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Governance

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GOVERNANCE

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Governance Policies and Philosophy

Rapid technological advances are transforming every industry, including the automotive industry, and the global economy is undergoing a period of great change. The risks that companies face are becoming ever more complex and require finely tuned responses.

In order to create unique and innovative automotive products and services, and deliver superior measurable value to all stakeholders, Nissan will enrich people's lives as a company that is trusted by society, and address improvement of corporate governance as one of its most prioritized managerial tasks. In addition to addressing risks and opportunities associated with climate change, we will conduct our business while considering society's expectations and our social responsibilities and devote ourselves to the development of a sustainable society by aiming for sustainable growth of our business.

To be a sustainable company, Nissan must display a high level of ethics and transparency, as well as a strong foundation for the organization. It is also expected that we will actively disclose our initiatives to this end. We have extensive global operations with numerous stakeholders around the world. It is essential that we continue to earn their trust while ensuring the high ethical standards and compliance of all employees. In 2001, we established the Global Code of Conduct,*¹ which is rigorously followed by Group companies around the world.

Corporate governance,*² compliance and risk management are key factors

in our business management. We have selected a new corporate form consisting of a company with three statutory committees, separating management from supervision, oversight and auditing. Our global approach to governance is founded on three pillars: improving the transparency of the decision-making process and making business execution speedier and more flexible; carrying out compliance based on high ethical standards among all employees; and establishing an effective and appropriate risk-management system.

*¹ Click here for more information on the Global Code of Conduct.

https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2017/NISSAN_GCC_E.pdf

*² Click here for more information on the Corporate Governance Guidelines.

https://www.nissan-global.com/PDF/190625-02_01_EN.pdf

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CORPORATE GOVERNANCE

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Corporate Governance System in Detail

In developing new structures to strengthen our corporate governance system, on June 25, 2019, a new corporate form was selected consisting of a company with three statutory-committee, clearly separating management functions and supervisory, oversight and auditing functions. In the past, directors supervised the execution of important business operations as well as the duties of individual directors, but the change in structure to a company with three statutory committees has separated execution from supervision. Those with the newly established executive officer role are responsible for the execution of business operations, while members of the Board of Directors focus on supervision of their assigned duties. This has improved the transparency of the decision-making process and also made business execution speedier and more flexible. Furthermore, by increasing the number of outside directors to a majority of the board, we are working to reflect a diversity of viewpoints into our management and strengthen our supervision function still further. The Board of Directors has established three committees: the Nomination Committee, which decides on candidates for director positions; the Compensation Committee, which sets compensation for directors and executive officers; and the Audit Committee, which audits the business execution of directors, executive officers, and those with similar responsibilities. Outside directors make up more than half of each committee, and play a leading role in the Nomination and Compensation Committees. This ensures healthy governance, with

supervision, oversight and auditing by the Board of Directors and other corporate bodies heightening the effectiveness of our structures in terms of internal controls, compliance and risk management. Officers and employees, including executive officers, will sincerely respond to this supervision, oversight and auditing.

In addition, we announce clear management targets and policies to all stakeholders and disclose our performance promptly with a high degree of transparency.

We have also established a corporate governance system that maintains business transparency. The system allows us to implement various monitoring systems, as well as assess and manage risks that have the potential of preventing us from achieving our business goals. In addition to carrying out cooperation among sites in the regions in which we operate, we have set up global management systems and provide relevant training programs to our employees and business partners. We aim to disclose governance information with even greater transparency in future.

* Click here for more information on the Nissan Corporate Governance Overview
https://www.nissan-global.com/EN/COMPANY/PROFILE/CORPORATEGOVERNANCE/pdf/Overview_EN.pdf

* Click here for more information on the Corporate Governance Guidelines
https://www.nissan-global.com/PDF/190625-02_01_EN.pdf

* Click here for more information on Governance Data
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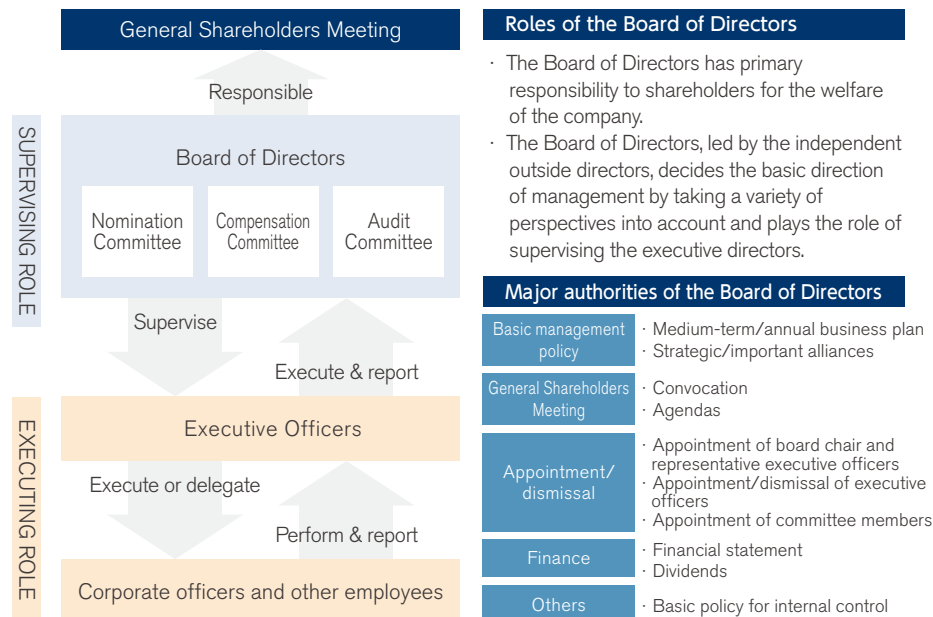
Corporate Governance System Transformation

On June 25, 2019, Nissan transitioned to a three statutory-committee format, establishing nomination, compensation and audit committees.

