

Governance

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Governance Policies and Philosophy

Recent changes in the external environment such as semi-conductor shortage, supply chain disruptions, and raw material price hikes, which were triggered by multiple factors including COVID-19 variants, as well as geopolitical risks such as the friction between the U.S.A. and China and the situations in Ukraine have a major impact on all industries and over the world. As such, the risks that companies face are becoming ever more complex and require finely tuned management.

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*1 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*2, which is rigorously followed by 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

*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

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Corporate Governance

Corporate Governance System in Detail

Nissan has caused inconvenience and concern to its stakeholders due to the misconduct by the former management that occurred in 2018. We recognize that this was caused by an excessive concentration of authority and a lack of transparency in governance, and we are working to prevent a recurrence by raising awareness within the Company and improving governance to ensure that this will not recur.

In December 2018, we established the “Special Committee for Improving Governance”, which consists of three independent outside directors and four independent third-party committee members. In June 2019, in line with the recommendations of the committee, we transitioned from a “company with auditors” to a “company with three statutory committees”. This 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 to reflect diverse viewpoints in management and to further strengthen the supervisory function. The Board of Directors has established three committees: the Nominating 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 the majority of each committee, with the Compensation Committee in particular comprised only of outside directors. Officers and employees, including executive officers, will sincerely respond to this supervision, oversight and auditing by the Board of Directors

and other corporate bodies. Furthermore, 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 corporate governance system that maintains management transparency. The system allows us to implement various monitoring systems, as well as to assess and manage risks that could prevent us from achieving our business goals.

Corporate governance is an important fundamental for Nissan, and we will continuously strengthen our global management system together with our overseas bases. More importantly, 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. Under our long-term vision Nissan Ambition 2030, we aim to transform Nissan into a sustainable company that is truly needed by its customers and society, by expanding the opportunities of mobility and society while delivering exciting electrified vehicles and technological innovations. We are committed to regaining the trust of our stakeholders by changing our corporate culture, acting with transparency and an attitude of respect and deference, from executives to employees.

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

* Click here for more information on the Corporate Governance Guidelines.
https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Guidelines_EN.pdf

* Click here for more information on governance data.
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Strengthening Corporate Governance System

Nissan transitioned to a three statutory-committee format, establishing nomination, compensation, and audit committees, and is working to strengthen governance under the following points.

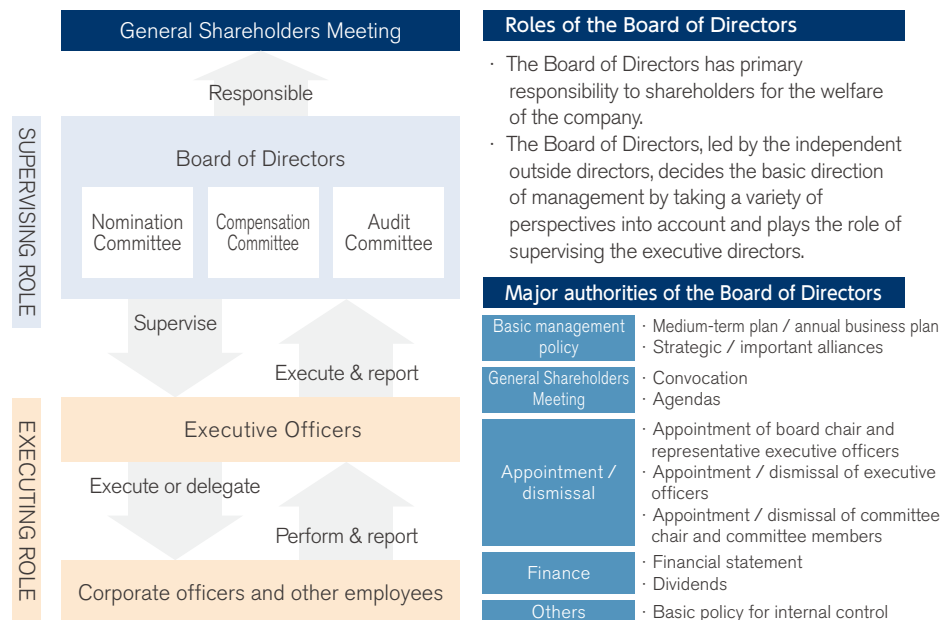
New System Key Points

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

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

Role of The Board of Directors



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Board of Director Skills Matrix

The Board of Director Skills Matrix was updated in April 2022 as follows.

