received a report from the group companies to report business issues to Nissan's statutory auditors

Nissan's statutory auditors and group companies' statutory auditors have periodic meetings to share information and exchange opinions for the purpose of ensuring effective auditing of group companies and group companies' statutory auditors report the matters which could affect the entire group and other matters to Nissan's statutory auditors.

Directors and employees of the group companies promptly make a report to Nissan's statutory auditors regarding the situation of business activities when so requested by Nissan's statutory auditors.

Nissan's directors and employees (including, those in the internal audit department), as stated in i) of this Section, report to Nissan's statutory auditors business activities of each group company reported through the systems mentioned in Section (5) above.

- iii) Systems to ensure to prevent disadvantageous treatment of those who made a report as stated in i) and ii) above on the basis of making such report

Nissan prohibits disadvantageous treatment of those who made a report as stated in i) and ii) above on the basis of making such report. Nissan takes the necessary measures to protect those who made such report and takes strict actions, including, disciplinary actions, against directors and employees of Nissan and its group companies who gave disadvantageous treatment to those who made such report.

- (8) Policy for payment of expenses or debt with respect to Nissan's statutory auditors' execution of their duties, including the procedures of advancement or reimbursement of expenses

In accordance with Company Law, Nissan promptly makes advance payment of expenses or makes payment of debt with regard to Nissan's statutory auditors' execution of their duties if so requested by the statutory auditors except where it proves that the expense or debt relating to such request is not necessary for the execution of the duties of the statutory auditors. Every year Nissan establishes a budget with regard to Nissan's statutory auditors' execution of their duties for the amounts deemed necessary.

- (9) System to ensure effective and valid auditing by Nissan's statutory auditors

At least 50% of Nissan's statutory auditors are external auditors to ensure effective and independent auditing. The statutory auditors hold periodical meetings in order to exchange and share information and their respective opinions. Ad-hoc meetings are also held whenever deemed necessary.

The statutory auditors have periodical meetings with representative directors (including the President) and exchange views and opinions.

## **2. Basic Views on Eliminating Anti-Social Forces**

Nissan stands firm and takes appropriate actions against anti-social forces or groups. If any director, officer or employee is approached by such forces or groups, the said individual shall promptly report such matter to his/her superiors and applicable committee, and shall follow their instructions.



## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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### 2. Other Matters Concerning Corporate Governance System

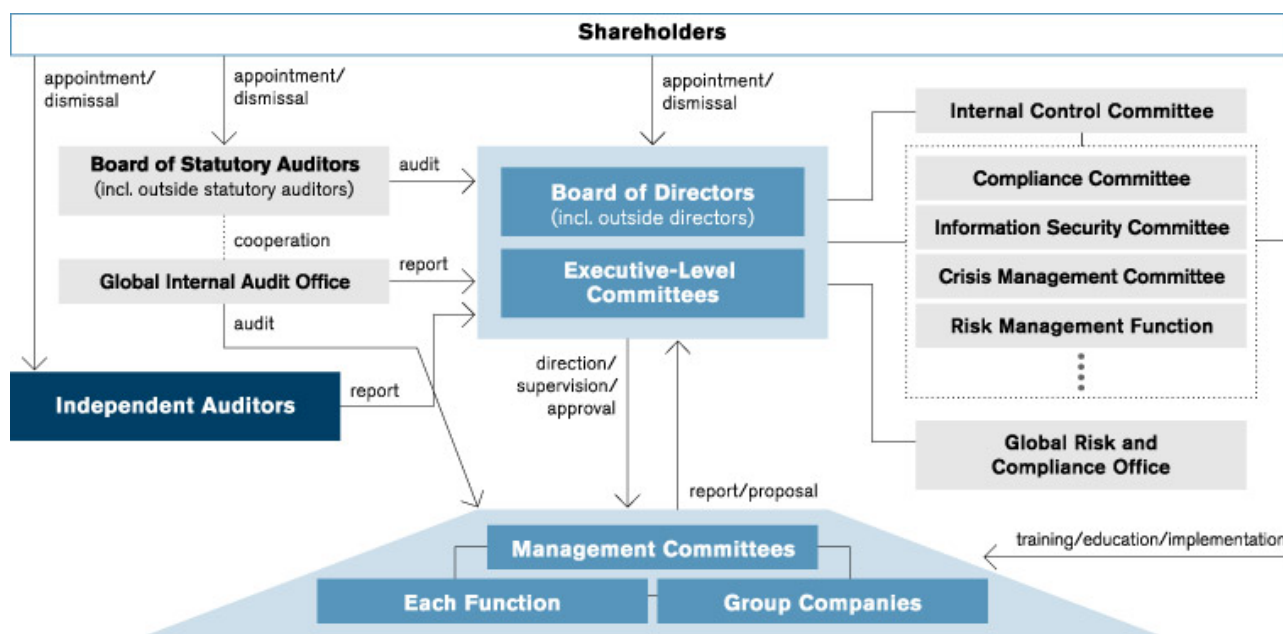
The Company's information is finally communicated to IR Department which takes charge of timely disclosure, and if needed, disclosed to Tokyo Stock Exchange through TDnet.

The routes whereby corporate information which might require timely disclosure is communicated to IR Department are as follows;

- (1) The information (including the information related to the subsidiaries) concerning the management decision is communicated to Legal Department and CEO Office that are the secretariat of the decision-making bodies such as Board of Directors Meeting and "Executive Committee". Then the information is transferred to IR Department by distribution of the agenda and the materials of the both meetings.
- (2) The information (including the information related to the subsidiaries) concerning the occurrence of events is communicated to the Global Communications Division promptly from each section in the Company, and transferred to IR Department.
- (3) The information concerning the financial results is transferred to IR Department from Budget and Accounting Department.

In addition, with regard to "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management", the Company's Articles of Incorporation stipulates the following:

- Number of Directors: six (6) or more
- Number of Statutory Auditors: three (3) or more



■ (As of April 2018)