New System Key Points

- (1) Separation of management and supervisory functions
- (2) Increased independence of Board of Directors
- (3) Transparency of decision-making process
- (4) Speedy and flexible business execution

Role of The Board of Directors



Board of Directors System

Our Board of Directors, led by independent outside directors, decides the basic direction of management by taking a variety of perspectives into account and plays the role of supervising the executive directors. The number of directors on the board is sufficient to facilitate lively discussions and swift decision-making. In order to create an environment where discussions in board meetings are led by independent outside directors, these directors constitute a majority of the board, with one of them serving as board chair.

The Board of Directors decides on basic management policies and important matters set forth under the law, articles of incorporation and regulations of the Board of Directors itself. In order to carry out effective and flexible management, as a general rule, the Board of Directors delegates much of its power to decide on business activities to executive officers. As of March 31, 2020, the Board of Directors consists of 12 directors, seven of whom are independent outside directors (of whom two are women).

* Click here for more information on each member of the Board of Directors.
<https://www.nissan-global.com/EN/COMPANY/PROFILE/EXECUTIVE/>

* Click here for more information on the Board of Director's activities in fiscal 2019
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Nomination Committee System and Authority

AUTHORITY / ROLE	RESOLUTION ITEMS
<ul style="list-style-type: none"> · To determine the content of the General Shareholders Meeting agenda concerning the appointment and dismissal of directors as provided for in the Corporate Law · To determine the content of the Board of Directors meeting agenda concerning the appointment and dismissal of the representative executive officer · To formulate an appropriate succession plan regarding the president and CEO and review it at least once a year 	<ul style="list-style-type: none"> · Proposal of election/dismissal of director candidates · Proposal of election/dismissal of representative executive officer · Succession plan for CEO · Proposal of appointment/dismissal BOD chair and vice chair · Proposal of appointment/dismissal committee chair and members

As of March 31, 2020, the Nomination Committee chaired by independent outside directors consists of six directors, five of whom are independent outside directors (of whom one is a woman). The committee has the authority to determine the content of the general shareholder's meeting agenda concerning the appointment and dismissal of directors. In addition, the committee has the authority to decide on the content of the Board of Directors meeting agenda concerning the appointment and dismissal of the representative executive officer and the authority to formulate an appropriate succession plan regarding the President and Chief Executive Officer.

* Click here for more information on the Nomination Committee's activities in fiscal 2019
[>>> P020](#)

Compensation Committee System and Authority

AUTHORITY / ROLE	RESOLUTION ITEMS
<ul style="list-style-type: none"> · To determine the policy on decisions on the content of the compensation for individual directors and executive officers, and the content of the compensation for individual directors and executive officers · To determine the specific amount, or, in the case of non-cash compensation, the specific content of compensation, for each individual director and representative executive officer 	<ul style="list-style-type: none"> · Policies and systems regarding compensation for directors and executive officers (compensation principles, level and composition of compensation, base salary system, short/long-term system, benefits etc.) · Specific amount or (in the case of non-cash compensation) specific content of compensation for each individual director and representative executive officer · Specific amount or content of compensation for each individual executive officer

As of March 31, 2020, the Compensation Committee consists of four directors, all of whom are independent outside directors (of whom two are women). The committee has the authority to determine the policy on decisions on the content of the compensation for individual directors and executive officers and the contents of the compensation for individual directors and executive officers. In addition, the Compensation Committee has the authority to determine the specific amount for each individual director and representative executive officer.

* Click here for more information on the Compensation Committee's activities in fiscal 2019
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Audit Committee System and Authority

AUTHORITY / ROLE	RESOLUTION ITEMS
<ul style="list-style-type: none"> · To audit (monitor and supervise) executive officers' business execution and directors' performance of their duties. · To make executive officers and employees/subsidiaries report on business execution and investigate the status of operation and financial conditions · To seek injunctions against illegal acts of directors, executive officers and employees · To produce annual audit reports · To select/dismiss external auditors · (Appointed Audit Committee member) to represent the company in any litigation brought against directors/ executive officers 	<ul style="list-style-type: none"> · Annual audit reports to be submitted to shareholders meeting · Audit policy/rules and annual audit plan/budget of the Audit Committee · Proposal for shareholders meeting concerning the appointment/ dismissal of external auditors · Assignment of staff employees of Audit Committee secretariat · Annual audit plan, budget and HC of Global Internal Audit Office, assignment and evaluation to the head of Global Internal Audit Office · Filing of litigation against directors/ executive officers

As of March 31, 2020, the Audit Committee chaired by independent outside directors consists of five directors, four of whom are independent outside directors (of whom one is a woman). As part of audits on business execution including the organization and operation of Nissan's internal control systems, the Audit Committee receives reports from executive officers, corporate officers and employees on their business execution for Nissan and its group companies, in accordance with the Audit Committee's annual audit plan and on an ad-hoc basis as necessary. In addition, the Chair has meetings with executive officers including the President and Chief

Executive Officer periodically and exchanges opinions in various areas. Further, the Chair attends important meetings etc. to state his opinions, reviews internal approval documents and other important documents, and, when necessary, requests explanations or reports from executive officers and employees. The Chair shares his collected information with other members of the Audit Committee in a timely manner.

The Audit Committee, in conducting its audits, cooperates with the internal audit department and the independent auditors in an appropriate manner, making efforts to enhance the effectiveness of "tri-parties" audit. Under the leadership of the Audit Committee, collaboration among three parties is contributing to the enhancement of the effectiveness of internal control systems by sharing information on the issues pointed out by their respective audits and the status of their remediation in a timely manner. Further, the Audit Committee supervises the internal audit department, periodically receives reports from them on the progress and results of their internal audit activities conducted in accordance with their internal audit plan and, as necessary, gives them instructions regarding internal audit.