“Governance” “CSR” : Integrated as “ESG” (aiming sustainable business operations by associating E / S / G)

Digital Transformation “DX” : newly added (aiming business operations including CASE*)

*CASE: C = Connected, A = Autonomous, S = Sharing services, E = Electrification

| | | Global Management | Automobile Industry | Government | Legal / Risk Management | Finance / Accounting | ESG | Products / Technology | Sales / Marketing | Digital Transformations |
|----|-----------------------|-------------------|---------------------|------------|-------------------------|----------------------|-----|-----------------------|-------------------|-------------------------|
| 1 | Yasushi Kimura | ○ | | | | ○ | ○ | ○ | ○ | |
| 2 | Jean-Dominique Senard | ○ | ○ | ○ | | ○ | ○ | | | |
| 3 | Masakazu Toyoda | ○ | ○ | ○ | ○ | | ○ | | | |
| 4 | Keiko Ihara | ○ | ○ | | | | ○ | ○ | ○ | ○ |
| 5 | Motoo Nagai | ○ | ○ | | ○ | ○ | ○ | | | |
| 6 | Bernard Delmas | ○ | ○ | | | | ○ | ○ | ○ | |
| 7 | Andrew House | ○ | | | | ○ | ○ | ○ | ○ | ○ |
| 8 | Jenifer Rogers | ○ | | | ○ | ○ | ○ | | | ○ |
| 9 | Pierre Fleuriot | ○ | | ○ | ○ | ○ | ○ | | | |
| 10 | Makoto Uchida | ○ | ○ | | ○ | ○ | ○ | ○ | | ○ |
| 11 | Ashwani Gupta | ○ | ○ | | | ○ | ○ | ○ | ○ | ○ |
| 12 | Hideyuki Sakamoto | ○ | ○ | | ○ | | ○ | ○ | | ○ |

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Status of Board of Directors' Activities

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

- Business execution status update and progress report on the Nissan NEXT transformation plan
- Formulation of long-term vision Nissan Ambition 2030
- Activity report on internal control and risk management
- Revisions to the Corporate Governance Code
- Proposals for transitioning to a new market segment on the TSE, etc.

Additionally, to enhance Board of Director discussions, regular meetings with outside directors that are chaired by the lead independent outside director are held to discuss a wide range of matters related to Nissan corporate governance and business. Examples include executive business briefings, site inspections, sustainability and D&I initiatives and governance lectures. In the fiscal year under review, two meetings were held between independent outside directors and accounting auditors on economic security, market perspectives on ESG and electrification, and new data security legislation.

* 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 Directors' activities in fiscal 2021.

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Board of Director Member Responsibilities and Duties

| Independent outside director | | Director | |
|---|---|--|--|
| <p>Yasushi Kimura</p>  <p>Independent outside director Chair of the Board of Directors</p> <p>Nomination Audit</p> <p>Director since June 2019</p> | <p>Jean-Dominique Senard</p>  <p>Director Vice-Chair of the Board of Directors</p> <p>Nomination</p> <p>Director since Apr 2019</p> | <p>Masakazu Toyoda</p>  <p>Independent outside director Lead independent outside director Chair of Nomination Committee</p> <p>Nomination Audit</p> <p>Director since Jun 2018</p> | |
| <p>Keiko Ihara</p>  <p>Independent outside director Chair of Compensation Committee</p> <p>Nomination Compensation</p> <p>Director since Jun 2018</p> | <p>Motoo Nagai</p>  <p>Independent outside director Chair of Audit Committee</p> <p>Nomination Compensation Audit</p> <p>Director since Jun 2019</p> | <p>Bernard Delmas</p>  <p>Independent outside director</p> <p>Compensation</p> <p>Director since Jun 2019</p> | |
| <p>Andrew House</p>  <p>Independent outside director</p> <p>Nomination</p> <p>Director since Jun 2019</p> | <p>Jenifer Rogers</p>  <p>Independent outside director</p> <p>Compensation Audit</p> <p>Director since Jun 2019</p> | <p>Pierre Fleuriot</p>  <p>Director</p> <p>Audit</p> <p>Director since Feb 2020</p> | |
| <p>Makoto Uchida</p>  <p>Director Representative Executive Officer, President and Chief Executive Officer</p> <p>Director since Feb 2020</p> | <p>Ashwani Gupta</p>  <p>Director Representative Executive Officer, Chief Operating Officer</p> <p>Director since Feb 2020</p> | <p>Hideyuki Sakamoto</p>  <p>Director Executive Officer, Executive Vice President</p> <p>Director since Feb 2020</p> | |

