

Corporate Governance & Internal Control



It is essential for Nissan to enhance its corporate governance policies as it fulfills its corporate social responsibilities. We strive to maintain a high level of management transparency by disclosing to stakeholders our business goals and guidelines that clearly indicate management responsibility, and by sharing information on our progress toward these goals as promptly as possible. As a company we will work to continue earning the trust of our stakeholders.

Pillars of Activity

Nissan's approach to corporate governance is founded on three cornerstones: compliance built on the high ethical standards of all employees, efforts to bolster information security and an effective and appropriate risk management system. Our offices and factories around the world work together to support educational activities, ensuring that all employees are properly trained and understand the issues involved.

1. Compliance

Compliance built on the high ethical standards of all employees is integral to promoting CSR. To foster compliance awareness throughout the company, Nissan has established specialized departments and placed officers in charge of promoting compliance policy in each region where it operates.

2. Risk Management

At Nissan, we define risk as anything that might prevent us from achieving our business goals. By detecting risk as early as possible, examining it, planning the necessary measures to address it and implementing those measures, we work to minimize the materialization of risk and the impact of damage caused should it arise.

3. Information Security

Nissan shares its Information Security Policy with group companies worldwide and implements necessary measures through the Information Security Committee, bolstering its capability to prevent information leaks and other such incidents. Furthermore, we carry out various in-house programs every year to thoroughly educate and motivate employees to uphold their responsibilities in this regard.

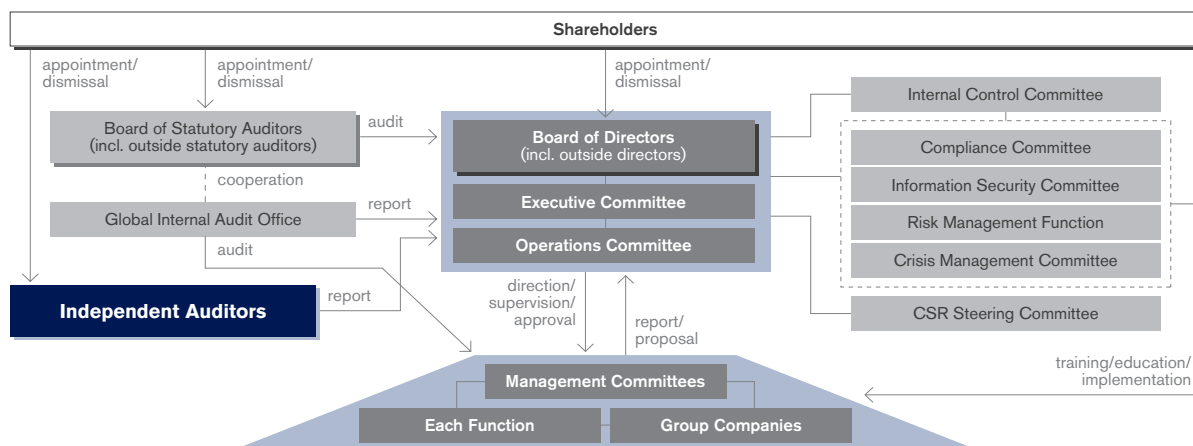
Internal Control Systems and Compliance

Internal Control Systems

Nissan places high value on transparency, both internally and externally, in its corporate management. We focus consistently on the implementation of efficient management for the purpose of achieving clear and quantifiable commitments. In line with this principle, and in accordance with Japan's Companies Act and its related regulations, the Board of Directors has decided on the Internal Control Systems to pursue these goals and on its own basic policy. The board continually monitors the implementation status of these systems and the policy, making adjustments and improvements as necessary. One board member has also been assigned to oversee the Internal Control Systems as a whole.

Nissan has adopted a system under which the Board of Statutory Auditors oversees the Board of Directors. The Statutory Auditors attend board and other key meetings, and also carry out interviews with board members to audit their activities. The Statutory Auditors regularly receive reports on the results of inspections and plans for future audits from independent accounting auditors, as well as exchange information to confirm these reports. The Statutory Auditors also receive regular reports from the Global Internal Audit Office, making use of this information for their own audits.

