

# Governance

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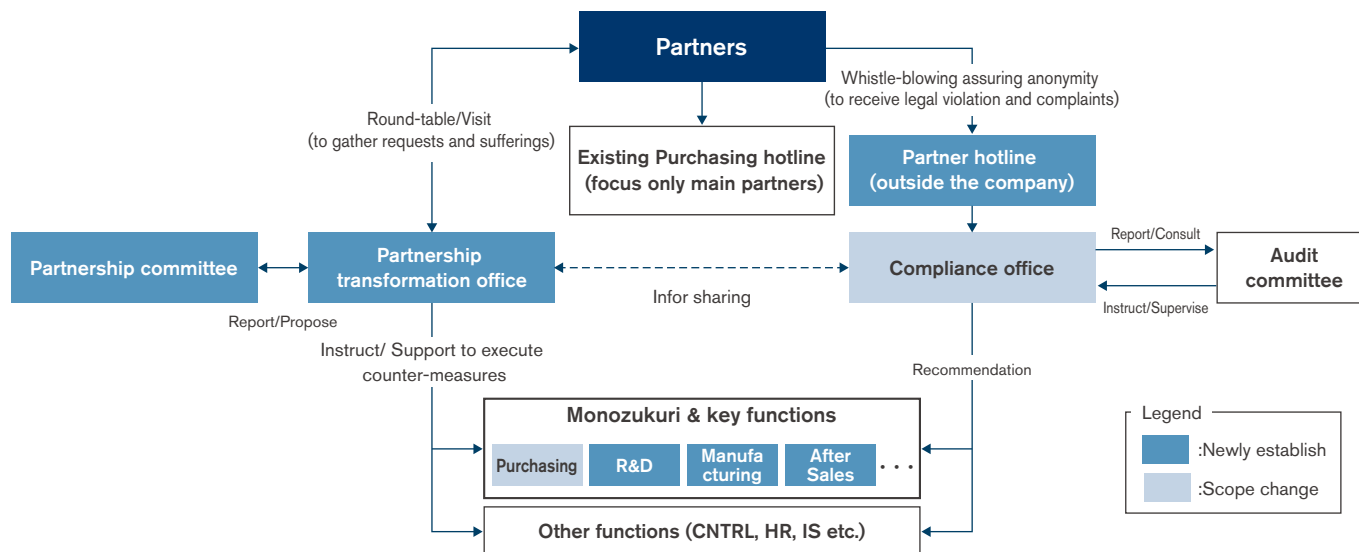
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# Regarding a recommendation from the Japan Fair Trade Commission

Nissan received a recommendation from the Japan Fair Trade Commission based on the “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors” (“Subcontract Act”). This totals approximately 3 billion yen from January 2021 through April 2023. Nissan has already refunded an equivalent amount of rebates to suppliers. In addition, Nissan has already discontinued rebates in transactions with subject suppliers. Nissan takes the recommendations from the commission very seriously and are committed to restoring the trust of our partners and implementing countermeasures.

## Actions

- Take quick action to reduce suppliers’ financial impact due to cost increase, such as inflation
- Abolish rebate and work together with suppliers at on-site level to improve cost competitiveness
- Introduce separate development cost payment, to mitigate cost impact for suppliers due to fluctuation of production volume
- Set up a hotline outside the company to receive whistle-blowing from partners
- Establish “Partnership transformation office” under CEO that proactively gathers voices from all the partners to improve relationship with them



# Approach to governance

On March 7, 2024 Nissan received a recommendation from the Japan Fair Trade Commission based on the Subcontract Act. We take this matter very seriously. To enjoy sustainable growth, it is essential for us to collaborate better with our suppliers. Therefore, we are building a more effective compliance process by regularly monitoring status, periodically conducting internal training programs, and taking all the necessary actions to prevent recurrences. We will do our utmost to communicate with all our business partners in good faith and develop a relationship of strong trust.

Considering the above, 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\*<sup>1</sup> 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 have 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\*<sup>2</sup>, which is rigorously followed by Nissan group companies around the world.

\*1 Click here for more information on the Corporate Governance Guidelines. [https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Guidelines\\_EN.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Guidelines_EN.pdf)

\*2 Click here for more information on the Global Code of Conduct. [https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/NISSAN\\_GCC\\_E.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/NISSAN_GCC_E.pdf)

# Corporate governance

## Corporate governance system

In light of the misconduct committed by a few former management members in 2018, we have been working to avoid excessive concentration of authority and increase the transparency of its corporate governance by raising awareness within company and improving governance to ensure that this will not occur.

Nissan has selected a “company with three statutory committees” as its governance system, which clearly separates execution, supervision, and auditing. It ensures transparency in decision-making, prompt and flexible business execution, and the effectiveness of internal control, compliance, and risk management systems.

The Board of Directors has a majority of outside directors. Outside directors make up the majority of each committee, and the Compensation Committee is comprised only of outside directors. Similarly, the Chair of the Board of Directors and each committee chair are independent outside directors.

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

We have established a governance system that maintains sound management. The system allows us to implement various monitoring systems, as well as to assess and manage internal and external risks that could impact the achievement of our business goals.

Corporate governance is an important fundamental for Nissan. In order to make it effective, we also work on awareness-raising for employees and business partners to ensure that it permeates throughout the organization.

In order to realize our long-term vision, Nissan Ambition 2030, we will introduce new development and production

methods, promote the use of partnerships, and strengthen our product portfolio and electrification initiatives in line with the management plan, The Arc business plan, announced in March 2024. With the aim of becoming a sustainable company that is truly needed by customers and society, all levels of management and employees will act with transparency and respect, and respond to the trust and expectations of our stakeholders.

## Roles of the Board of Directors



### Roles of the Board of Directors

- The Board of Directors has primary responsibility to shareholders for the welfare of the company and shareholders' interest.
- The Board of Directors, led by the 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.

### Major authorities of the Board of Directors

Basic management policy	· Mid-to long-term plan / annual business plan
General Shareholders Meeting	· Convocation · Agendas
Appointment / dismissal	· Appointment of board chair · Appointment / dismissal of representative executive officers · Appointment / dismissal of executive officers · Appointment / dismissal of committee chair and committee members
Finance	· Quarterly financial statements and financial documents · Interim dividends
Others	· Basic policy for internal control, etc.