*For Board of Director member personal histories, please refer to pages 19–25 of the Corporate Governance Overview (Version 3: Updated in December 2021)
https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview_EN.pdf

* For reasons behind the selection of Board of Director members, please refer to pages 12-15 of the Corporate Governance Report.
https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g_report.pdf

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Board Features

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 Board of Directors (7 out of 12) are independent outside directors

Committee

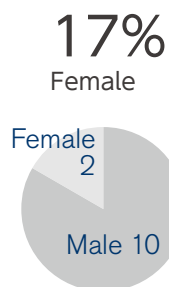
- Nomination Committee : Majority (5 out of 6) are independent outside directors
- Compensation Committee : All (4 out of 4) are independent outside directors
- Audit Committee : Majority (4 out of 5) are independent outside directors

Diversity of nationality and gender

Nationality

5 Nationalities

Gender



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:

| 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 |

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 Motor Company Director Independence Standards.

https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Standards_EN.pdf

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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 of Board of Directors' chair and vice chair · Proposal of appointment / dismissal of committee chair and members |

As of March 31, 2021, 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 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.

Nomination Committee: Number of meetings and participation rate in Fiscal 2021

- The Nomination Committee met 7 times in fiscal 2021.*
- Average participation per meeting was 97.6%.

* From April 1, 2021 to March 31, 2022

Main Activities in Fiscal 2021

- Deliberated proposals for representative executive officer appointments
- Deliberated proposals for director appointments / dismissals at the 123rd Ordinary General Meeting of Shareholders
- Deliberated president and chief executive officer succession plan

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Compensation Committee System and Authority

| Authority / Role | Resolution Items |
|--|--|
| <ul style="list-style-type: none"> · 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 | <ul style="list-style-type: none"> · Policies and systems regarding compensation for directors and executive officers · 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, 2021, all four members of the Compensation Committee are independent outside directors (of whom two are women), 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.

Compensation Committee: Number of meetings and participation rate in Fiscal 2021

- The Compensation Committee met 12 times in fiscal 2021.*
- Average participation per meeting was 100%.

* From April 1, 2021 to March 31, 2022

Main Activities in Fiscal 2021

- 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
- Add new performance indicators for sustainability in the performance-based cash incentives that form a part of the long-term incentive program

* Please refer to the 2021 Securities Report (P59-67) for details on the performance indicators of the compensation program.

<https://www.nissan-global.com/EN/IR/LIBRARY/FR/2021/ASSETS/PDF/fr2021.pdf>

* Click here for more information on the executives' role and performance assessment >>> [P019](#)

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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, 2022, 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, 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.

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Audit Committee: Number of meetings and participation rate in Fiscal 2021

- The Audit Committee met 15 times in fiscal 2021
- Average participation per meeting was 100%

* From April 1, 2021 to March 31, 2022

Main Activities in Fiscal 2021

- Responded to a lawsuit for damages filed by the former chairman and former representative director respectively as the defendants, sought liability for other serious misconduct by the former chairman and implemented appropriate measures to recover from the damage
- Created an internal control system for risk management, cybersecurity, and other areas, held hearing for individual reports on management conditions
- Held hearing on quarterly review results for the current fiscal year reported by the accounting auditor
- Exchanged opinions with the independent auditor on key audit considerations (KAM) and digital auditing initiatives
- Audited by the Board of Directors to confirm auditing function effectiveness
- Visited Nissan facilities as well as major domestic and overseas subsidiaries (2 bases and 21 companies: including virtual visits online)
- Held liaison meetings with corporate auditors of group companies for the purpose of improving the audit quality at each group company (including virtual visits online)

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, 2022, six executive officers (including two representative executive officers) have been appointed.

* Click here for more information on each executive officer.

<https://www.nissan-global.com/EN/COMPANY/PROFILE/EXECUTIVE/>

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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 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.