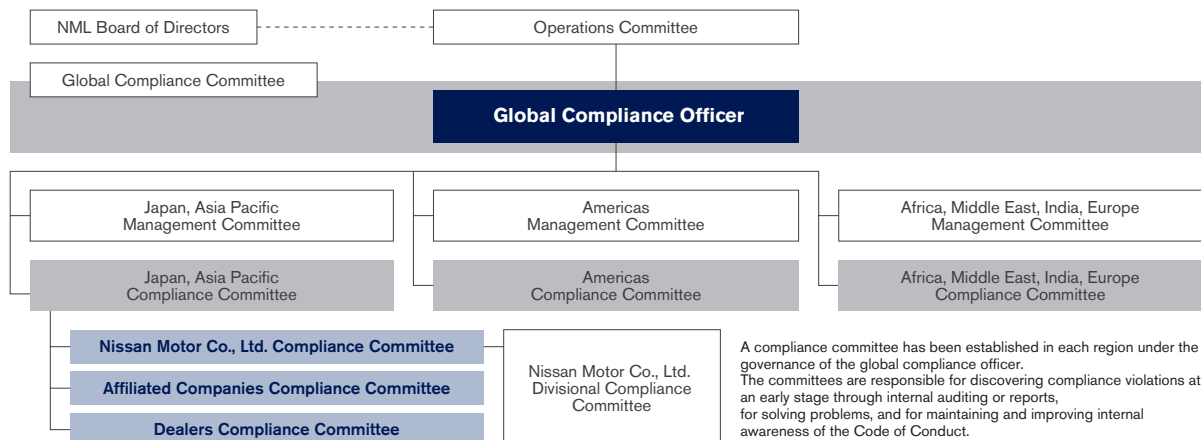
Nissan's Internal Governance System



Legal Compliance Framework

Nissan's CSR approach is founded on compliance with a strong sense of ethics held by each and every employee. We produced the Nissan Global Code of Conduct in 2001, outlining a set of guidelines for all employees of the Nissan Group worldwide to put steadily into practice. We also produced guidance for directors and corporate officers regarding compliance, and we hold regular seminars and educational activities to ensure strict adherence to the rules. Under the oversight of our Global Compliance Committee, we have established three regional compliance committees to form a system for preventing illegal and unethical behavior worldwide. To enhance legal and ethical compliance, we are working with coordination among all regions and bases of operation to ensure full awareness of compliance issues and engage in prevention of illegal activities.

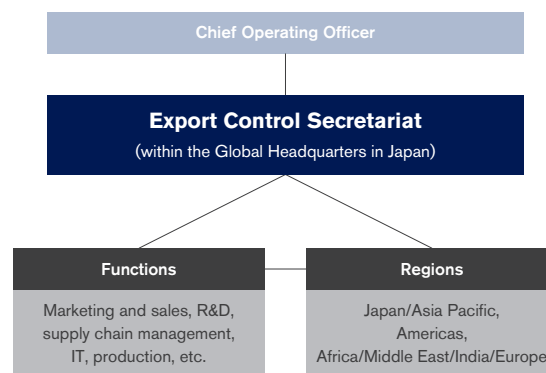
FY2012 Global Compliance Committee Organization



Security-Related Export Controls

Nissan thoroughly complies with the laws and regulations of Japan and the other countries where it does business, giving full consideration to the requirements of the international community. Part of this effort includes the company's initiatives aimed at contributing to global peace and security. Nissan has established export control rules to prevent the proliferation of weapons of mass destruction, conventional weapons and any products or technologies used for their development. In line with these rules, Nissan implements export controls under an independent system headed by the company's chief operating officer. Affiliated companies also strictly adhere to the same export control rules, thereby enhancing the entire Nissan Group's level of compliance.

Global Export Control Policy Framework



Global Compliance Education for Employees

To foster compliance awareness throughout the company, Nissan has established groups and placed officers in charge of promoting compliance policy in each region where it operates. We focus particularly on education to give all employees a correct understanding of the Code of Conduct so that they make fair, transparent judgments in the course of their duties.

