

Corporate Governance

The philosophy and systems behind Nissan

Nissan is committed to meeting its corporate targets.

High standards of transparency must be maintained between Nissan's management and its employees, and between Nissan and society.

We set clear goals and act together to achieve them. We accurately report our progress.

When confronted with difficulties, we actively communicate our approach to solving those problems, both internally and externally.

Management transparency helps Nissan to develop its full potential.

**Management Transparency
Helps to Strengthen Nissan**
Making a public announcement of management objectives for the next three years, for use both internally and externally

Nissan places a particular emphasis on highly transparent corporate governance.

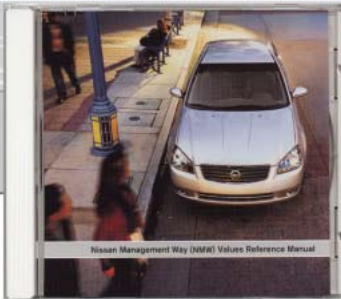
Consistent management helps us gain the trust of stakeholders. To do so, we set clear goals. As shown in our management plans — the Nissan Revival Plan and the NISSAN 180 plan, started in fiscal year 2000, and the NISSAN Value-Up plan, started in fiscal year 2005

— we set three-year management objectives for the benefit of internal and external stakeholders.

In addition, we disclose information about implementation and performance as early as possible. The clarification of objectives creates higher expectations, but it also means that we must be prepared for criticism if those expectations are not fulfilled. Maintaining corporate transparency across our business activities is not an easy task, but it helps us increase employee motivation and our overall strength as a corporation.



Board of Directors: (From left) Mitsuhiro Yamashita, Executive Vice President; Tadao Takahashi, Executive Vice President; Toshiyuki Shiga, Chief Operating Officer; Carlos Ghosn, President and Chief Executive Officer; Itaru Koeda, Executive Vice President; Hiroto Saikawa, Executive Vice President; Carlos Tavares, Executive Vice President; (Shemaya Lévy, Patrick Pélatá — not in photo)



Nissan Management Way (NMW) Values Reference Manual



The Nissan Management Way Values Reference Manual (CD-ROM)

... The Nissan Management Way ...

**A Healthy Confrontation of Opinions
Strengthens Our Competitiveness**
The Nissan Management Way
— an approach unique to Nissan

Nissan has a unique management approach — the Nissan Management Way. This approach streamlines our decision-making process and maximizes the quality of our management.

The Nissan Management Way includes several key activities that promote creativity and effectiveness. One of them is cross-functional teamwork that cuts across corporate functions, regions and in-house organizational structures.

We believe that innovative ideas and success are not created in isolation, but rather through cross-functional activities that bring together a diverse mix of experience and expertise. This often leads to confrontation of opinions, but we believe that healthy confrontation strengthens the competitiveness of the company. We become stronger by learning from each other and by striving to overcome these differences of opinion. This is called 'stretch' and it helps us achieve higher targets. It is progress without compromise. Meeting goals boosts confidence, which in turn enhances performance and makes it possible to meet even more demanding goals.

The Nissan Management Way will evolve along with the business activities it governs. In 2004, details of the approach were clarified in the Nissan Management Way Values Reference Manual, which was distributed to all

department and section managers around the world. Through those managers, the Nissan Management Way will be communicated to all employees worldwide.

Cross-Functional Teams

At any given point in time, there are about ten so-called 'cross-functional teams' that tackle unique or highly important challenges within the company. Two new cross-functional teams were formed in fiscal years 2003 and 2004. One is working to increase diversity in the company, and the other is assessing processes that could be used to save time throughout the company. The first team contributed directly to the establishment of the Diversity Development Office in 2004 (→ P27).

Management Survey

Nissan management and employees must understand each other in order to improve the quality of management and communication. Nissan conducts a periodic Global Management Survey in order to assess the opinions of employees regarding the direction taken by Nissan and its management. In addition, forums are held regularly to allow for interactive communications and direct dialogues between employees and management.

Delegation of Authority

Additionally, Nissan uses Delegation of Authority — a clarification of principles, procedures and rules in decision-making processes — with all employees in order to improve the effectiveness and speed of management. This also ensures that corporate policies are being followed.



Alliance poster with Renault Mégane II convertible and Nissan Murano



Nissan Technical Center Europe, Ltd. (UK)

Alliance — Objectives

The Alliance develops and implements a strategy of profitable growth and sets itself the following three objectives:

1. To be recognized by customers as being among the best three automotive groups in the quality and value of its products and services in each region and market segment.
2. To be among the best three automotive groups in key technologies, each partner being a leader in specific domains of excellence.
3. To consistently generate a total operating profit among the top three automotive groups in the world by maintaining a high operating profit margin and pursuing growth.

Renault-Nissan Alliance
A corporate alliance to foster mutual growth while preserving distinct identities

Signed on March 27, 1999, the Renault-Nissan Alliance is the first of its kind involving Japanese and French companies, each with its own distinct corporate culture and brand identity. Both companies share a single joint strategy for profitable growth and mutual interests.