* Please refer to the Nissan Corporate Governance Overview for details on the internal control system (P53).

https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview_EN.pdf

Audit System

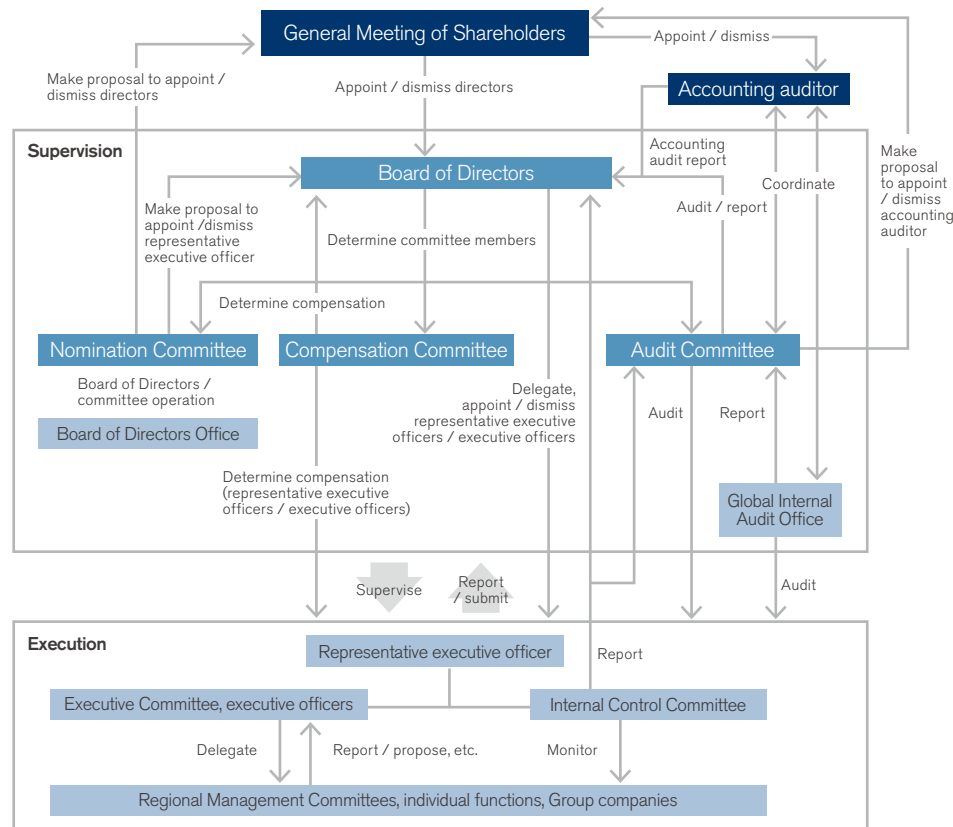
We have adopted a system under which the outside directors, Auditing Committee, department for internal audit, and outside accounting auditors coordinate to improve the effectiveness of our internal control systems. Independent outside directors lead our Board of Directors, deciding the basic direction 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

The Company has the global internal audit function, 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, and IT and *monozukuri* auditing which requires a higher level of expertise, global specialty audit leadership was set up to conduct related audits across the regions. Under the control of the Chief Internal Audit Officer, all audits are carried out efficiently and consistently on a global basis.

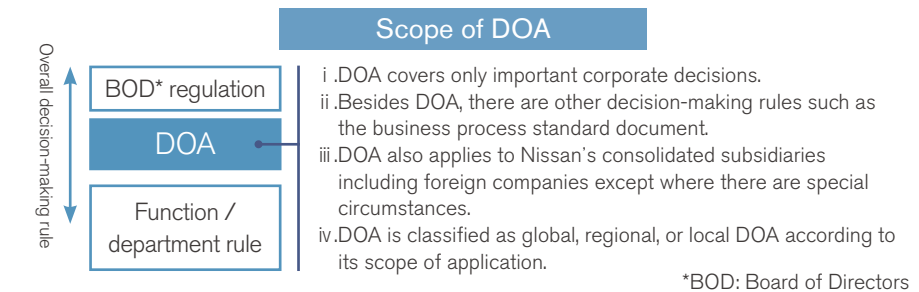
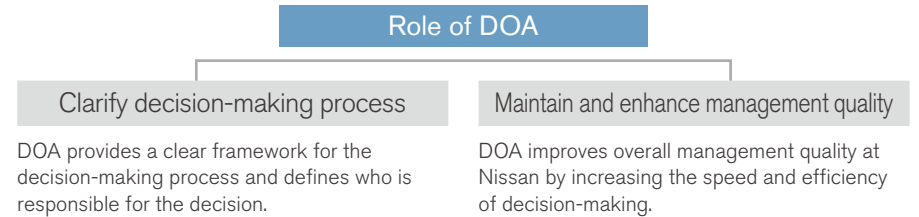
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Nissan's Corporate Governance System