## Board of Directors system

The Board of Directors led by independent outside directors, decides basic management policies by taking a variety of perspectives into account and plays the role of supervising the execution of duties by executive directors and other officers.

A majority of the board members (8 of 12) are independent outside directors, including the Chairman of the Board, creating an environment driven by outside perspectives. Each director has diversity \*1 in terms of nationality, gender, specialization or other traits, and Nissan aims to realize lively discussions and swift decision-making through their inclusion.

## Significant items

Nissan positions Sustainability, Risk management, and Internal control/Compliance as important matters that affect the management of Nissan, and has established and operates processes for communicating these initiatives to the Board of Directors in accordance with the policies and structure stated as below.

In addition, the following items were reported to the Board of Directors during fiscal 2023, among which was a report on recommendations from the Fair Trade Commission based on the Subcontract Act as a matter of critical concern.

### Sustainability

#### Policies and structure

- Corporate Governance Guidelines\*2 (Chapter III Appropriate Cooperation with Stakeholders)

#### Items reported to the Board of Directors

- Sustainability related report: 2 times
- Business execution report: 10 times (Global and regional operations, etc.)

### Risk management

#### Policies and structure

- Corporate Governance Overview \*3 (Corporate risk management, annual process of corporate risk management)

#### Items reported to the Board of Directors

- Corporate Risk Management Report: 1 time

### Internal control/Compliance

#### Policies and structure

- Corporate Governance Report \*4 (IV-1. Internal Control System)
- Corporate Governance Overview\*3 (Nissan corporate structure, internal control, compliance system)

#### Items reported to the Board of Directors

- Internal Control Report: 2 times
- Audit Committee Report: 2 times
- Corporate Governance Report approval: 1 time
- Reports related to Fair Trade Commission recommendations based on the Subcontract Act: 2 times

\*1 Click here for more information on diversity. [>>> P097](#)

\*2 Click here for more information on the Corporate Governance Guidelines. [https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Guidelines\\_EN.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Guidelines_EN.pdf)

\*3 Click here for more information on the Nissan Corporate Governance Overview. [https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview\\_EN.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview_EN.pdf)

\*4 Click here for more information on the Corporate Governance Report. [https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g\\_report.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g_report.pdf)

## Board of Director Skills Matrix

The Board of Directors skills matrix is as follows.













In line with a review of priority skill items for future business growth, "Government" was removed from the Board of Director Skills Matrix and "Corporate Strategy" was added as a new item, effective April 2024.

Board of Directors skills matrix (As of July 1st, 2024)

		Global Management	Corporate Strategy	Automobile Industry	Legal / Risk Management	Finance / Accounting	ESG	Products / Technology	Sales / Marketing	Digital Transformations
1	Yasushi Kimura	✓	✓			✓	✓	✓	✓	
2	Jean-Dominique Senard	✓	✓	✓	✓	✓	✓			
3	Bernard Delmas	✓	✓	✓			✓	✓	✓	
4	Keiko Ihara	✓	✓	✓			✓	✓	✓	✓
5	Motoo Nagai	✓	✓	✓	✓	✓	✓			
6	Andrew House	✓	✓			✓	✓	✓	✓	✓
7	Brenda Harvey	✓	✓				✓	✓	✓	✓
8	Teruo Asada	✓	✓		✓	✓	✓			
9	Mariko Tokuno	✓	✓		✓	✓	✓		✓	
10	Pierre Fleuriot	✓	✓		✓	✓	✓			
11	Makoto Uchida	✓	✓	✓	✓	✓	✓	✓		✓
12	Hideyuki Sakamoto	✓	✓	✓	✓		✓	✓		✓

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## Board members' responsibilities and duties as of July 1st, 2024

<p><b>Yasushi Kimura</b></p>  <p>Independent outside director, chair of the board of directors</p> <p><b>Nomination</b></p> <p>Director since June 2019</p>	<p><b>Jean-Dominique Senard</b></p>  <p>Director, vice-chair of the board of directors</p> <p><b>Nomination</b></p> <p>Director since Apr 2019</p>	<p><b>Bernard Delmas</b></p>  <p>Independent outside director, lead independent outside director</p> <p><b>Compensation</b></p> <p><b>Audit</b></p> <p>Director since Jun 2019</p>	<p><b>Keiko Ihara</b></p>  <p>Independent outside director, chair of Compensation Committee</p> <p><b>Nomination</b></p> <p><b>Compensation</b></p> <p>Director since Jun 2018</p>
<p><b>Motoo Nagai</b></p>  <p>Independent outside director, chair of Audit Committee</p> <p><b>Nomination</b></p> <p><b>Compensation</b></p> <p><b>Audit</b></p> <p>Director since Jun 2019</p>	<p><b>Andrew House</b></p>  <p>Independent outside director, chair of Nomination Committee</p> <p><b>Nomination</b></p> <p><b>Compensation</b></p> <p>Director since Jun 2019</p>	<p><b>Brenda Harvey</b></p>  <p>Independent outside director</p> <p><b>Audit</b></p> <p>Director since Jul 2023</p>	<p><b>Teruo Asada</b></p>  <p>Independent outside director</p> <p><b>Audit</b></p> <p>Director since Jun 2024</p>
<p><b>Mariko Tokuno</b></p>  <p>Independent outside director</p> <p><b>Compensation</b></p> <p>Director since June 2024</p>	<p><b>Pierre Fleuriot</b></p>  <p>Director</p> <p><b>Audit</b></p> <p>Director since Feb 2020</p>	<p><b>Makoto Uchida</b></p>  <p>Director, representative executive officer, president and CEO</p> <p>Director since Feb 2020</p>	<p><b>Hideyuki Sakamoto</b></p>  <p>Director, executive officer, executive vice president</p> <p>Director since Feb 2020</p>

## Board features as of July 1st, 2024

### Highly independent representation in Board and committee composition

- All chairs of the Board of Directors and three committees are independent outside directors.