To ensure full understanding of the code in Japan, all employees, including executives, take an e-learning or video training course based on the Japanese version of the Nissan Code of Conduct—"Our Promises," revised most recently in October 2010—after which they sign an agreement to abide by it. In this way we seek to ensure across-the-board understanding, making all our people more deeply aware of compliance issues.

A number of education programs to promote compliance are held regularly for employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. We are also carrying out compliance-related training in other regions based on guidelines that take into account conditions in each country. Moreover, all group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct. The Nissan Code of Conduct is reviewed every three years and was updated most recently in fiscal 2010. In August 2011, we established a global social media policy. This policy is applied to all employees worldwide including personnel at our sales and affiliated companies, and we are working to boost employee awareness of its guidelines.

Additionally, we have created sets of internal regulations globally covering the prevention of insider trading, personal information management, record management and prevention of bribery and corruption. With these regulations in place, Nissan is working to prevent compliance infractions.

Global Code of Conduct for Nissan Group

Principle

The following standards apply to all employees in Nissan Group companies (collectively herein referred to as "Nissan" or "Company"). Each member of the Company is charged with responsibility to uphold and extend this code of conduct.

Global Code of Conduct

1. Comply with All Laws and Rules

Nissan employees will abide by all laws of the country, and all regulations of the Company, in which they work.

2. Avoid Conflict of Interest

The best interests of Nissan are expected to be foremost in the minds of employees. It is prohibited to behave, act or use information in a way conflicting with Company interests.

3. Preserve Company Assets

Nissan employees are personally accountable for preserving and safeguarding Company assets. Unauthorized use or diversion of Company assets, including funds, information and intellectual property, is prohibited.

4. Be Impartial and Fair

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

5. Be Transparent and Accountable

Nissan employees shall make fair, transparent, timely and appropriate disclosure of the Company's business activities to our stakeholders, including stockholders, customers, other employees and local communities.

6. Value Diversity and Provide Equal Opportunity

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

7. Be Environmentally Responsible

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

8. Be Active; Report Violations

Nissan employees are expected to carry out their work in accordance with the Code of Conduct. Employees who suspect that a violation of the Code of Conduct has occurred are obligated to report it as soon as possible, and such employees shall be protected from retaliation.



We also publish the Global Code of Conduct on our website.

http://www.nissan-global.com/EN/COMPANY/CSR/CORPORATE_GOVERNANCE/index.html

Our Stance Against Discrimination and Harassment

Item 6 of Nissan's Global Code of Conduct, "Value Diversity and Provide Equal Opportunity," is our requirement to accept, value and respect the diversity to be found among our employees, business partners, customers and communities where we do business, and to reject discrimination and harassment in all their forms, no matter how minor they may be. Nissan executives and employees must respect the human rights of others, and may not discriminate against nor harass others based on race, nationality, gender, religion, physical capability, age, place of origin or other reason; nor may they allow such a situation to go unchecked if discovered. We also work to ensure that all employees, both male and female, can work in an environment free from sexual and other forms of harassment.

Internal Reporting System for Corporate Soundness

To promote thorough understanding of compliance among all employees worldwide and to facilitate sound business practices, Nissan employs a variety of internal reporting mechanisms. These allow employees to submit opinions, questions or requests to the company, thereby improving workplaces and operations as well as fostering a compliance-oriented corporate culture. In Japan our Easy Voice System, which offers full protection to any persons offering information in accordance with Japan's Whistleblower Protection Act of April 2006, has become an integral part of operations in all Nissan Group companies in the country.

Independent Internal Audits

Nissan has established a global internal audit unit, an independent department under the direct control of the chief operating officer, to handle internal auditing tasks. Under the control of the chief internal audit officer, audit teams set up in each region carry out efficient, effective auditing of Nissan's activities on a groupwide and global basis.

Risk Management

Principles for and Approach to Corporate Risk Management

For Nissan, the term *risk* refers to any factor that may prevent the Nissan Group from achieving its business objectives. By detecting risk as early as possible, examining it, planning the necessary measures to address it and implementing those measures, we work to minimize the materialization of risk and the impact of damage caused should it arise. Risk management must be a real-world activity closely linked at all times with concrete measures. Based on its Global Risk Management Policy, Nissan carries out activities on a comprehensive, groupwide basis.

