

CORPORATE GOVERNANCE

Basic corporate governance policy

Corporate governance is an important responsibility of the Company's management, and its most important role is to clarify the duties and responsibilities of the members of the management team. At the Company, clear management objectives and policies are published for the benefit of the 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.

1. The Company's organization and the status of its internal control systems

(1) The Company's organization

The Company's Board of Directors makes decisions on important business operations and supervises the execution of duties by the respective Directors. According to a resolution at the 108th annual meeting of shareholders held on June 20, 2007, the number of Directors has been increased from 9 to 10, of which one is an external Director. The structure of Board of Directors is simplified in the pursuit of more efficient and flexible management, and the authority for business execution is clearly delegated wherever possible to corporate officers and employees. Furthermore, the Executive Committee deliberates important corporate matters.

The Company adopts a Corporate Auditor system. The Board of Corporate Auditors consists of four Corporate Auditors, including three external Corporate Auditors. Three of the four Corporate Auditors are standing auditors. The Corporate Auditors conduct audits of the Directors' business execution in accordance with the auditing standards and policies determined by the Board of Corporate Auditors. In addition, the Company has set up the Corporate Auditors' Office, the staff of which assists the Corporate Auditors in conducting their duties.

(2) Status of the Company's internal control systems

The Company focuses on highly transparent management internally and externally, and aims to conduct consistent and efficient management to firmly achieve its specific commitments. Under this basic policy, the Company's Board of Directors has determined "systems to ensure proper and appropriate corporate operations" in accordance with the Company law and the Company law Enforcement Regulations, and appointed a Director in charge of general internal control. The summary and status of such systems are as follows.

- i) Systems to ensure efficient execution of duties by the Directors
 - a. The Company has the Board of Directors, which makes decisions on important business operations and supervises the execution of duties by the respective Directors. The Board of Corporate Auditors conducts audits of the Directors' business execution.
 - b. The size of the Board of Directors is minimized to ensure efficient and flexible management, and the authority for business execution is clearly delegated wherever possible to corporate officers and employees.
 - c. The Company has the Executive Committee for deliberations on important corporate matters.
 - d. The Company has the Management Committee for deliberations on matters specific to a certain region or business field.

- e. The Company has the Cross Functional Team (CFT) to encourage cross-functional activities. The CFT identifies tasks and challenges for the Company to address and shares them with each functional line.
 - f. The Company adheres to clear and transparent standards for the delegation of authority to expedite internal decision making and clarify the process of decision making.
- ii) Systems to ensure that the execution of duties by the Directors and employees is compliant with applicable laws and regulations, as well as the Company's Articles of Corporation.
 - a. We take measures to familiarize all employees of domestic and foreign Group companies with the Nissan Global Code of Conduct.
 - b. We offer an extensive range of educational opportunities, including e-learning programs to ensure compliance with the Code of Conduct.
 - c. The Company's Directors and Corporate Officers are expected to follow the Compliance Guide for Directors and Corporate Officers.
 - d. The Global Compliance Committee was established to review the status of compliance with the Code of Conduct and the Compliance Guide so that they are fully obeyed.
 - e. The Easy Voice System is in operation to allow employees to freely communicate their opinions, questions and requests directly to a dedicated department.
 - f. Internal regulations, such as the Regulations for the Prevention of Global Insider Transactions and the Regulations for the Management of Private Information, have been established or enhanced, and educational programs are offered to raise awareness of and familiarize staff with these regulations.
 - g. We make ongoing efforts to reinforce internal control systems to maximize the accuracy and reliability of financial reports.
 - h. For effective and efficient oversight of the Company's overall activities, internal audit teams are organized to oversee the business activities at the Company and its group companies and inspect compliance with laws and regulations, the Articles of Incorporation and corporate ethics on a regular basis.
 - iii) Regulations and systems for managing risks of loss
 - a. We make efforts to detect risks as early as possible and craft and carry out appropriate measures to address such risks, and we seek to minimize their incidence and the damage caused when they do arise.
 - b. We make efforts to identify risks arising from the Company's and its group companies' activities from a variety of perspectives, and prioritize them on the basis of their frequency, damage and control level.
 - c. Members of the Executive Committee directly monitor risks that must be controlled at the corporate or cross-functional level by taking concrete measures, such as formulating risk management manuals, under their leadership.
 - d. Individual risks that are not at the corporate level are managed with the responsibility of the relevant sections by taking necessary measures on a daily basis to minimize the occurrence of such risks.

iv) Systems for storing and managing information associated with the performance of duties by the Directors