### Board of Directors

- Majority of the Board of Directors (8 out of 12) are independent outside directors\*1 \*2

### Committee

- Nomination Committee : Majority (4 out of 5) are independent outside directors
- Compensation Committee : All (5 out of 5) are independent outside directors
- Audit Committee : Majority (4 out of 5) are independent outside directors

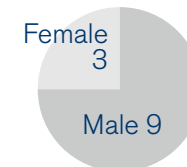
### Diversity of nationality and gender

#### Nationality

4 Nationalities

#### Gender

25% Female



\*1 Click here for more information on each member of the Board of Directors. <https://www.nissan-global.com/EN/COMPANY/PROFILE/EXECUTIVE/>

\*2 Click here for reasons of appointment of Board members, on the Corporate Governance Report, Outside directors' relationship with the Company(2). [https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g\\_report.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g_report.pdf)

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## Director independence standards

To ensure highly 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: \*1

Prohibited categories	
1	Executive or employee of Nissan (within last 10 years)
2	Major shareholder of Nissan (within last 5 years)
3	Director, corporate 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, corporate 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 8 years)
13	Person who may otherwise consistently have substantial conflicts of interest with the shareholders of Nissan

## Status of the board of directors activities in fiscal 2023

The Board of Directors resolves important matters related to Group management based on laws and regulations of the Board of Directors itself, including drafting proposals for the General Meeting of Shareholders, selecting members for each committee, preparing quarterly and full-year financial statements and formulating business plans.

In the fiscal year under review, agenda item submitted to the Board of Directors included the following.

- Regular reports on the business execution status
- Resolution of business plan: The Arc
- Resolution of conclusion of new alliance with the Renault Group
- Resolution of acquisition of own shares from Renault Group and cancellation of the acquired shares
- Resolution of violation of the Subcontract Act following recommendation from the Fair Trade Commission and report on internal investigation results
- IR reports
- Reports on the Nissan Green Program 2030 (NGP2030) and the Nissan Social Program 2030 (NSP2030)
- Regular reports on Internal control and risk management
- Resolution of the Corporate Governance Report

Regular meetings with outside directors chaired by the lead independent director are held to discuss a wide range of matters related to Nissan's corporate governance and business. During this fiscal year, outside directors held multiple discussions with executive side toward the conclusion of the New Alliance Agreement with Renault Group. In addition, business briefing sessions on individual business topics were held from the executive team.

The Board of Directors also held sessions between the independent directors and independent auditors in order to exchange views on subjects such as the trend of the

quarterly disclosure system, current status of climate change and related sustainability disclosures, and impact-weighted accounts, twice this fiscal year. \*2

## Nomination Committee system and authority

### Authority / Role

- 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 removal of the representative executive officer
- To formulate an appropriate succession plan regarding the president and CEO and review it at least once a year

### Resolution items

- Proposal of election / dismissal of director candidates
- Proposal of election / removal of representative executive officer
- Succession plan for CEO
- Proposal of appointment / dismissal of Board of Directors chair and vice chair
- Proposal of appointment / dismissal of committee chair and members

As of March 31, 2024, the Nomination Committee chaired by independent outside directors consists of five directors, four of whom are independent outside directors (of whom one is a woman). The committee has the authority to determine the content of the General meeting of shareholders' 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.

\*1 All items stated above are summaries of the full qualifications as defined in Nissan director independent standards. Click here for more details of each categories [https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Standards\\_EN.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Standards_EN.pdf)

\*2 Click here for more information on the Board of Directors activities in fiscal 2023. [>>>P163](#)



## Nomination Committee: Number of meetings and participation rate in fiscal 2023

- The Nomination Committee met 11 times in fiscal 2023.\*1
- Average participation per meeting was 98.5%.

## Main activities in fiscal 2023

- Deliberated proposals for representative executive officer appointments
- Deliberated proposals for director appointments / dismissals at the 125th Ordinary General Meeting of Shareholders
- Deliberated president and chief executive officer succession plan

## Compensation Committee system and authority

### Authority / Role

- To determine the policy of individual compensation of the company's directors and executive officers and the contents of individual compensation for directors and executive officers
- To determine the aggregate and individual amounts of director and representative executive officer compensation

### Resolution Items

- Policies and systems regarding compensation for directors and executive officers
- Specific amount or (in the case of noncash 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, 2024, all four members of the Compensation Committee are independent outside directors (of whom one is a woman), including the chair. The Compensation Committee has the statutory authority to determine the policy of individual compensation of the company's directors and executive officers and the contents of individual compensation for directors and executive officers.\*2 \*3

## Compensation Committee: Number of meetings and participation rate in fiscal 2023

- The Compensation Committee met 15 times in fiscal 2023.\*4
- Average participation per meeting was 97.8%.

## Main activities in fiscal 2023

- Confirm a policy for compensating directors and executive officers
- Select benchmark companies and discuss the level of compensation based on the benchmark results of these companies and the results of surveys conducted by external compensation consultants
- Determine the aggregate and individual amounts of director and executive officer compensation for fiscal year.

\*1 From April 1, 2023 to March 31, 2024

\*2 Please refer to the 2023 Securities Report (P74-83) for details of the performance indicators of the compensation program. <https://www.nissan-global.com/EN/IR/LIBRARY/FR/2023/ASSETS/PDF/fr2023.pdf#page=76>

\*3 Click here for more information on the executives' roles on sustainability and its performance assessment. [>>> P011](#)

\*4 From April 1, 2023 to March 31, 2024

## Audit Committee system and authority

### Authority / Role

- 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

### Resolution Items

- 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, 2024, 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.

Furthermore, 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, corporate 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. Furthermore, the Audit Committee supervises the internal audit department, having secured the internal audit department's very high independence of the execution side, and 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.\*1 \*2

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.

## Audit Committee: Number of meetings and participation rate in fiscal 2023

- The Audit Committee met 12 times in fiscal 2023\*3
- Average participation per meeting was 100%

## Main activities in fiscal 2023

The Audit Committee set the following as key audit items for this fiscal year. The Audit Committee considered and deliberated each item at the meeting repeatedly, and made recommendations to the execution side as needed.\*4

Item	Study & Discussion
Monitoring of the business execution status of the executive officers, etc.	<ul style="list-style-type: none"> <li>· Progress of the business transformation plan Nissan NEXT in the final fiscal year</li> <li>· Responses to the major business challenges in Nissan NEXT, such as the improvement of sales quality, the initiatives of electrification etc.</li> <li>· Responses to other business challenges (the improvement of profits/costs structure, the implementation status of the introduction of a new accounting core system, etc.)</li> <li>· The status of the preparation of business plan: The Arc</li> </ul>
Monitoring of the operational status of the internal control system and the risk management system	<ul style="list-style-type: none"> <li>· The handling of the integrated risk management system and of individual high risk items</li> <li>· The activities concerning cybersecurity (the 3rd party evaluation results and the contents of the mid-term plan)</li> <li>· The progress of activities to improve the violation rate of, as well as drastic overhaul to, the DOA (Delegation of Authority)</li> <li>· The structural enhancement of the compliance division and the status of the activities to enhance internal awareness regarding compliance</li> <li>· Facts-finding and confirmation of the contents of recurrence prevention measures regarding the violation of the Subcontract Act</li> </ul>