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 subsidiary 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 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  | 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 |

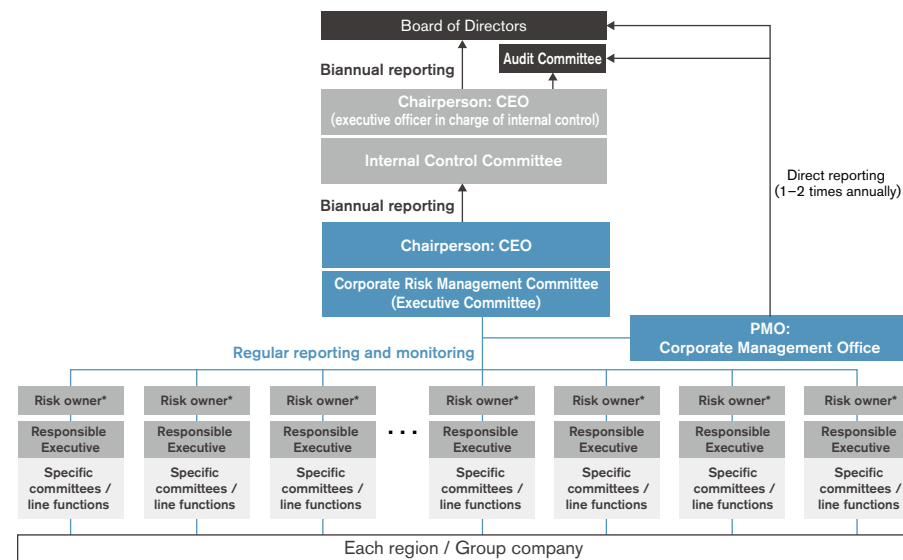
* Click here for more information on the Corporate Governance Report.
https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g_report.pdf

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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 groupwide 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. To respond to changes in our business environment within and outside the company, we have reviewed the risk management process and carried out annual interviews of corporate officers and conducted hearings in each corporate function by department in charge of risk management, carefully investigating various potential risks and revising 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. 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 Corporate Risk Management Committee and the Internal Control Committee, and also to the Audit Committee and the Board of Directors, when appropriate.



* In principle, risk owners are Executive Committee members. (As of March 31, 2022)

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. In addition, Nissan has established a system to comprehensively respond to business continuity risks by creating 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

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strengthening communication to share basic processes and tools for risk management, as well as related information, throughout the Group. In line with the reorganization of management committees in each region where the Nissan Group operates starting in fiscal 2020, we are reassessing and restructuring risk management implementation and cooperation methods between regional management divisions and the Global Headquarters.

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.

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.

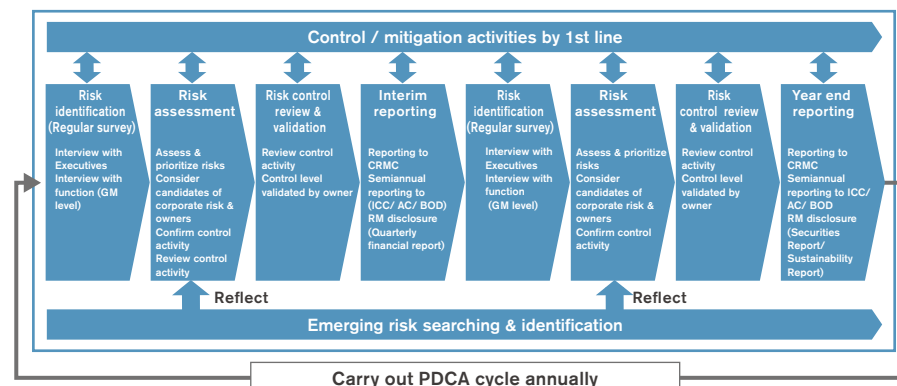
Based on the principle “three lines of defense” as a systematic enhancement, the PMO of Risk Management was precisely positioned to function as the second line and the personnel system was enhanced.

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 the environment, human rights, and sustainability, 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, 2022)

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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 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.