In order to respond swiftly to changes in its business environment, Nissan has set up a department in charge of risk management, which carries out annual interviews of corporate officers, carefully investigating various potential risks and revising the company's "risk map" in line with impact, frequency and control level. An executive-level committee makes decisions on risk issues that must be handled at the corporate level and designates "risk owners" to manage the risks. Under the leadership of these owners, the company designs appropriate countermeasures. Finally, the board member in charge of internal controls (currently the chief operating officer) regularly reports to the Board of Directors on progress being made.

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 do materialize. Nissan Group companies in Japan and overseas are strengthening communication in order to share basic processes and tools for risk management, as well as related information, throughout the group.

In addition, we have created an area on our intranet called "Companywide Risk Management." Information relating to risk management is also distributed to subsidiaries in Japan, North America, Europe and other overseas regions, and to important affiliated companies.

In October 2011, major flooding occurred in Thailand. Nissan was forced to halt operations in that area for four weeks due to the impact on the supply chain. However, using the experience we had gained after the Great East Japan Earthquake in March that year, we were able to keep our operation suspension period to a minimum and avoid undue impact on other factories. Nissan treats these events as valuable lessons. After looking back on how operations were handled, we shared the subsequent review with the entire company. New scenarios have been incorporated into the drills implemented in March 2012 by the Global Disaster Control Headquarters. We have made our drills more challenging and have checked the efficacy of the various measures we have planned with the aim of creating a more effective overall system.

The Current State of Nissan's Risk Management

Below we present some of our efforts to address Nissan's corporate risks.

1. Risks Related to Financial Markets

A. Liquidity

Liquidity is one of the fundamental risks affecting companies. The financial crisis of 2008 emphasized the importance of careful management of this risk. Nissan established a liquidity risk management policy and clear, objective guidelines for the level and type of funding needed for its business operations. Based on these, we have diversified risk in this area through a combination of well-diversified funding sources and limited reliance on short-term debt. We set targets for our liquidity in line with the liquidity risk management policy.

B. Financial markets

In financial markets, we are exposed to the risk of fluctuating commodity costs, foreign exchange rates and interest rates. As a long-term measure to address foreign exchange risk, Nissan is promoting the production of vehicles in markets where they are sold and the geographic optimization of its parts procurement. With respect to material costs, we are engaged in research to reduce the amount of rare metals used, among other steps. In the shorter term we may hedge against risk within certain ranges prescribed by internal regulations. We are also addressing interest rate risk by striking an appropriate balance between fixed and variable-rate financing.

C. Sales finance

In its sales financing operations, Nissan is exposed to interest rate fluctuations, the risk that financial receivables may not be recovered from customers or sales companies (credit risk), and risk in the form of fluctuating residual values for leased vehicles. With respect to interest rates, we calculate risk with statistical methods, controlling the interest rate maturities of both assets and liabilities to maintain the risks within acceptable levels. To address credit risk we gauge the creditworthiness of counterparties through careful assessments, implement appropriate measures for account receivable protection and maintain allowance as needed. For residual value risk, we work to define objective values in lease contracts and to maintain the value of our used vehicles, in addition to setting aside sufficient allowance to cover residual value losses.

D. Financial institutions, pension liability

Nissan maintains a certain level of assets with multiple financial institutions. To protect these assets, we have set up our own system for assessing creditworthiness, strengthening our position against the counterparties' credit risk.

We have established a pension committee consisting of members of senior management to oversee pension assets related to our retirement benefit systems. In its regular meetings, the committee makes decisions on asset management, discusses assessment of asset-managing institutions and their track records and addresses other issues.

2. Risks Related to Corporate Strategy, Competitiveness

A. Product strategies

Nissan's plans for future product lineups form the core of its future profitability and potential for sustainable growth. As part of our strategic product-planning process, we monitor a number of risk scenarios, including future shifts in global markets and demand levels, assessing their potential impact on the profitability of our entire lineup. We review these plans as necessary in order to help ensure profitable business and sustainable growth into the future.