The Audit Committee is the contact point for whistleblowing with doubts regarding the involvement of management such as executive officers, and deals with whistleblowing by establishing a system where relevant executive officers cannot know the whistleblower and the content of whistleblowing.

* Click here for more information on the Audit Committee's activities in fiscal 2019

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Board Features

High independent representation in board and committee composition

- Majority of Board of Directors are independent outside directors.
- Majority of Nomination Committee and Audit Committee, and all members of Compensation Committee, are independent outside directors.
- All chairs of the Board of Directors and three committees are independent outside directors.

Board of Directors 7 out of 12 are independent directors

Committee	Nomination	5 out of 6 are independent directors
	Compensation	4 out of 4 are independent directors
	Audit	4 out of 5 are independent directors

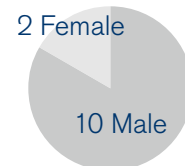
Diversity of nationality and gender

Nationality

5 Nationalities

Gender

17%
Female



Director independence standards

To ensure high independent representation on the Board of Directors, Nissan strictly defines the qualification of independent directors. They must not fall into any of the following categories:

Prohibited categories

1	Executive or employee of Nissan (within last 10 years)
2	Major shareholder of Nissan (within last five years)
3	Director, statutory auditor, statutory accounting advisor or executive of a company of which Nissan is a major shareholder
4	Major business partner of Nissan
5	Executive of an organization that received a significant amount of donations and contributions from Nissan
6	Director, statutory auditor, statutory accounting advisor or executive of a company that has a director who was seconded from Nissan
7	Major creditor of Nissan
8	Certified public accountant or tax attorney appointed as statutory accounting auditor/advisor of Nissan
9	Attorney, certified public accountant, tax attorney or any other type of consultant who has received significant business from Nissan
10	Member, partner or any other executive of an accounting firm, tax firm, or consulting firm that has received significant business from Nissan
11	Family member of any of the above categories
12	Person who has served as director of Nissan (for more than 6 years)
13	Person who may otherwise consistently have substantial conflicts of interest with the shareholders of Nissan

Important: All items stated above are summaries of the full qualifications as defined in Nissan Director Independent Standards. For more details for each category, please visit the Nissan website for Nissan Director Independent Standards;

https://www.nissan-global.com/PDF/190625-02_02_EN.pdf

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Executive Officer System

Executive officers decide on business activities which are delegated in accordance with the resolutions of the Board of Directors and execute the business of the Nissan Group.

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

As of March 31, 2020, eight executive officers, two of whom are representative executive officers, are appointed.

* Click here for more information on each executive officer
<https://www.nissan-global.com/EN/COMPANY/PROFILE/EXECUTIVE/>

Basic Principles of the Internal Control System

We aim to provide superior value to all stakeholders, consider healthy governance the foundation for this, and are engaged in a range of activities to achieve it. In line with this principle, and in accordance with Japan's Companies Act and its related regulations, the Board of Directors has decided on internal control systems to pursue these goals and its own basic policy. The board continually monitors the status of implementation regarding these systems and the policy, making adjustments and improvements if necessary. The internal control system that was established in 2007 is chaired by CEO under the monitoring and supervision of the Board of Directors. All executive officers, corporate officers and departments, as well as group companies, cooperate closely under the CEO to improve the internal control system.

* Please refer to the Nissan Corporate Governance Overview for details on the internal control system (P46)
https://www.nissan-global.com/EN/COMPANY/PROFILE/CORPORATEGOVERNANCE/pdf/Overview_EN.pdf

Audit System

We have adopted a system under which the outside directors, Auditing Committee, department for internal audit and outside accounting auditors coordinate to improve the effectiveness of our internal control systems. Independent outside directors lead our Board of Directors, deciding the basic direction of management and supervising the execution of duties by directors, executive directors, and others with similar responsibilities. The Audit Committee takes charge of the department for internal audit and instructs it with regard to auditing, and the department for internal audit shall report to the Audit Committee the status of the performance of duties and any findings therefrom on an ongoing basis. The Audit Committee also receives similar reports from the accounting auditors, as well as detailed explanations on the status of the quality control of internal audits, to confirm whether their oversight is at a suitable level.

