

## A Focus on Performance

FOR NISSAN TO REACH ITS GOAL OF SUSTAINABLE, PROFITABLE GROWTH, EMPLOYEES MUST HAVE AN ULTIMATE OBJECTIVE OF CREATING VALUE. TO ACCOMPLISH THIS, A PLAN TO ENSURE THE QUALITY OF MANAGEMENT WAS ESSENTIAL: THE NISSAN MANAGEMENT WAY. AN EFFICIENT PLAN THAT POINTS THE RIGHT DIRECTION; EFFECTIVE EXECUTION THAT ACHIEVES THE OBJECTIVES WITHOUT FAIL.

### Cross Functionality

The Nissan Management Way is a program to increase management quality and increase the speed of decision making—and therefore to speed response to the customer. It is driven by a focus on individual commitment, where the individual and the organization are more tightly joined and competencies are enhanced. The primary concept behind it is cross-functionality, bringing together employees across corporate and physical borders so that creative thinking—and even healthy conflict—can be brought to bear on the challenges for Nissan as it continues to grow and change. The things that customers demand from Nissan—quality products, service and support—are not separately created, but are the result of cross-functional activities.

### Cross-Functional Teams

Cross-Functional Teams (CFTs), first established at Nissan in 1999, are the clearest realization of the cross-functional concept. Many different professionals within the company, representing various business sections and geographical regions, are brought together to solve problems by focusing on specific issues, introduce new ways of thinking—and to rethink current business processes. Each CFT was under the leadership of two Executive Committee members, each headed by a “pilot,” and each given a specific topic to handle.

Now expanded to include 14 CFTs, this concept continues to provide fresh thinking and vision for the company. Issues of time, cost, quality and profit also all move across functions. The CFTs continue to address strategic and structural issues, and to propose breakthrough ideas to enhance the company’s operations and profitability. And it is a positive process: the CFTs are entrusted to do their work with a sense of passion and enthusiasm.

Two new CFTs were formed in 2003. The first focuses on finding solutions to ensure a genderless company, one that will be increasingly attractive in the recruiting of top women employees, and provide an outstanding purchasing experience for women customers. The second is dedicated to discovering processes for time reduction, aiming at



Town hall meeting with President Ghosn at Nissan’s Tokyo head office



increased customer value and higher company performance.

### V-up Program

The V-up Program is a tool designed specifically to help management find the solutions to reach NISSAN 180 goals. It is cross-functional across departments, and is designed so that quantifiable results can be obtained.

To date, a total of 2,950 V-up projects have been initiated; these have created total savings for the company of ¥33 billion.

### Two-Way Communications

One of the key factors in the Nissan Management Way has been two-way communications between management and employees—increasing transparency, building trust and accelerating the sharing of best practices.

### Delegating Authority

Nissan is known for its innovation, and its ability to do things in an original way. At the same time, decisions must also be made based on a constant standard to assure consistency while improving efficiency and speed.

To create this clear standard for decision making, Nissan has created the Delegations of Authority standard. It is a management tool that helps to identify the players involved in a decision by clarifying responsibilities, while also assisting in

identifying the policies, procedures and rules that may be linked to the decision. This eliminates the time wasted by redefining players whenever a decision must be made. Delegation of Authority is now in use in Japan and North America, and will be implemented throughout Nissan in Europe and other markets—making it a global, yet customized marketing tool.

### Basic Corporate Governance Policy and Status of Implementation

#### Basic Policy regarding Corporate Governance

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

#### The Company's organization and systems for internal control

Nissan operates under the dual governance of a Board of Directors and a Board of Corporate Auditors, both based on the provisions of the Commercial Code of Japan. The Board of Directors is responsible for resolutions governing important business decisions, while the

Board of Corporate Auditors supervises and controls the execution of Nissan's most important business functions.

To strengthen the audit function, the shareholders will be asked on June 23, 2004 to approve a resolution increasing the number of corporate auditors from four to five, three of whom will function concurrently as external corporate auditors. Furthermore, a Japan Internal Audit Office has been established at Nissan to conduct internal audits of operations on a regular basis, with the Chief Internal Audit Officer being responsible for conducting global audits.

Thus, a three-way audit control system has been adopted through a combination of the Board of Corporate Auditors, Nissan's internal audit functions, and the audits conducted by the independent auditors.

Nissan has ratified its "Nissan Global Code of Conduct" and has established a "Global Compliance Committee" to reinforce the implementation of compliance with laws and ethic standards and to prevent any illegal or unethical conduct within the global Nissan Group.