- a. In accordance with the applicable laws and rules of the Board of Directors, the minutes of the meetings of the Board of Directors that are related to the performance of duties by the Directors are stored and maintained in an appropriate manner.
- b. When the standards for delegation of authority apply for approvals that are required in the course of business execution at the Company's departments, such approvals are made electronically or in writing, and such records are stored and maintained in an appropriate manner.
- c. Information as mentioned above is under the strict confidentiality control of the relevant sections, and is available for inspection whenever so requested by the Directors and the Corporate Auditors out of necessity for business execution.
- d. We make efforts to enhance the regulations for information security and storage and maintenance of written documents to ensure the appropriate management of information and prevent leakage and inappropriate use of information.

v) Systems for ensuring the integrity of business activities at the Company and group companies

- a. For effective, efficient and unified management of the Group, the Management Committees are organized on a cross-company basis.
- b. Through the Management Committees, the Company delivers information to its group companies in Japan and overseas, and shares its management policies with them to help expedite their decision-making processes.
- c. The Company's group companies maintain clear and transparent standards for the delegation of authority.
- d. Under the Nissan Global Code of Conduct, the group companies formulate their own codes of conduct, and establish Compliance Committees to ensure legal compliance and enhance corporate ethics. The Global Compliance Committee carries out regular checks of the compliance situation at the group companies in Japan and overseas, working to strengthen the Company's legal and ethical functions. The group companies adopt the Easy Voice System to facilitate internal reporting on violations. This system allows employees to freely communicate their opinions, questions and requests directly to their companies or the Company.
- e. The Company's Internal Audit Office oversees the business activities at the group companies and monitors their situations of compliance with laws and regulation, and the status of risk management. Major group companies have their own internal audit teams, which carry out individual audit functions, under the control of the Internal Audit Office.
- f. The Company's Corporate Auditors regularly exchange information and opinions with the auditors of the group companies to ensure effective oversight of all of Nissan's activities groupwide.

vi) Matters concerning employees and their independency from the Directors when the Corporate Auditors ask employees to assist them in carrying out their duties.

- a. The Corporate Auditors' Office is organized as a unit to assist the operations of the Corporate Auditors. The Office is staffed with employees in administrative positions, who perform their duties under the direction of the Corporate Auditors.

b. Appraisal of the employees placed in the Auditors' Office is made through discussions among the Corporate Auditors. The transfer of and disciplinary action against such employees require the prior consent of the Board of Corporate Auditors.

vii) Systems for the Directors and employees to report to the Corporate Auditors and other systems related to reporting to the Corporate Auditors

- a. The Corporate Auditors carry out audits according to the annual auditing plan that they design. The plan specifies the reporting of business activities by various units of the Company, according to which the Directors and the employees provide such reports.
- b. The Directors, whenever they discover facts that cause or might cause significant damage to the Company, report that directly to the Corporate Auditors.
- c. The Directors and the employees, whenever asked by the Corporate Auditors to report on the status of business activities, respond expeditiously.
- d. The Internal Audit Office delivers periodic reports on its audit plans and results to the Corporate Auditors.

viii) Other systems for ensuring the effective performance of audits by the Corporate Auditors

- a. To strengthen independency, more than half of the Company's Corporate Auditors are external auditors. The Corporate Auditors hold regular meetings to exchange and share information and opinions among themselves. They also meet for discussions whenever so required.
- b. The Representative Directors, including the President, and the Corporate Auditors hold regular meetings to exchange opinions on an extensive range of issues.

(3) Status of internal and corporate audits

In Japan, the Domestic Internal Audit Office, which is independent from other sections and comprises 11 staff, conducts internal audits of the Company's and its domestic consolidated subsidiaries' operations, under the President's direct control. With respect to foreign subsidiaries, an effective, efficient and global internal audit is conducted by the internal audit teams established in the management companies in each region, all of which are controlled by the Chief Internal Audit Officer (CIAO).

The Corporate Auditors oversee the business execution of the Directors by attending the Board of Directors' meetings and other significant meetings and hearing from the Directors on business activities regularly and whenever necessary. The Corporate Auditors also meet regularly with the Representative Directors to exchange opinions on an extensive range of issues. The Board of Corporate Auditors tries to enhance audit efficiency by sharing information among the Corporate Auditors. The Corporate Auditors also receive regular reports on the results of inspections and plans for future audits from, and exchange opinions with, the internal audit teams throughout the Company's organization, making use of this data as they craft their approaches. In addition, the Corporate Auditors receive such reports from the independent auditors, as well as reports on the status of the quality control of internal audits, to confirm whether their oversight is at a suitable level.