B. Quality of products and service

One of the six pillars in Nissan's mid-term business plan, Nissan Power 88, is "Enhancing Quality." The entire group is committed to realizing this goal. For product quality, we constantly monitor our progress in quality improvement activities in each market. However, because an automobile is a very complicated, sophisticated engineering product, unexpected issues do sometimes occur and cannot be completely prevented. If a quality issue does arise once a model is in the market, we seek to understand it through analysis and take appropriate actions as necessary. We then move to thoroughly analyze the nature of the issue to avoid its occurrence in vehicles under development or in production.

In addition to rigorous quality assurance and field quality monitoring activities, Nissan has also established a framework for quality risk management. To ensure that our efforts being carried out today will continue into the future, we take a broad overview of the situation, revealing potential risks, assessing risk levels and designating officers to follow them up as called for. A Quality Risk Management Committee chaired by an executive vice president meets twice a year to discuss related issues.

C. Environment, climate change

The automotive industry is affected on a global basis by various regulations related to the environment and safety, such as those covering exhaust emissions, CO₂ and fuel efficiency, noise, recycling, etc., and related regulations are getting more stringent year by year. In this environment, one effective solution from a long-term perspective is widespread use of zero-emission vehicles. Nissan started sales of its 100% electric vehicle (EV), Nissan LEAF, in December 2010 in the United States and Japan and in March 2011 in Europe. Based on its commitment to becoming a zero-emission leader, the Renault-Nissan Alliance has been promoting zero-emission vehicles and building infrastructure, as well as forming partnerships with national and local governments and other industries.

Regarding the use of water resources, careful attention is necessary to the issues of resource depletion in certain geographical areas and further depletion in the future. Nissan recognizes the deep importance of this issue and is working to preserve water resources, such as by reducing water use and reusing water in our production processes and elsewhere.

In order to promote these environmental management approaches on a global basis, the Global Environment Management Committee (G-EMC) chaired by the chief operating officer (COO) makes decisions on general directions and presents proposals to the Executive Committee. The Global Environmental Planning Office decides concrete actions for each function and conducts effective activities to follow up on the progress based on the PDCA (plan, do, check, act) management cycle.

D. Compliance-related reputation

Nissan makes a range of efforts to foster a compliance-oriented mindset and to prevent compliance issues among its employees. We work to put various internal regulations in place globally covering such areas as the prevention of insider trading, personal information management, record management and prevention of bribery and corruption. By engaging in employee education programs and training activities on the importance of observing these internal rules and public laws, we seek to counter risks to the company's reputation.

3. Risks Affecting Business Continuity

A. Large-scale disasters

Nissan places top priority on protecting human life. When an earthquake measuring 5 or higher on the Japanese seismic intensity scale strikes one of our business locations in Japan, including suppliers and dealers, a first-response team made up of key members of the Global Disaster Control Headquarters moves swiftly to collect information. The team then calls the Global Disaster Headquarters or a Regional Disaster Headquarters at the affected site to confirm employees' safety, ascertain disaster conditions and take needed steps to keep operations running. We are also working in advance of major disasters to identify priority operations for each department in our entire organization to pursue in an emergency as part of our business continuity plan (BCP). Our suppliers join us in efforts to implement this BCP on a broad basis. The Global Disaster Headquarters and Regional Disaster Headquarters carry out drills simulating a major earthquake to make sure that all parties are able to function and take appropriate actions when the time comes. We stay prepared by revising our plans in response to issues clarified through these drills.

The drills conducted at our Global Headquarters in Yokohama in March 2012 incorporated revised scenarios building on our experience following the Great East Japan Earthquake that struck a year earlier. In addition to verifying the implementation of our disaster response measures, we considered scenarios for simultaneous earthquakes in the Tokai, Tonankai and Nankai oceanic areas, due to the high probability that such a quake will occur, making for more realistic drills.

B. New influenza strains

In response to the outbreak of H1N1-type influenza in April 2009, Nissan created a global framework to address disease issues, produced a number of response manuals, built up stocks of medicine and sanitation equipment, and created an influenza-specific BCP. Going forward, we will implement educational activities for employees aimed at avoiding contagion and the BCP will be reviewed on a continuous basis. Through these activities Nissan will be prepared for a highly virulent influenza pandemic.