We are aware that, more than ever, transparency, privacy, and integrity of information are essential values in building and maintaining customer trust in the Nissan brand. We formulated the Basic Policy on Customer Privacy to ensure a unified global approach to the use of customer data and privacy information. This policy ensures that the handling of information is consistent and treated as an important duty at all Nissan sites. This new policy sets out Nissan's commitment to privacy and its basic privacy policy. There were no major instances of loss or leaking of personal information at any Nissan Group company during fiscal 2021.

* Click here for more information on Financial Information "Business and other risks" (P18-P24).
<https://www.nissan-global.com/EN/IR/LIBRARY/FR/2021/ASSETS/PDF/fr2021.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.

In fiscal 2021, new global policies, including the Global Whistleblowing Policy and Global Conflict of Interest Policy, were released. The second Nissan Ethics Day was held globally on December 9 to enhance a culture of ethics and compliance in the company.

Enhancing Compliance

Preventing a Recurrence 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 was carried out, and since fiscal 2019, the Global Compliance Office and relevant functions monitor 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. In fiscal 2021, we have started compliance monitoring in all the regions.

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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 Control Self-assessment for dealerships to enhance understanding of compliance matters and improve their compliance management status. We supply check items which is reflected 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.

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/SUSTAINABILITY/LIBRARY/ASSETS/PDF/NIS_SUS2013E_POLICY.pdf

Click here for more information on the Avoidance of Conflict of Interest.
[>>> P178](#)

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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, use of social media, and customer privacy. 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/SUSTAINABILITY/LIBRARY/ASSETS/PDF/NISSAN_GCC_E.pdf

Business Ethics

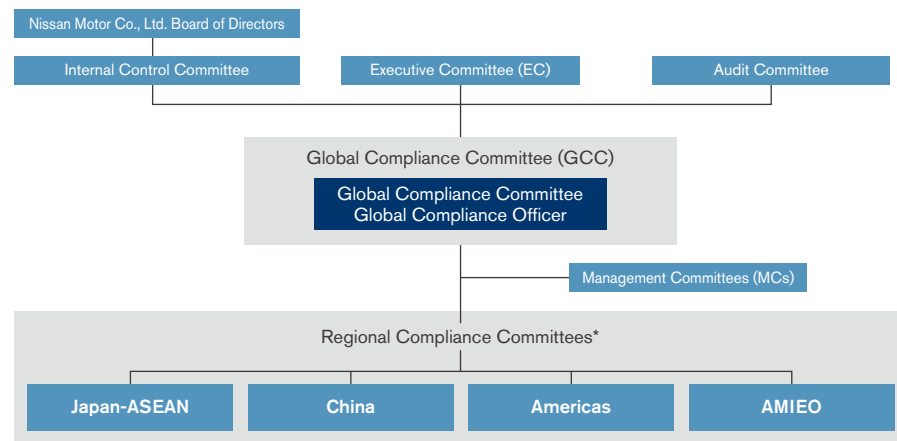
Business Ethics: Policies and Philosophy

Employees and Compliance

Nissan's sustainability efforts are based on each employee's ability to do their 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. 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 is 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 illegal and unethical behavior. The 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, standalone, independent, regional compliance officers are appointed in Japan-ASEAN, China, Americas, and AMIEO (Africa / Middle East / India / Europe / Oceania) regions.

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Global Compliance Committee Organization (As of April 1, 2022)



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

Global Code of Conduct

The 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 2021, updated Global Code of Conduct training material was delivered to all regions. The e-learning material for indirect employees was available in approximately 20 languages. The global completion ratio of indirect employees was 96.1%. Factory-focused training material was prepared for factory workers, who received the training via regular shift-start messaging or in a seminar setting. The global completion ratio of factory workers was 97.8%. This global Code of Conduct training is mandatory for all Nissan employees every year as well as Board members and Corporate officers.

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.

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① Comply with All Laws and Rules

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

② Promote Safety

Nissan is committed to 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, their passengers and pedestrians, and to do so Nissan Employees should continually promote safety of Nissan products and their safety measures, and raise awareness of road safety.

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 and inclusion 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 and 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 such as dealers. 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 2021, 1,764 concerns were reported globally. Among those, 19% were compliance-related matters while 54% were human resource related. The most recurrent types of reports are “Human Resource Concern”, “Offensive or Inappropriate Communication”, and “Other Company Policy Violations”.