\*1 Please refer to the 2023 Securities Report (P68) for details of the independence of Internal Audit. <https://www.nissan-global.com/EN/IR/LIBRARY/FR/2023/ASSETS/PDF/fr2023.pdf#page=70>

\*2 Please refer to the 2023 Securities Report (P68) for details of the relationship among Audit Committee, Internal Audit, and Execution side. <https://www.nissan-global.com/EN/IR/LIBRARY/FR/2023/ASSETS/PDF/fr2023.pdf#page=70>

\*3 From April 1, 2023 to March 31, 2024

\*4 Please refer to the 2023 Securities Report (P70) for details of the status of the Audit Committee major activities in every month of this fiscal year. <https://www.nissan-global.com/EN/IR/LIBRARY/FR/2023/ASSETS/PDF/fr2023.pdf#page=72>

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Confirmation of the status of the internal audit department	<ul style="list-style-type: none"> <li>Significant audit findings and the execution of recommended improvements based thereon (The internal audit department's following-up to encourage the steady execution thereof by the execution side.)</li> <li>The internal audit department's initiatives to further enhance the operation of each Gemba (aiming at not only a "problem solver" but also an "insight generator")</li> <li>The integrate cooperation and close communication as "global one team" of internal audit department</li> <li>Initiatives to enhance the 2nd line (proactive involvement by the internal audit department in the 2nd line operation such as cyber security)</li> </ul>
Measures to enhance the internal control as the Company's group	<ul style="list-style-type: none"> <li>The integrated management of all group companies in Japan and overseas for further group governance enhancement.</li> <li>The collaboration between Nissan's internal audit department and major domestic companies' internal audit section.</li> </ul>

In addition to those mentioned above for the key audit items, the Audit Committee also engaged in the following activities in this fiscal year:

### Handling of misconduct matters

- The Audit Committee continuously implemented appropriate measures to seek responsibility for serious misconduct by the former chairman and a former representative director respectively and to recover damages, including the handling of the lawsuits filed against them to claim damages.

### Deepening of collaboration with the Independent Auditors

- The Audit Committee received reports on the quarterly review for this fiscal year from the independent auditors, exchanged opinions with the independent auditors on the activities for the next generation digital audit, other than the Key Audit Matters (KAM), and evaluated the appropriateness of the independent auditors' audit quality from multiple aspects.

### On-site audits and collaboration with the company group's statutory auditors

- Audit Committee members conducted on-site audits on the Company's sites/plants and major domestic and overseas subsidiaries (2 sites and 14 subsidiaries), and Audit Committee received reports on the results of major on-site audits.
- The Audit Committee held semi-annual conferences with major domestic statutory auditors of group companies to improve their audit quality.

### 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, 2024, five executive officers (including one representative executive officers) have been appointed.\*1

### 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\*2 to pursue these goals and its own basic policy. The Board of Directors 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 the 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.

### Audit system

We have adopted a system under which the outside directors, Auditing Committee, internal audit department, and outside accounting auditors coordinate to improve the effectiveness of our internal control systems.

Independent outside directors lead the Board of Directors, deciding the basic direction of management and supervising the execution of duties by directors, executive directors. The Audit Committee takes charge of internal audit department and instructs it with regard to auditing, and internal audit department 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 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.

\*1 Click here for more information on each executive officer. <https://www.nissan-global.com/EN/COMPANY/PROFILE/EXECUTIVE/>

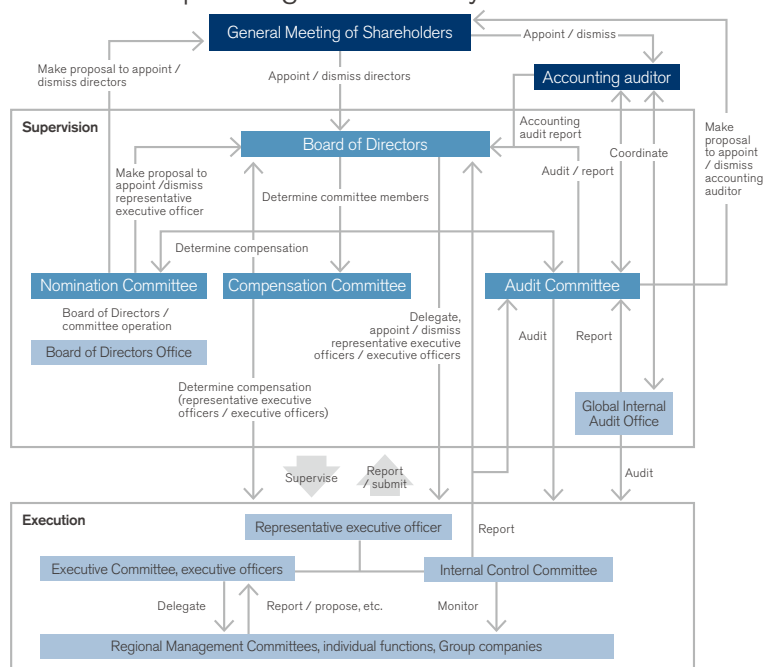
\*2 Click here for more information on the Nissan Corporate Governance Overview, for the internal control system. [https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview\\_EN.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview_EN.pdf)

## Independent internal audits

Nissan has the global Internal Audit department, as an independent group to conduct internal auditing tasks under the Audit Committee. Regional audit teams are in each regional headquarters, and for Sales Finance, IT, and Monozukuri areas which require a higher level of expertise, global specialty audit leadership is set up to conduct related audits across the regions. Under the control of the Chief Internal Audit Officer (CIAO), all audits are carried out efficiently and consistently on a global basis.