(4) Audit of financial statements

The Company appoints Ernst & Young ShinNihon as its independent auditors. The Certified Public Accountants engaged in the audits of financial statements are as follows:

The name of the Certified Public Accountants engaged in the financial statement audit

Designated and Engagement Partner	Yasunobu Furukawa
Designated and Engagement Partner	Kenji Ota
Designated and Engagement Partner	Yoji Murohashi
Designated and Engagement Partner	Takeshi Hori

* As the years of continuous service in audit are less than seven years for all the Certified Public Accountants, the relevant statement is omitted.

* Ernst & Young ShinNihon has taken its own autonomous measures so that each Engagement Partner is not involved in the audit of the Company's accounting for a period over a predetermined tenure.

Assistants to the audit of the financial statements include 13 Certified Public Accountants, 22 junior accountants and four others, including system specialists.

(5) Relationships between external Directors and external Corporate Auditors and the Company

Shemaya Levy, the Company's external Director, had served as Senior Vice President of Renault from March 2002 to March 2004, and Renault held 44.3% of the shares of the Company's common stock as of March 31, 2007.

Takeo Otsubo and Toshiyuki Nakamura—the Company's external Corporate Auditors—have no particular business relationship with the Company.

Haruo Murakami, the Company's external Corporate Auditor, currently serves as a Part-Time Counselor for SOFTBANK TELECOM Corp. There are business transactions between SOFTBANK TELECOM and the Company: SOFTBANK TELECOM provided the Company with various services and facilities such as network maintenance and telephone lines during the fiscal year under review. However, Mr. Murakami himself does not have a direct business relationship with the Company.

(6) Number of Directors

The Company stipulates in the Articles of Incorporation that the number of Directors of the Company shall be six or more.

(7) Resolution requirement for election of Directors

The Company stipulates in the Articles of Incorporation that resolutions for the election of Directors shall be adopted by a majority vote of the shareholders present who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.

(8) Decision-making organization with respect to interim dividend

The Company stipulates in the Articles of Incorporation that the decision on the payment of interim dividend shall be made by the resolution of the Board of Directors for the purpose of returning profit to shareholders in a flexible manner.

(9) Decision-making organization with respect to acquisition of own shares

The Company stipulates in the Articles of Incorporation that the Company may, by resolution of the Board of Directors, acquire its own shares through market trading etc. as provided for in Article 165, Paragraph 2 of the Corporation Law for the purpose of implementing the Company's capital strategy in a flexible manner.

2. Compensation paid to Directors and Corporate Auditors

Compensation paid to the Company's Directors consists of a fixed amount of remuneration in cash and share appreciation rights as resolved at the 104th annual shareholders' meeting held on June 19, 2003. The cash remuneration is limited to a maximum of ¥2.6 billion per annum as resolved at the 106th annual shareholders' meeting held on June 21, 2005, and the amount to be paid to each Director is determined based on the business results and reflecting the firm's global competitiveness.

On the other hand, the share appreciation rights are given as incentives to the Directors to stimulate their motivation to the sustainable and profitable growth of the Company. This incentive is linked to the Company's medium- or long-term business results and is limited to the equivalent of 6 million shares of the Company's common stock per annum.

The remuneration paid to the Corporate Auditors is limited to a yearly amount of ¥120 million as resolved at the 106th annual shareholders' meeting held on June 21, 2005. This compensation is designed to promote stable and transparent auditing.

For the current fiscal year, the aggregate amount disbursed to the Directors and the Corporate Auditors was ¥2,518 million to nine Directors and ¥68 million to four Corporate Auditors. These amounts include a total amount of ¥45 million disbursed to an external Director and three external Corporate Auditors. In addition, share appreciation rights equivalent to 5.1 million shares were granted to eight Directors. (For reference, the fair value of these shares calculated using the share price when the appreciation rights were granted would be ¥222.30 per share.) The number of share appreciation rights authorized to be exercised will be decided in response to the predetermined achievement degree of each Director's performance targets, with the upper limit corresponding to the aforementioned 5.1 million shares.

3. Remuneration to independent auditors

Remuneration paid to the independent auditors is summarized as follows:

- Remuneration for services stipulated by the Certified Public Accountant Law, Article 2, Paragraph 1 (Law No. 103, 1948), for the current fiscal year: ¥521 million
- Remuneration for other services for the current fiscal year: ¥17 million

4. Outline of the limited liability contract with external Directors and Corporate Auditors

The Company's external Directors and Corporate Auditors hold a limited liability contract with the Company as stipulated by Article 423, paragraph 1, of the Company law. The contract prescribes that the maximum amount for which the external directors and auditors are liable shall be the higher of ¥5 million or the lowest limit specified by statute.