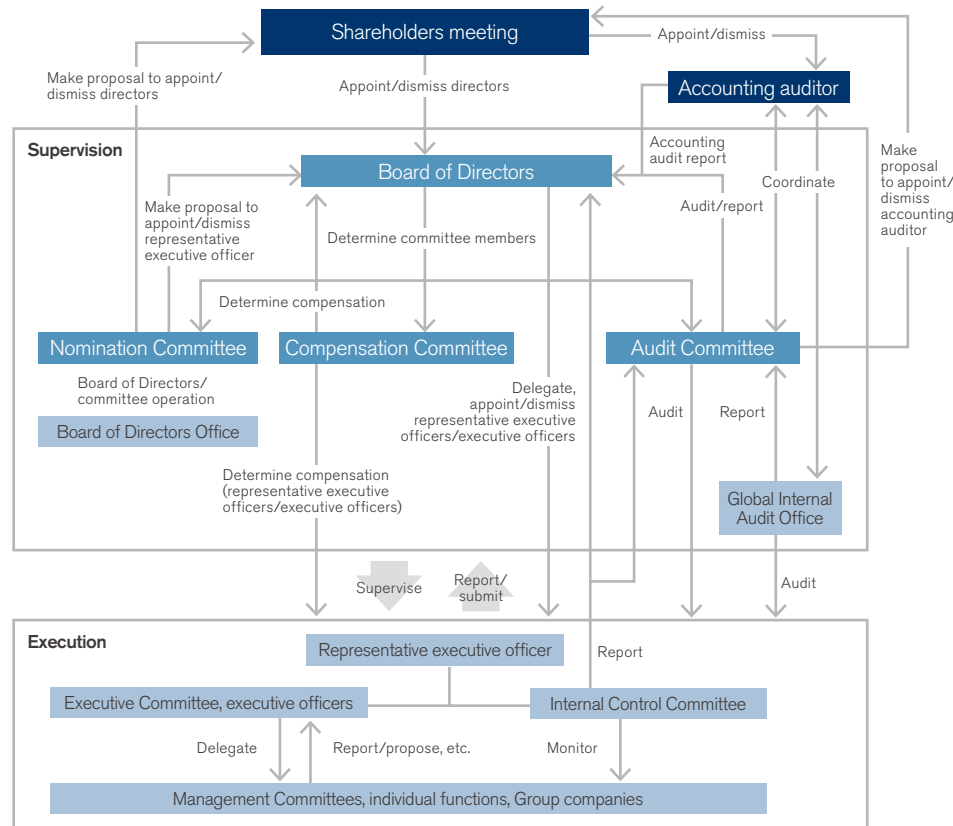
Independent Internal Audits

An independent, global internal audit function department has been established under the control of the Audit Committee. In each region, internal audit departments located at supervisory companies handle auditing tasks, while global specialized teams conduct audits across each region in the areas of sales finance and IT. Under the control of the Chief Internal Audit Officer, all internal audits are carried out efficiently and uniformly across the globe.

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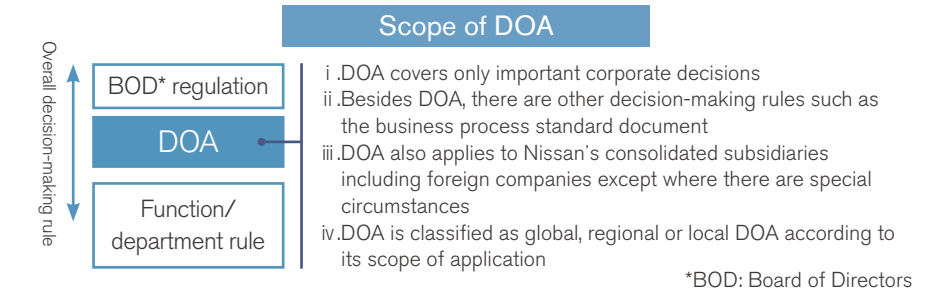
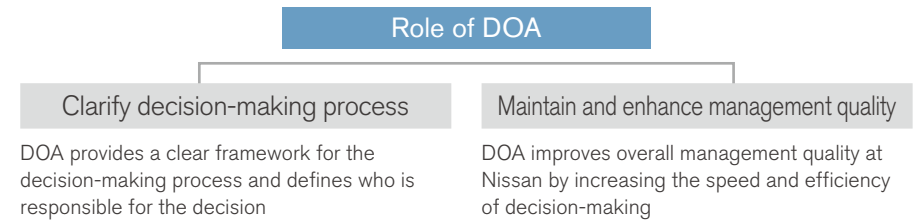
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Nissan's Corporate Governance System



Delegation of authority outline

Delegation of authority (DOA) is a part of Nissan's decision-making rules that defines who must be involved in important corporate decisions



Delegation of authority governance

For the purpose of enhancing management quality as well as clarifying the process of decision-making, fair and transparent delegation of authority (DOA) is appropriately implemented and strictly controlled

- 01 Robustness**
 Any revisions, creation and deletion are strictly controlled by the DOA Committee, which is chaired by corporate officers
- 02 Transparency**
 DOA defines the appropriate individuals who must propose, validate and decide, are disclosed in the Nissan group employee's intranet
- 03 Fairness**
 Aside from Proposer and Decider, the Validator, who provides expertise to a Decider in the Validator's relevant area, is set in the DOA items
- 04 Effectiveness**
 DOA representatives and coordinators are assigned in each function and region for efficient operation and for enhancing global management

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Avoidance of Conflict of Interest




In case of any transaction that involves any conflict of interest between the company and a director or executive officer, the Board Regulations provide that board approval, as well as a post-facto report to the board of important facts associated with the transaction, are required. Given the possibility of conflict of interest, the representative executive officer of the company must not concurrently serve as a director, executive officer, or any other officer or employee of a major shareholder; Mitsubishi Motors Corporation, which is one of the other parties of the Alliance; or any subsidiaries or affiliates of the above. If an executive officer serves in such position at the time of assuming the office of representative executive officer of Nissan, that officer and Nissan shall promptly take the necessary measures for the officer to leave the other company.

Regarding the designation of Audit Committee members, the company's Corporate Governance Guidelines provide that, given the potential conflict of interest with minority shareholders, it is not desirable that the Audit Committee should include any person who has experience serving as a director, executive officer or other officer or employee at a major Nissan shareholder or a subsidiaries or affiliate of same (except for a person seconded from Nissan).

In addition, in 2019, the company established a Director Conflict of Interest Resolution Policy which defines conflicts of interest between a director and the company, requires directors to report any actual, potential or perceived conflicts and also establishes procedures to resolve such conflicts.