C. Interruptions in production continuity

In order to minimize the impact of disaster on its production, Nissan has continuously carried out earthquake preparedness measures for its physical infrastructure (quakeproofing and reinforcement of buildings and other facilities), maintained its operations recovery manual and regularly executed BCP simulation drills. Learning from the lessons of the Great East Japan Earthquake and the floods in Thailand, we are reviewing and strengthening our activities. More specifically, we have set the period after which production is to be resumed following a large-scale disaster to two weeks, and we have clarified needed measures and produced action plans so that this can be achieved. In each business facility, the operations recovery manual has been improved with the addition of more practical content. We have begun regular audits of the manuals to confirm that they are in the proper condition to be executed as written.

In order to properly handle risk related to increasing use of components from suppliers in developing countries, we are incorporating quantity management into the existing quality checks in audits before selecting a supplier and in improvement support after selection. In this way, we are making efforts to avoid risk at an early stage.

D. Interruptions in supply continuity

In addition to evaluating the financial health of suppliers and managing our relations with them via our Supplier Risk Management Committee, we are responding to credit risks among suppliers by issuing monthly reports on risk conditions and projected expenditures that would be needed to address risk. When unforeseen conditions arise, we are prepared to launch cross-functional committees capable of swift response, and we have prepared rules governing their authority to allow them to make needed decisions quickly.

After the Great East Japan Earthquake and the floods in Thailand, Nissan provided aid materials to the affected suppliers and actively worked to restore the production chain, based on their requests. We have also included our suppliers in the plan for dealing with electricity shortages.

E. Risk financing and loss prevention

Nissan treats hazard risk with risk financing techniques that combine high self-retentions with external risk transfer via insurance globally.

In order to optimize the cost of risk, Nissan has introduced a risk management policy to retain risks up to an acceptable level on a consolidated basis. Risks whose financial impact may exceed the self-retention are transferred outside the company via insurance. Generally, risks with low impact and high frequency are predictable, and therefore retained by the company, while unpredictable risks with low frequency and high impact or shock value are covered by outside insurers. Unpredictable, catastrophic events in recent history have been significantly insured.

For the purpose of more efficient self-retention on a consolidated basis, a captive insurance company is utilized. The captive insurance company helps to reduce total cost of hazard risk and to manage risks that occur on a global and sometimes interdependent basis. Global insurance programs have been established for fixed property damage/business interruption and marine transportation. Insurers are strategic partners and meet high financial strength ratings. In addition to minimizing the cost of hazard risks, Nissan has implemented global loss prevention and loss mitigation initiatives, including investments aimed at improving employee safety and reducing accidents.

Information Security

Protecting Personal Data and Reinforcing Information Security

Nissan recognizes its social responsibility to properly handle customers' personal information, in full compliance with Japan's Personal Information Protection Act. We have set up internal systems, rules and procedures for handling personal data. All group companies in Japan are fully enforcing these processes.

Moreover, Nissan shares with group companies worldwide its Information Security Policy as its basis to reinforce overall information security. Our Information Security Committee implements measures as necessary to further strengthen information security in order to prevent information leaks and other such incidents. To thoroughly educate and motivate employees to uphold their responsibilities in this regard, we institute regular in-house educational programs every year.



Please see our website for additional details on Nissan's measures to protect privacy.
http://www.nissan-global.com/EN/SITE_INFO/PRIVACY/

Area Leaders' Messages

Compliance Even More Essential in Times of Growth

Yuji Tobita

General Manager
 HR Division, Global HR Planning Department
 Global HR Planning Group



Our mid-term plan, Nissan Power 88, has set clear and ambitious growth objectives. In this sense, fiscal 2012 will be a key year in terms of business expansion. Because the Nissan Group's reputation is built on its values as an organization and the values of its employees, at Nissan we are making sure to achieve this growth while complying with all laws and local regulations applicable to our business. An example of the above is our recent implementation of a global anti-bribery policy, which applies to the entire Nissan Group and its employees.

Indeed, because we believe that compliance is a matter that concerns all employees, we are constantly aiming through global and regional compliance committee activities to be an organization where all employees are aware and respectful of the rules; that is well structured and equipped with the necessary tools to address compliance matters; and that is proactively seeking ways to eliminate potential compliance risks.