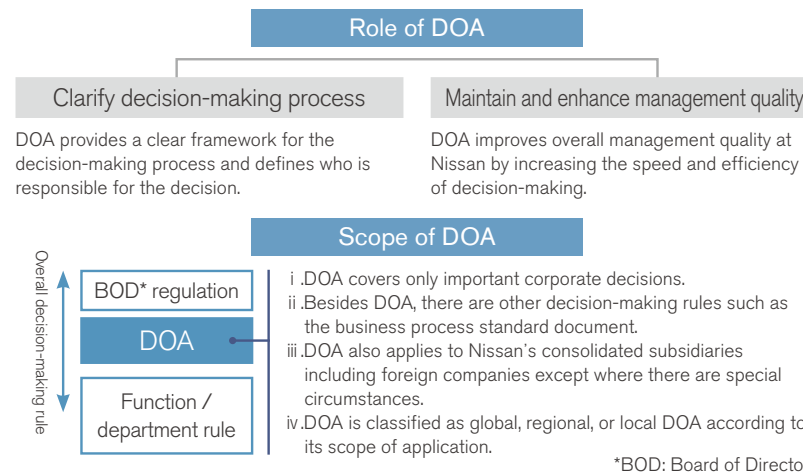
Internal audits are conducted based on the audit plans which were approved by the Audit Committee. Audit results are regularly reported to the Audit Committee, the relevant departments, and corporate officers in a timely manner.

## 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



\*BOD: Board of Directors

## 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.

<p><b>01 Robustness</b> Any revisions, creation and deletion are strictly controlled by the DOA Committee, which is chaired by corporate officers</p>	<p><b>02 Transparency</b> DOA defines the appropriate individuals who must propose, validate and decide, are disclosed in the Nissan Group employee's intranet</p>
<p><b>03 Fairness</b> 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</p>	<p><b>04 Effectiveness</b> DOA representatives and coordinators are assigned in each function and region for efficient operation and for enhancing global management</p>

## 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.

In addition, in 2019 the company established a Director Conflict of Interest Resolution Policy (updated in 2023) which defines conflict of interest between a director and the company, conducts annual conflict of interest questionnaires, requires directors to report any actual, potential or perceived conflicts, and also establishes procedures to resolve such conflicts. Further, the Global Conflict of Interest Code came into force in March 2022 and applies to all officers and employees.

## Three key pillars of director conflict of interest resolution policy

### Three key pillars of director conflict of interest resolution policy

#### Duty to report

Mandates two affirmative duties for directors:

- i . Timely reporting of actual and potential conflicts;
- ii . Advance disclosure of interested transactions

#### Confirmation of specific conflicts of interest

In the event that a potential conflict of interest is detected in a Board of Director or committee proposals, the Board of Director or committee secretariats shall review whether the proposal has a specific conflict of interest and confirm with the chairperson of each meeting body on actions necessary to resolve said conflict. In confirming potential conflicts of interest, when necessary, the company will seek the opinion of a neutral and impartial outside law firm.

#### Specific conflict of interest resolution procedures and management

Procedures for resolving specific conflicts of interest shall include the following.

- i . In the event that a specific conflict of interest is identified by a director, the chairperson of each meeting body shall report the results of said confirmation to the director in question prior to the meeting.
- ii . The director who receives the report shall not receive any materials related to proposals, nor participate in meeting deliberations or resolutions.
- iii . Conflicts of interest shall be managed in a database.

# Risk management

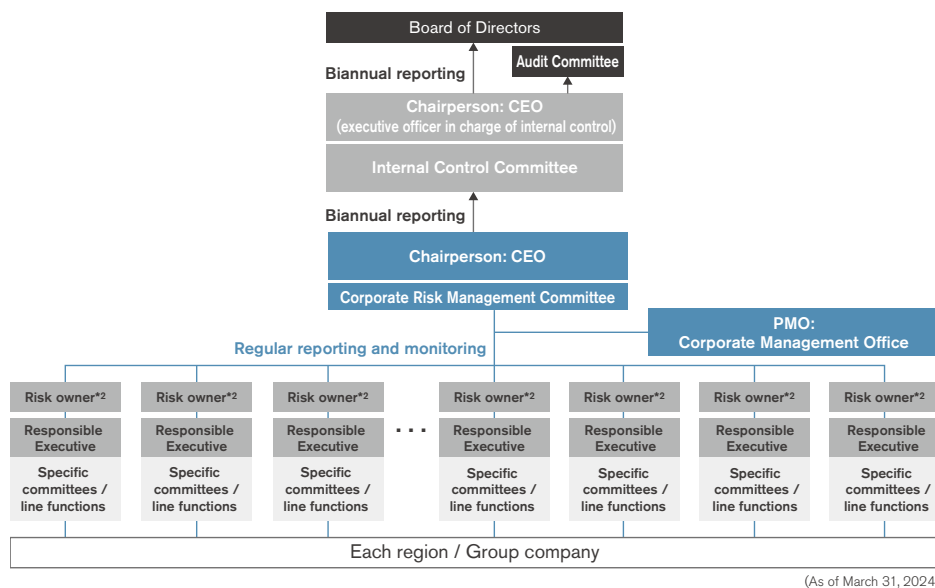
## Risk management systems

Our Global Risk Management Policy defines risk as “events or situations that could prevent Nissan Group from achieving its corporate purpose, strategies, business objectives.” Accordingly, Nissan promotes group-wide risk management activities. Detecting risks as early as possible, evaluating the magnitude of impact and probability of occurrence, and examining and implementing the requisite measures reduces the probability and likelihood risk events will occur. In the event that risks occur, we strive to minimize losses and ensure the risk is managed commensurately with its magnitude. Specifically, to respond to changes in our business environment within and outside the company, we have carried out periodic interviews of corporate officers and conducted hearings in each corporate function by department in charge of risk management. Furthermore, in cooperation with the Corporate Strategy Department, we have carefully investigated various potential risks and revised the “corporate risk map” by evaluating impact, likelihood, and control level quantitatively and qualitatively. The Corporate Risk Management Committee, chaired by the CEO, makes decisions on risk issues that must be handled at the corporate level and designates “risk owners” to manage these risks. Under the leadership of these owners, we design appropriate countermeasures. 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 Corporate Risk Management Committee and the Internal Control Committee, and also to the Audit Committee and 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 probability 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. In addition, Nissan has established a system to comprehensively respond to business continuity risks\*1 by creating a specialized department which deals with disasters and operational risks, to take prompt and coordinated responses when a crisis occurs.

Nissan Group companies in Japan and overseas are strengthening communication to share basic processes and tools for risk management, as well as related information, throughout the Group. 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 address these changes.