Three key pillars of Director Conflicts of Interest Resolution Policy

Three key pillars of Director Conflicts of Interest Resolution Policy

Duty to report 	Resolution group 	Resolution procedure 
<p>Mandates two affirmative duties for directors;</p> <ul style="list-style-type: none"> i. Timely reporting of actual and potential conflicts; ii. Advance disclosure of interested transactions 	<p>Establishes the Director Conflict Resolution Group, comprising (of at least) three independent directors, led by the chair of the Audit Committee. The chair can prevent a director from:</p> <ul style="list-style-type: none"> i. Receiving materials, ii. Presenting at any discussion, and, iii. Participating in any vote, related to any specific conflict of interest reported. 	<p>Establishes procedures to resolve director conflicts before and during board/ committee meetings including:</p> <ul style="list-style-type: none"> i. Maintaining a database of all specific conflicts of interest identified, ii. Suspending or postponing the matter in question, and, iii. Excluding the conflicted member from the meeting

* Click here for more information on Corporate Governance Report.
https://www.nissan-global.com/EN/DOCUMENT/PDF/GOVERNANCE/g_report.pdf

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RISK MANAGEMENT

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Risk Management Systems

Risk management must be a real-world activity that produces concrete measures. Based on its Global Risk Management Policy, the Nissan Group carries out activities on a comprehensive, groupwide basis. To respond to changes in our business environment, we have set up a department in charge of risk management that carries out annual interviews of corporate officers, carefully investigating various potential risks and revising the “corporate risk map” in line with impact, frequency and control level. The Executive Committee make decisions on risk issues that must be handled at the corporate level and designate “risk owners” to manage the risks. Under the leadership of these owners, we design appropriate countermeasures. At the end of each fiscal year, the head of risk management assesses the control level of each risk and determines the effectiveness of each risk management activity. The progress of these activities is regularly reported to the Executive Committee and the Internal Control Committee, and also to the Board of Directors, when appropriate.

With respect to individual business risks, each division is responsible for taking the preventive measures necessary to minimize the frequency of risk issues and their impact when they do arise as part of its ordinary business activities. The divisions also prepare emergency measures to put in place when risk factors materialize. Nissan Group companies in Japan and overseas are strengthening communication to share basic

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processes and tools for risk management, as well as related information, throughout the Group.

In addition, we have created an area on our intranet called “Corporate Risk Management.” Information relating to risk management is also distributed to subsidiaries in Japan, North America, Europe and other overseas regions, as well as to major affiliated companies.

The business environment in which we operate has been increasingly volatile in recent years, including such aspects as the widespread adoption of new technologies and growing geopolitical risks. We will continue to bolster our activities in this area so we can appropriately meet these changes.

Protecting Personal Data and Reinforcing Information Security

We share our Information Security Policy with Group companies worldwide as a basis for reinforced information security, implementing via the Information Security Committee measures enhanced through the PDCA cycle. We reliably address issues by identifying internal and external information leaks as they occur worldwide and reinforce information security on a timely basis. To thoroughly educate and motivate employees to adhere to relevant policy, we institute regular in-house educational programs. Moreover, we recognize our social responsibility to properly handle customers’ personal information in full compliance with the respective

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personal information protection law in each region. We have set up internal systems, rules and procedures for handling personal data. All Nissan Group companies are fully enforcing these processes.

There were no major instances of loss or leaking of personal information at any Nissan Group company during fiscal 2019.

* Click here for more information on Risk Management.

https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2020/SR20_E_RiskMgnt.pdf

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ESG Risk Management

Nissan sees risks related to environmental, social and governance (ESG) factors—that is, “product strategy,” “product quality,” “response to environmental issues and climate change” and “compliance and reputation”—as issues involving business strategy and the maintenance of competitiveness and therefore promotes risk management in the Group as a whole based on the Global Risk Management Policy.

Regarding product strategy, as part of our product strategy developing process, we monitor the impact of various risk scenarios, such as global market changes and demand deteriorations, on our future profitability based on the product lineup plan. We periodically monitor the impact of these scenarios to secure future profitability and sustainable growth, as well as updating our future lineup plan periodically based on the results.

Regarding product quality, in addition to such activities as quality assurance for new model projects and day-to-day quality improvement activities, we have introduced and operate a “Quality Risk Management” framework. The framework represents a higher-level system to ensure successful quality

management for both ongoing and future projects. Appraisal involves an objective evaluation of whether risk exists and the level of such risk for our company and the assignment of responsible persons based on the level for follow-up activities. These processes are implemented by the Quality Risk Management Committee, chaired by an executive tasked with heading this activity, twice a year.

Regarding response to environmental issues and climate change, in order to address diversifying environmental issues and promote comprehensive environmental management on a global basis, the Global Environmental Management Committee (G-EMC), which is co-chaired by a board member and convenes twice a year, and the Environmental Management Committees (EMCs) in seven regions worldwide confirm the progress of activities and decide companywide policy and the content of reports to the Board of Directors.

Regarding compliance and reputation, our compliance with laws and ethical standards is monitored by regional and local compliance committees, which report to the Global Compliance Committee. We also have a globally integrated whistleblowing system, which allows employees to report suspected compliance issues to management.

In addition, we have created sets of internal rules and policies globally covering the prevention of insider trading, personal information management, information security and prevention of bribery and corruption. We make efforts to prevent noncompliance and reputation risk by raising awareness through the implementation of various activities, including education and training programs.

* Click here for more information on Risk Management.

https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2020/SR20_E_RiskMgnt.pdf

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COMPLIANCE

Nissan understands that acting with integrity and high standards is of paramount importance, not only because it is the right thing to do, but also because it allows all employees to perform at the highest levels. Nissan expects all employees to maintain the highest ethical standards as they carry out their duties. To raise compliance awareness throughout the company, Nissan has established a Global Compliance Office, as well as specialized departments, and appointed officers to promote compliance in each region where it operates.

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Enhancing Compliance

Preventing a Reoccurrence of Nonconforming Final Vehicle Inspections at Nissan's Plants in Japan

After the discovery in September 2017 of nonconformities in the final vehicle inspection process at its plants in Japan, Nissan began a full and comprehensive investigation of the facts, including the causes and background. We have since implemented appropriate countermeasures based on the results. Strict compliance is a top priority for our management, and we have taken it upon ourselves to examine the current situation with regard to compliance in every area of our business. When issues do arise, we take appropriate measures, and we are committed to promoting and

enforcing compliance and awareness thereof in all operational areas.