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 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 recognize our responsibility for compliance with all regulations related to export controls on goods, software, and technologies in our areas of operation. In 2021, we are in the process of reviewing and updating our Global Export Regulatory Compliance Policy to ensure proper compliance with such regulations across the Nissan Group. Based on the global policy, we continue to develop and enhance regional policies for each of the regions where we operate. We have reviewed impact of the new regional structure under Nissan NEXT, and made applicable adjustments. 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 dual use export control list, and moves to deploy export control regulations in China, Thailand, and India.

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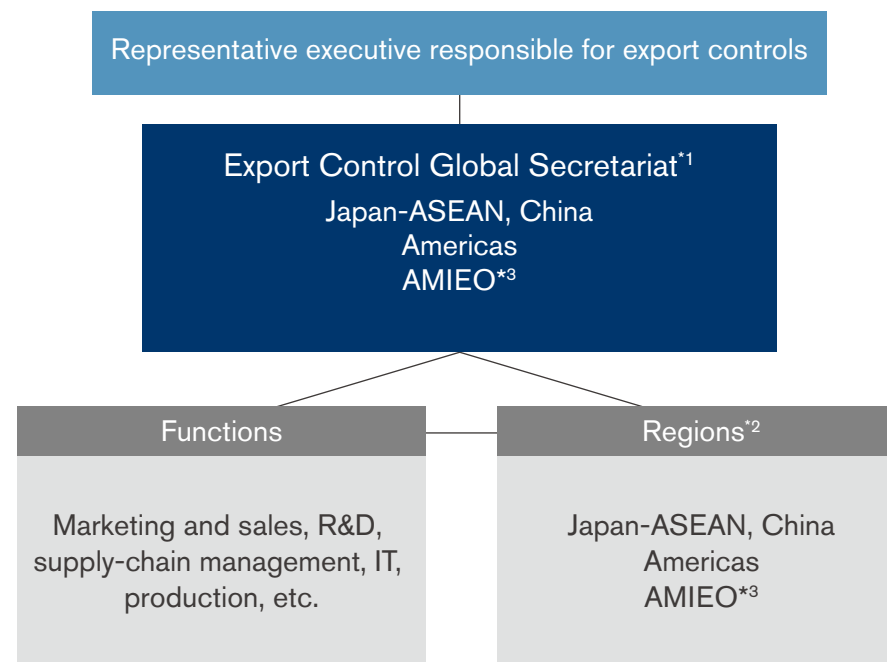
With the overall aim of improving our level of internal control, we strive to conduct regular risk-assessment activities in connection with export controls in each region, create monitoring mechanisms aligned with regulatory requirements and business demands, and continually improve our operations. To 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 (Africa / Middle East / India), and China completing this training. In fiscal 2020, A&O (Asia / Oceania) completed mandatory training and Europe completed the training in fiscal 2021.

We have been addressing export control of advanced technologies 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 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, where warranted.

At our development sites in Japan, we are improving our classification process for sensitive goods, software, and technologies using IT systems. At our research sites in the U.S., we continue to further enhance and develop Technology Control Plans for our Battery lab and Alliance Innovation Lab Silicon Valley.

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



*1, *2 Regional structure under Nissan NEXT.

*3 AMIEO (Africa / Middle East / India / Europe / Oceania)

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Nissan's Commitment to Tax Transparency

Nissan's 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. In order to conduct business properly and efficiently in many markets across the globe, Nissan established a documented tax policy from 2015. The policy is continuously revised in order to keep up with the legislative and regulatory changes. The policy includes details of Nissan's governance arrangements, tax risk management strategy and its approach to dealing with tax authorities. 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 like those in Australia or the U.K.*.

Nissan effectively manages its tax risks by involving the 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, 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 championed by the OECD) to its dealings between the companies within the group. Intercompany transactions are priced on an arm's-length basis, which means that Nissan entities trade 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.

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 more information on Nissan's U.K. tax strategy.
<https://www.nissan.co.uk/legal/nissan-uk-tax-strategy.html>

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Nissan's 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 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 reach an agreement with the tax auditors, 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 Tax Department's tool for central documentation and quantification of tax risk. It includes all tax exposure: both direct and indirect taxes. Key findings are discussed quarterly with top 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.

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. SpeakUp is a means to bring tax-related incidences to the attention of management.

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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.

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 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.