## Corporate risk management



\*1 Please refer to the 2023 Securities Report (P29-35) for details of “Business and other risks” <https://www.nissan-global.com/EN/IR/LIBRARY/FR/2023/ASSETS/PDF/fr2023.pdf#page=31>

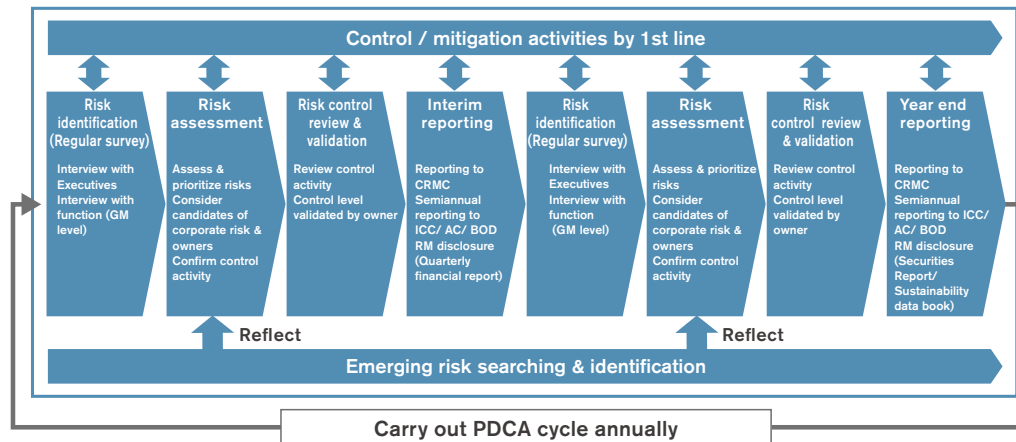
\*2 In principle, risk owners are Executive Committee members.

### Risk management enhancement efforts

To realize the long-term vision Nissan Ambition 2030 announced in 2021, Nissan is continuously revising and enhancing risk management processes and frameworks. Based on the principle “three lines of defense” as a systematic enhancement, the PMO of Risk Management was precisely positioned to function as the second line and the personnel system was enhanced. To support this new basic company policy, we have positioned the objective of risk management as activities supporting the realization of our corporate purpose from a longer-term perspective rather than limiting it to short-term objectives such as achieving business targets.

Accordingly, we have taken a wider view of targeted risks from the perspectives of enhancing corporate value and contributing to sustainability that includes ESG risks such as the environment and human rights, and also created a system for ascertaining risks in a timely manner. Regarding the evaluation of risks, in addition to transitioning away from conventional subjective and qualitative evaluations to more objective and quantitative evaluations, we referenced the international framework and engaged in more concrete risk assessments and monitoring activities to control and manage risks. These process and tool improvements have been appropriately reflected in our Risk Management Manual.

### Annual process of corporate risk management



CRMC: Corporate Risk Management Committee | ICC: Internal Control Committee | AC: Audit Committee | BOD: Board of Directors  
(As of March 31, 2024)



# Privacy and data security

## Approach to information security

We share our Information Security Policy with group companies worldwide as a basis for reinforced information security.

## Information security management

The Information Security Committee is implementing enhanced information security measures 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.

## Information security achievements

To thoroughly educate and motivate employees to adhere to Information Security Policy, we institute regular in-house educational programs.

## Approach to data privacy

We recognize our social responsibility to properly handle personal information in full compliance with the respective personal information protection law in each jurisdiction. We formulated the Global Data Privacy Policy\*<sup>1</sup> to ensure a unified global approach to the use of personal information, including customer data. This policy ensures that the handling of information is consistent and treated as an important duty at all Nissan sites. This policy sets out Nissan's basic commitment to privacy.

## Data privacy management

We have set up internal governance systems, rules, and procedures for handling personal data. Global governance is organized such that regional data privacy leads work together with the Global Compliance Office for coordination and, through their Regional Compliance Officers, ultimately report to the Global Compliance Committee. Nissan Group companies are fully enforcing these processes where required.

## Data privacy achievement

The privacy teams are improving processes, in particular, when supporting Nissan functions handling personal data as they implement relevant data privacy controls.

\*1 Click here for more information on the Global Data Privacy Policy. [https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Data\\_Privacy\\_e.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Data_Privacy_e.pdf)



# Compliance

To raise compliance awareness throughout the company and all employees to act with integrity and high standards, Nissan has established a Global Compliance Office, as well as specialized departments, and appointed officers to promote compliance in each region where it operates.

In fiscal 2023, Nissan published the Global Third-Party Compliance Risk Management Policy that establishes the company's guidelines, governance, and fundamental principles to address compliance risks associated with third parties. Based on this policy, the Global Compliance Office and Purchasing department launched Third-Party Compliance risk monitoring initiative for supplier areas. The fourth Nissan Ethics Day was held globally in December to enhance a culture of ethics and compliance in the company. This event focuses upon reinforcing both Nissan's tone at the top and tone in the middle. Employees at all levels of the company had an opportunity to discuss the perception of each other about ethics.

## Enhancing compliance

### Executing an overhaul of compliance checks

At Nissan, after the discovery in 2017 of nonconformities in the final vehicle inspection process at vehicle assembly plants in Japan\*<sup>1</sup>, we have taken measures to prevent recurrence to ensure that such a thing could never happen again. Accordingly, in fiscal 2018, an overhaul of compliance checks was carried out, and from fiscal 2019 to 2020, the Global Compliance Office and relevant functions monitored those items periodically twice a year.

In fiscal 2019, comprehensive compliance checks for major subsidiaries in Japan was undertaken, and they have continued to be carried out on a regular basis since then. Since fiscal 2021, the Global Compliance Office started compliance risk assessments completing all Nissan affiliates in fiscal 2023, and continues to oversee regions' risk monitoring including the residual risk remediation plans.

### Working with dealerships

Nissan undertakes various measures to ensure that its approach to compliance is shared with dealerships and to enhance its internal controls.

While strengthening lines of communication with dealership, we are carrying out activities to enhance their compliance at dealerships in Japan.

Specifically, Nissan arranges a self-assessment program (Control Self-Assessment) for dealerships to enhance understanding of compliance matters and improve their compliance management status. We supply check items which is reflected in our internal audit results to all dealerships. They check their current compliance status

and issues through the check item and use the PDCA cycle to make voluntary improvements. 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.