*Click here for more information on nonconforming final vehicle inspections.
https://www.nissan-global.com/EN/SUSTAINABILITY/VEHICLE_INSPECTIONS/

Executing an Overhaul of Compliance Checks

At Nissan, following the discovery of nonconformities in the final vehicle inspection process at vehicle assembly plants in Japan, we were determined to ensure that such a thing could never happen again. Accordingly, in fiscal 2018, an overhaul of compliance checks were carried out and some monitoring items were defined. In fiscal 2019, compliance office and relevant functions started to monitor those items periodically twice a year. In fiscal 2019, comprehensive compliance checks for affiliate companies in Japan was undertaken and no relevant findings were identified. This project will be expanded to overseas entities in fiscal 2020.

Working with Dealerships

Nissan undertakes various measures to ensure that its approach to compliance is shared with dealerships and to enhance its internal controls. We are strengthening lines of communication with dealerships to further improve our sustainability management. We carry out activities on an ongoing basis aimed at helping dealerships in Japan enhance their compliance.

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Nissan organizes self-inspection programs at all dealerships to enhance understanding of compliance matters and improve their compliance management status. The dealerships check their current compliance status and issues based on Nissan's self-assessment checklists and use the PDCA cycle to make voluntary improvements. Nissan also annually updates, edits and expands the checklists based on our internal audit results, informing dealerships of changes and ensuring compliance. The program status is shared among applicable Nissan departments and reports are made to the Board of Directors of dealerships. Through measures to check improvements and their effectiveness, and a unified approach with dealerships, Nissan strives to further improve its sustainability management.

When major compliance issues occur, the legal, communications, external and government affairs and other applicable Nissan departments work together with dealers to take prompt and appropriate action.

Anti-Bribery

Anti-Bribery: Policies and Philosophy

Nissan does not tolerate corruption of any kind, whether individual or systemic, committed by a company or a government. The Nissan Global Anti-Bribery Policy* establishes a global framework for preventing and responding to corruption. Different cultural contexts may result in what seem to be gray areas, and Nissan respects local customs and traditions, but corrupt practices are never acceptable.

*Click here for more information on the Nissan Global Anti-Bribery Policy.

https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2013/NIS_SUS2013E_POLICY.pdf

Click here for more information on the Avoidance of Conflict of Interest.

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Anti-Bribery: Management

Nissan has established a Global Code of Conduct* and Global Compliance Office as well as departments and officers at each of its operations worldwide with responsibility for promoting compliance measures. Moreover, all Group-affiliated companies have introduced their own codes based on the Global Code of Conduct. The Code of Conduct is supported by training courses to ensure full understanding of its content. Nissan's overall policy management strategy was redesigned in fiscal 2016 in order to support the promotion of compliance knowledge, including the creation of a Policy on Policies and related standardized procedures. With this enhanced process, Nissan seeks to ensure across-the-board understanding, making sure all employees are fully aware of Nissan's policies and able to act appropriately when faced with compliance issues. Nissan has created a series of internal regulations that are applied globally, covering areas such as decision-making, insider trading, personal information management, information security, bribery and corruption and use of social media. With these policies in place, Nissan is working to heighten awareness and reduce infractions. Employee education programs to promote compliance are held regularly in all regions in which Nissan operates. For example, training sessions based on the Global Anti-Bribery Policy have been conducted in all regions.

*Click here for more information on the Global Code of Conduct.
https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2017/NISSAN_GCC_E.pdf

Business Ethics

Business Ethics: Policies and Philosophy

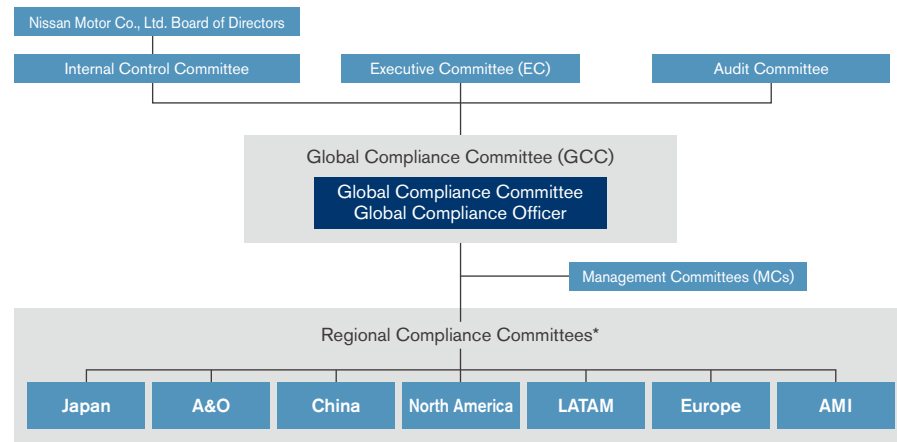
Employees and Compliance

Nissan's sustainability efforts are based on each employee's ability to do his or her job with a high level of integrity. In 2001, we established a Global Code of Conduct containing practical guidance for employees. Today this Code of Conduct is applied at all Nissan Group companies worldwide. We also provide guidance on compliance for directors and corporate officers, holding regular seminars and educational activities to ensure strict adherence to the rules. Under the oversight of our Global Compliance Committee, we have established a Regional Compliance Committee in each region of operation, forming a worldwide system for detecting and deterring illegal and unethical behavior. Global Headquarters works with all regions and bases of operation to ensure full awareness of compliance issues and prevent illegal activity, and has processes in place to take appropriate disciplinary action against those who violate or infringe the Global Code of Conduct or the law. Our Global Compliance Office further increases the rigor of our compliance management. In addition, to enhance compliance at the regional level, stand-alone, independent, regional compliance officers have been hired in the Japan, Asia and Oceania (A&O), China, North America, Latin America and the Caribbean (LATAM), Europe, and Africa and Middle East and India (AMI) regions.