\*1 Please refer to the 2023 Securities Report (P33) for details of measures to prevent recurrence of nonconforming of final vehicle inspections. <https://www.nissan-global.com/EN/IR/LIBRARY/FR/2023/ASSETS/PDF/tr2023.pdf#page=35>

## Anti-bribery

### Approach to anti-bribery

Nissan does not tolerate corruption of any kind, whether individual or systemic. The Nissan Global Anti-Bribery, Gifts & Hospitality Policy\*<sup>1</sup> establishes a global framework for preventing and responding to corruption. Nissan respects local customs and traditions, but corrupt practices are never acceptable.

### Anti-bribery management

Nissan has established a Global Code of Conduct\*<sup>2</sup> 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 has created a series of internal policies that are applied globally, such as Global DOA (Delegation of Authority) Policy, Global Regulations on Preventive Control Against Insider Trading, Information Security Policy, Global Anti-Bribery, Gifts & Hospitality Policy and Global Data Privacy Policy. 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, Gifts & Hospitality Policy has been conducted in all regions with attestation. The training covered the basics of the bribes, laws and regulations, risk areas and red flags. Business cases included examples of bribes, interaction with government official and red flags. Another training implemented in all regions was based on the Global

Conflict of Interest Policy, explaining to employees most common situations of potential conflict of interest and how employees should disclose it in Nissan. The training has cases considering relationship with customers and suppliers, duty of loyalty and personal/family relationships. Training attestation is also included after completing the course.

## Business ethics

### Approach to business ethics

#### Employees and compliance

In 2001, Nissan 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, and educational activities to ensure strict adherence to the rules.

The Global Compliance Committee (GCC), co-chaired by the CEO and Global Compliance Officer, is held twice a year, where global compliance strategies are deliberated, annual programs are validated, and compliance issues are discussed. The results of the GCC are reported to the Executive Committee (EC) and the Audit Committee. 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 noncompliance and unethical behavior. The Global Headquarters works with all regions and bases of operation to ensure full awareness of compliance issues and prevent noncompliance activity, and has processes in place to take appropriate disciplinary action against those who violate or infringe the Global Code of Conduct or laws and regulations.

Our Global Compliance Office further increases the rigor of our compliance management. In addition, to enhance compliance at the regional level, standalone, independent, regional compliance officers are appointed in Japan-ASEAN, China, Americas, and AMIEO (Africa / Middle East / India / Europe / Oceania) regions.

\*1 Click here for more information on Global Anti-Bribery, Gifts and Hospitality Policy [https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Anti-Bribery\\_GH\\_e.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Anti-Bribery_GH_e.pdf)

\*2 Click here for more information on the Global Code of Conduct. [https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/NISSAN\\_GCC\\_E.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/NISSAN_GCC_E.pdf)

## Global Compliance Committee organization (As of April 1st, 2024)



## Global Code of Conduct

The Global Code of Conduct\*2 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.

In fiscal 2023, a new learning methodology was implemented in the Global Code of Conduct training, materials were created considering business scenarios and ethical dilemmas, delivered to all Nissan employees. The e-learning material for indirect employees was available in approximately 15 languages and the completion ratio was 98.9%. The training materials was prepared for direct employees (factory and warehouse workers) who watched videos for further conversation with leaders.

This Global Code of Conduct training is mandatory for all Nissan employees every year as well as Board members and Corporate officers, who receive specific training materials about the Code of Conduct. Compliance and dissemination status of Global Code of Conduct is self-assessed by responsible departments and independently evaluated by the internal audit. The results are reported annually to the Internal Control Committee and also to the Board of Directors.

## 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, is operated by an independent third party, NAVEX Global, which specializes in ethical hotlines. SpeakUp can be used by employees to ask questions or voice concerns to the company, thereby improving workplaces and operations. SpeakUp permits anonymous reporting and two-way confidential communication. It is available 24 hours a day, 365 days a year, in approximately 20 languages via website. SpeakUp is promoted to employees through various internal communication means, such as posters, intranet banners, internal articles, and events such as Nissan's annual Ethics Day. Employees are encouraged to report violations of the Global Code of Conduct or other company rules, and are protected from retaliation by our Global Whistleblowing Policy, a cornerstone of our compliance program.

Reports are assigned by compliance personnel to the appropriate team for handling, such as HR, security, or legal. Compliance cases are handled by independent compliance officers, and substantiated cases are presented to a cross-functional compliance committee.

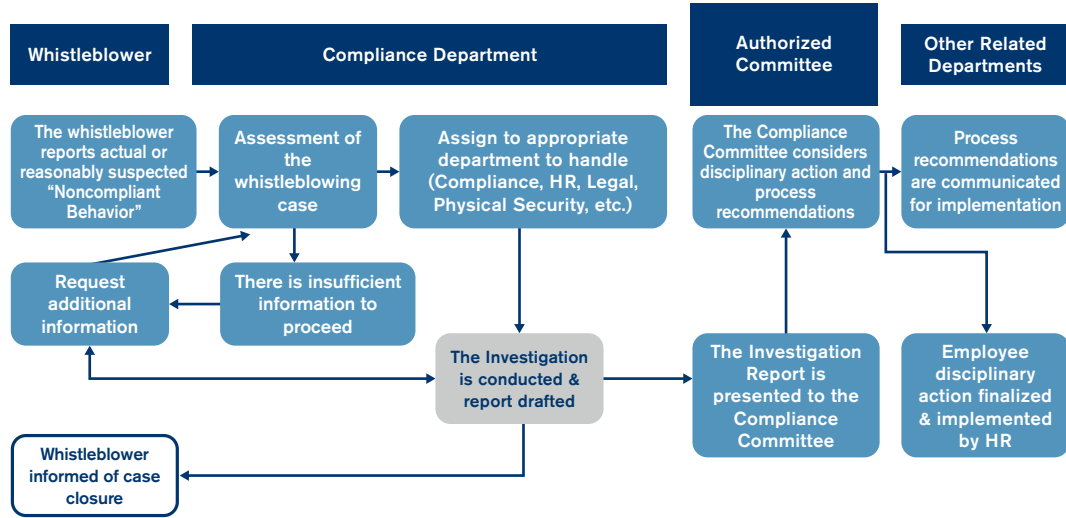
In fiscal 2023, 2,424 concerns were reported globally. Among those, 18% were compliance-related matters while 62% were human resource related. These figures include 343 inquiries, making "Inquiry" the most common report category. In addition to inquiries, the most recurrent types of reports are "Offensive or Inappropriate Communication", "Human Resource Concern", and "Other Company Policy

\*1 Each Regional Compliance Committee oversees various local compliance committees as appropriate.

\*2 Click here for more information on Global Code of Conduct. [https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/NISSAN\\_GCC\\_E.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/NISSAN_GCC_E.pdf)

Violations". Measures taken range from termination of employment to procedural improvements.

### Global Whistleblowing System (SpeakUp) Process



## 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 regions where we operate to keep sensitive goods, software, and technologies from reaching sponsors of terrorism, espionage, or human rights violators. 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 respond in a timely manner to export control regulation changes and related developments around the world. Several of our focal points this fiscal year has been the continued management of various geopolitical issues (i.e., Russia / Ukraine, Israel / Hamas, Forced Labor) and the quickly changing regulatory landscape as well as global digitalization of our Intranet site, Due Diligence and Export Classification processes.

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. We are revamping our mandatory training for all employees and will deploy during fiscal year 2024.

We have been addressing export control of advanced technologies on a global level to prepare for the future of the company. We continue to promote export control for advanced technologies, such as electrification, autonomous

driving and connected car technologies at Nissan sites in Japan, the U.S., and Europe as well as other locations around the world.

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 sharing of this information.

## Global export control policy framework



## Commitment to tax transparency

### Approach to tax

In line with its Global Code of Conduct, Nissan is committed to complying with the laws and regulations of all countries in which Nissan operates, as well as with international tax treaties and tax-related financial reporting rules. To conduct business properly and efficiently in many markets across the globe, Nissan established a documented tax policy. The Tax Governance Policy\*2 is available on Nissan global website.

Nissan is consistently fulfilling all tax disclosure requirements under domestic and international rules (such as OECD Country-by-Country Reporting) and other country specific transparency requirements such as those in Australia or the U.K.\*3.

Nissan effectively manages its tax risks by involving its Tax Department 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 on a timely basis. Input from the Tax Department is particularly critical in relation to transactions, restructurings, legal entity modifications, legislative changes and other business changes, as necessary to support Nissan's business strategy. Through a formal delegation of authority process, the Tax Department validates key business decisions from a tax perspective, thereby ensuring the tax strategy is aligned with the wider business objectives, in a consistent and timely manner.

Nissan applies established international standards (such as those developed by the Organisation for Economic Cooperation and Development (OECD)) for the pricing of transactions between the companies within the group. Intercompany transactions are priced on an arm's-length

basis, which means that Nissan entities transact with each other as if they were independent entities.

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 with local and international tax rules.

Nissan's business is structured according to the commercial substance of its operation. No artificial or unusual business structures are used to evade taxes. Nissan does not engage in any transaction aimed at tax avoidance or not aligned with its normal course of business.

The CFO reviews and approves the tax strategy and the Tax policy. The Global Head of Tax and the CFO update annually the Board of Directors on Nissan's tax risks, its risk management tools and overall adherence to the group's tax strategy.

### Tax management

Nissan effectively manages tax risks within the group by participating in and through the delegation of authority process at local, regional, and global 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, distribution and financing operations are of paramount importance.

Nissan seeks to close tax audits by reaching an agreement with the tax authorities on the appropriate tax treatment of items under review. In case Nissan is unable to reach an agreement with the tax authorities, Nissan will take necessary actions to defend its tax positions, including seeking recourse to litigation.

Nissan has several methods for identifying and managing tax risks.

\*1 AMIEO (Africa / Middle East / India / Europe / Oceania)

\*2 Click here for more information on the Tax Governance Policy. [https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Tax\\_Governance\\_Policy\\_e.pdf](https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/ASSETS/PDF/Tax_Governance_Policy_e.pdf)

\*3 Click here for more information on Nissan's U.K. tax strategy. <https://www.nissan.co.uk/legal/nissan-uk-tax-strategy.html>

For example, the Tax Department maintains a global database containing a list of the group's ongoing audits, uncertain tax positions and topics that may represent a tax risk in the future (such as new tax rules and inconsistent application of existing rules by tax authorities). It includes all potential tax risk: both direct and indirect taxes. All such risk items are extensively documented and qualified. Reports can be produced as needed and key findings are discussed quarterly with global senior management.

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 Interpretation No. 23 of the International Financial Reporting Interpretations Committee (IFRIC 23). Nissan adopted IFRIC 23 from the beginning of fiscal 2019.

Regarding transfer pricing topics, Nissan's Tax Department has internal procedures and controls in place to identify transfer pricing risks, assess, monitor, and mitigate such risks, and report material risks to all stakeholders. Profitability by product basis and by company basis is monitored regularly to identify potential risks. Once identified, the risks are reported to Nissan's finance leadership team. 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 following departments, at local, regional, and global level: Tax, Compliance, and Internal Audit. Global policies on tax governance and control are published on Nissan's internal website and available to all employees globally. The Compliance Department checks with the Tax Department regularly to assess how the policies are enforced and whether they reflect the latest business operations in Nissan.

The Compliance Department also conducts tax compliance risk assessments to ensure that compliance risks are understood, evaluated and mitigated. The compliance risk assessment results are presented to the Global Compliance

Committee, chaired by the CEO, for information, discussion and direction.

Nissan has a hotline which is called SpeakUp where employees can anonymously report unethical or illegal activities they have witnessed or that they suspect may exist. It is a means to bring potential tax-related violations to the attention of management.

## Stakeholder engagement and management of concerns related to tax

Nissan seeks to build and maintain long-term, open, and constructive relationships with national tax authorities by proactively engaging with them, as well as other governmental and 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 regularly engages with policy makers to support the development of tax rules and regulations based on sound tax policy principles that reflect the business reality of its operations. Nissan also provides technical input to industry groups and international economic organizations, such as the Tax Executives Institute (TEI) and the Business and Industry Advisory Committee to the OECD. As a Japanese automaker, Nissan is a member of Keidanren, one of Japan's major private-sector business associations and 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 Department will ensure that such questions are answered in a satisfactory way.

## Corporate income tax by main market

Nissan discloses the corporate tax paid globally, with domestic and international breakdown by main markets.

FY2023 (billions of yen)

	Japan	The United States	China	Mexico	Other	Total
Income Tax paid	8.3	105.2	50.3	30.2	32.1	226.1