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Fiscal 2019 Global Compliance Committee Organization (As of March 31, 2020)



*Each Regional Compliance Committee oversees various local compliance committees as appropriate.

Global Code of Conduct

Nissan's Global Code of Conduct contains our core principles for doing business with honesty and integrity, in full compliance with established laws and regulations in all locations in which we operate. The Code of Conduct's standards apply to all employees within Nissan Group companies, and every employee is responsible for upholding and adhering to the Code. The Code of Conduct is reviewed for revision at least once every three years to ensure that it evolves along with the company and society. The Code is also updated promptly, outside the regular review cycle, in response to significant changes to laws or other major factors affecting it. The Code of Conduct was most recently updated in 2017, when employee and customer safety were proactively added as a new key pillar of the Code.

In fiscal 2019, updated Global Code of Conduct training material was delivered to all regions. The e-learning material for indirect employees was available in 20 languages and accessible in number of formats including via portable devices like smartphones and tablets. Factory-focused training material was prepared for factory workers, who received the training via regular shift-start messaging or in a seminar setting. This global Code of Conduct training is mandatory for all Nissan employees every year as well as Board members and Corporate Officers. The fiscal 2019 global completion ratio is over 95%.

① Comply with All Laws and Rules

Nissan employees are expected to follow all laws and regulations of the country in which they work as well as all Company policies and rules.

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② Promote Safety

Nissan is committed to employee safety and wellness. Nissan employees are expected to engage in safe work practices to promote a healthy work environment. Nissan is also committed to the safety of our customers and their passengers and Nissan employees are expected to continually promote safety of Nissan products.

③ Avoid Conflicts of Interest

Employees are expected to act in the best interest of Nissan. It is not permitted for employees to behave, act, or use information in a way that conflicts with Company interests. Furthermore, employees must attempt to avoid even the appearance of a conflict of interest.

④ Preserve Company Assets

Nissan employees are accountable for preserving and safeguarding Company assets. The unauthorized or improper use of Company assets, including funds, confidential business information, physical property and intellectual property, is prohibited.

⑤ Be Impartial and Fair

Nissan employees must maintain impartial and fair relationships with business partners, including dealers, suppliers and other third parties.

⑥ Be Transparent and Accountable

Accounts and records shall be maintained with integrity. Nissan employees shall make accurate, transparent, timely and appropriate disclosures of the Company's business activities to our stakeholders, including shareholders, management, customers, other employees and local communities.

⑦ Value Diversity and Provide Equal Opportunity

We value and respect the diversity of our employees, suppliers, customers and communities. Discrimination, retaliation or harassment, in any form or degree, will not be tolerated.

⑧ Be Environmentally Responsible

Nissan employees shall strive to consider the environment and environmental protection when developing products and services, promote recycling and conserve materials and energy.

⑨ Be Active; Report Violations

Nissan employees are expected to carry out their work in accordance with the Code of Conduct. Employees who suspect that a violation of the Code of Conduct has occurred are obligated to report it as soon as possible. Employees are encouraged to use the SpeakUp system to report their suspicions. Employees who act in good faith and report suspected violations will be protected from retaliation.

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Business Ethics: Management

Internal Reporting System for Corporate Soundness

Nissan has established a globally integrated reporting system to promote thorough understanding of compliance among employees worldwide and facilitate sound business practices. The system, known as SpeakUp, can be used by employees to ask questions or voice concerns to the company, thereby improving workplaces and operations. Where allowed by law, SpeakUp permits anonymous reporting by and two-way confidential communication with employees and other stakeholders. It is available 24 hours a day, 365 days a year, in more than 20 languages. Employees are encouraged to report violations of the Code of Conduct or other company rules, and are protected from retaliation by our non-retaliation policy, a cornerstone of our compliance program.

In fiscal 2019, 1,681 issues and questions were reported globally. Among those, 485 compliance-related matters were identified. The number of reporting has been increased since SpeakUp was introduced. This trend is as expected, and indicates both that our compliance program is working effectively and that employees are taking an interest in using it to raise their concerns.

Security-Related Export Controls

To help maintain both national and international peace and security, we rigorously comply with export control laws and regulations in Japan and other countries and regions where we operate to keep sensitive goods, software and technologies from reaching sponsors of terrorism, espionage or human rights violations. Our export compliance program is implemented under a system headed by the representative executive responsible for export control. Specifically, our Export Control Global Secretariat, consisting of a Global Director and Regional Managers, works with each of our businesses to set control and monitoring mechanisms ensuring compliance with security-related export controls, and these mechanisms are strictly applied to all operations.

We recognize our responsibility for compliance with all regulations related to export controls on goods, software and technologies in our areas of operation. In 2017, we formulated a Global Export Regulatory Compliance Policy to ensure proper compliance with such regulations across the Nissan Group. Based on this global policy, we are working to develop regional policies for each of the regions where we operate, such as export regulatory compliance policies issued in fiscal 2019 for Latin America, updates to North America and have begun discussions for the Europe, AMI (Africa, Middle East, India) and A&O (Asia & Oceania) regions. We also respond in a timely manner to export control regulation changes and related developments around the world, including the enforcement of the Export Control Reform Act (ECRA) in the U.S., amendments to the EU export control list and moves to deploy export control regulations in China, Thailand, India and the Philippines.

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With the overall aim of improving our level of internal control, we strive to conduct regular risk-assessment activities in connection with export controls in each region, create monitoring mechanisms aligned with regulatory requirements and business demands, and continually improve our operations. To make employees more familiar with compliance risks, we are reviewing our training system and materials, including information about complying with relevant customs and trade laws. From fiscal 2018, we began annual training in Japan based on the new system. In addition, we deployed mandatory training globally starting in fiscal 2019 with North America, Latin America, AMI, and China completing this training, and A&O and Europe under development.

We have been addressing export control of advanced technology on a global level to prepare for the future of our company. To hasten the implementation of our Global Export Regulatory Compliance Policy, we continue to promote export control for advanced technologies, such as autonomous driving and connected-car technologies at Nissan sites in Japan, the U.S., and Europe as well as other locations around the world, where warranted. At our development sites in Japan, we are improving our classification process for sensitive goods, software and technologies using IT systems. By making export control procedures an integral part of our development and design operations, we aim to strengthen our compliance. In addition, we are renewing and collecting information on controlled goods, software and technologies in each region and are implementing comprehensive and sound export controls for each business operation through the systematic global sharing of this information.

Global Export Control Policy Framework



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Nissan's Commitment to Tax Transparency

Nissan's Approach to Tax

Based on its Global Code of Conduct, Nissan is committed to complying with the laws and regulations of all countries in which Nissan Group does business, as well as with international tax treaties and tax-related financial reporting rules. In order to conduct business properly and efficiently in many markets across the globe, Nissan established a documented tax policy from 2015. This document is continuously revised in order to keep up with the legislative and regulatory changes. This policy document includes details of the company's governance arrangements, tax risk management strategy and its approach to dealing with tax authorities, although it is currently not publicly available in full. Nissan is consistently fulfilling all tax disclosure requirements such as OECD Country-by-Country Reporting and other mandatory country-specific transparency requirements like those in Australia or the United Kingdom*.

Nissan effectively manages its tax risks by providing tax input into key business decisions. Nissan's Tax Department collaborates with and supports other functions to ensure tax implications are properly evaluated and addressed in operational and strategic decision-making. In particular in relation to transactions, restructurings, legal entity modifications, and other business changes, as necessary to support Nissan's business strategy. Through the delegation of authority process, the tax function validates key business decisions from a tax perspective, thereby ensuring the tax strategy is aligned with the wider business objectives, in a consistent manner. Nissan applies established international standards like OECD principles to its dealings between the companies within the group. Intercompany transactions are priced on an arm's-length basis, which means that Nissan-

related entities trade with each other as if they were unrelated.

Nissan is transparent about its approach to tax. Nissan aims to pay the appropriate amount of taxes in the jurisdictions in which it operates, and to avoid tax-related interest payments and penalties for failure to comply. The CFO reviews and approves the tax strategy. The Global Head of Tax and the CFO update annually the Board of Directors on Nissan's tax risks and adherence to its tax strategy.

*Click here for information on Nissan's U.K. tax strategy.

<https://www.nissan.co.uk/legal/nissan-uk-tax-strategy.html>

Nissan's Tax Management

Nissan effectively manages tax risks within the Group by participating in and—through the delegation of authority process at a global, regional and local level—validating key business decisions from a tax perspective in a consistent manner.

Nissan's global brand reputation and the continuing success of its manufacturing and distribution operations are of paramount importance. Consequently only a low level of tax risk is considered acceptable as also demonstrated by proactive discussions with tax authorities.

Where Nissan has tax audits, the company seeks to reach an agreement with the Tax authorities on the treatment that will apply. In case Nissan is unable to successfully negotiate, Nissan will uphold its tax positions in court and defend its application of the law through litigation.

Nissan has several methods for identifying and managing tax risks. The Global Tax Controversy Report is Nissan's global tax function tool for central management of tax risk. It includes all tax exposure: both direct and indirect taxes. Key findings are discussed quarterly with top management.

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Specifically for income tax, Nissan has a process in place at local, regional and global level to recognize uncertain tax positions as required by the International Financial Reporting Interpretations Committee (IFRIC). Nissan adopted IFRIC 23 from the beginning of fiscal 2019.

Regarding transfer pricing topics, the tax function has internal procedures and controls in place to identify transfer pricing risks, assess and mitigate such risks, and to monitor and escalate and report material risks to all stakeholders. Profitability by product basis and by company basis is monitored regularly to identify the tax risks in terms of transfer pricing. When potential tax risks are identified, they are reported to the finance executive in charge. The executive-level position within the organization accountable for compliance with the tax strategy is the Global Head of Tax, reporting to the CFO.

Compliance with the tax governance and control framework is evaluated regularly by the global tax team, the compliance departments and internal audit checks. Global policies on tax governance and control are published on Nissan's internal website. Compliance departments (at regional, local and global level) check with tax departments as the policy owner how the policies are enforced and are in line with the business (through regular updates of the policies).

Nissan has a hotline which is called SpeakUp where employees have a way to report unethical or illegal activities they have witnessed or that they suspect. It is publicly filed within Japan according to required laws and regulations. Nissan reports IFRS consolidated financial statement information to Renault.

Nissan's stakeholder engagement and management of concerns related to tax

Nissan seeks to maintain a long-term, open and constructive relationship with national tax authorities by proactively engaging with them, as well as other governmental and relevant industry bodies directly and indirectly. First, Nissan strives to develop cooperative relationships with tax authorities through regular meetings and partnership programs. Nissan has ongoing communication with tax authorities including, where applicable, use of advance rulings and advanced pricing agreements (APAs). Nissan engages in APAs with tax authorities to obtain certainty regarding transfer pricing for intercompany transactions.

Then, Nissan regularly engages with policy makers to support the development of tax rules and regulations based on sound tax policy principles. Nissan also provides input to industry groups and international economic organizations, such as the Tax Executives Institute (TEI) and the business at OECD. As a Japanese automaker, Nissan is a member of Keidanren, one of Japan's major private sector business associations and also part of the Japan Automobile Manufacturers Association (JAMA). Finally, Nissan's Investors Relations Department engages with the Global Tax Department each time there is a question from stakeholders related to tax topics. The Tax team will assist so that the information is provided in a satisfactory way.