Alliance Management Structure

Renault-Nissan bv* — an Alliance strategic management company jointly and equally owned by Renault and Nissan — meets monthly at the Alliance Board Meeting. The Alliance Board steers the Alliance's medium and long-term strategy and coordinates joint activities on a worldwide scale. Both Renault and Nissan run their operations under their respective Executive Committees, accountable to their Boards of Directors, and remain individually responsible for day-to-day management.

* bv (besloten vennootschap) is a closed limited liability company under Dutch law.

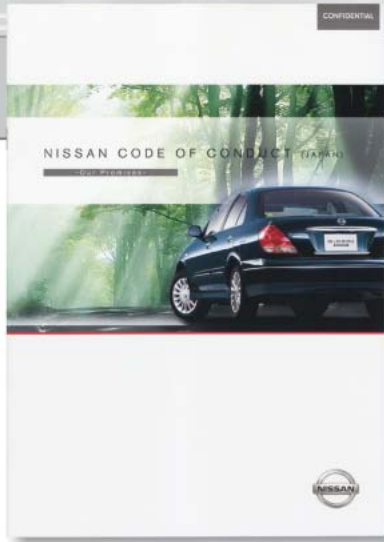
One of the Top Four Global Automakers

Renault and Nissan sold a combined 5,785,231 units in 2004, up 8.0% over 2003. The Renault-Nissan Alliance global market share came to 9.6% (4.1% for the Renault group and 5.5% for Nissan), ranking it among the world's top four global automakers in terms of unit sales.

Status of Company Organizations and Internal Governance Systems
The Nissan Global Code of Conduct is applied throughout the Nissan Group

Clear principles of Corporate Governance are critical to securing the respect and confidence of our key stakeholders and interested parties — including employees, customers, suppliers, government officials and the general public. In addition to being a company committed to performance and growth, we must also demonstrate steadfast integrity in all business conduct. By maintaining as few Directors as possible and emphasizing their supervisory function, we strengthen Directors' accountability while improving management efficiency. In addition, three-party auditing has been adopted in the form of a combination of corporate auditors, external auditors (for example, CPAs), and internal auditors. We have strengthened the role of our corporate auditors by assigning three independent, non-executive auditors from outside the company. Internal auditing not only allows us to improve the self-correcting capabilities of internal controls, but it also improves our business processes. We conduct effective and efficient audits through a Chief Internal Audit Officer, who coordinates global audit activities.

In 2001, Nissan established a Global Compliance Committee to promote compliance with laws and ethical standards within the global Nissan Group. In the same year, the Nissan Global Code of Conduct was introduced



Codes of conduct prepared by our consolidated subsidiaries based on the Nissan Global Code of Conduct and the Japanese version of the Nissan Code of Conduct (photo to the left).

to all employees who work for the Nissan Group worldwide. To supplement and complete the Nissan Global Code of Conduct, we are now establishing regional codes of conduct reflecting the unique laws and customs of the countries where we operate.

In Japan, Nissan Motor Co., Ltd. established the Nissan Code of Conduct (Japanese version) – Our Promises – in April 2004. During 2004, an education program was conducted to introduce all our employees to the code. Each employee has signed a pledge to follow the code.

The Japanese version of the Code of Conduct is tailored to the business characteristics of each affiliated company as well as to dealers and parts sales companies and is now gradually being introduced into each of the companies upon taking the appropriate decision-making procedures.

Nissan North America has particularly emphasized the compliance training of management and all employees this year. With training that utilizes the practical guidance regarding ethical standards applicable to each business unit, employees better understand their obligations and

Global Code of Conduct for Nissan Group

Principle

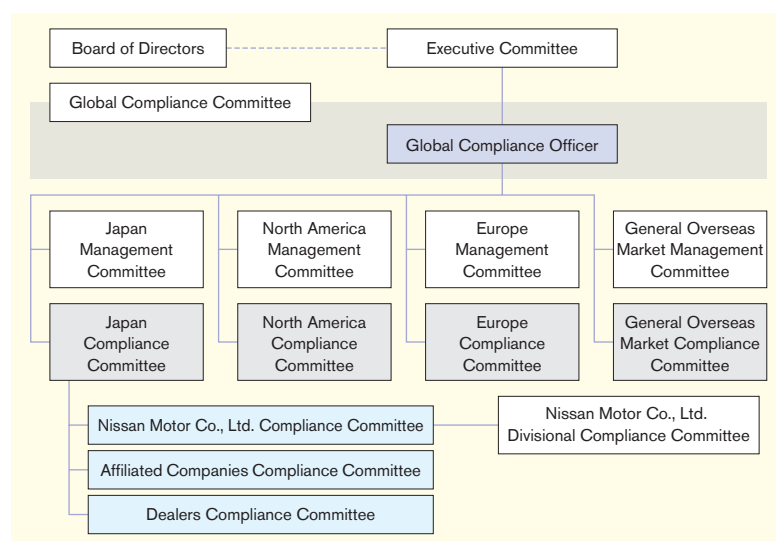
Nissan shall consistently treat customers, employees, shareholders, suppliers, and communities with honesty, integrity, fairness, and respect.

The following standards apply to all employees in Nissan group companies. Each member of the Company is charged with the responsibility to uphold and extend this code of conduct.

Global Code of Conduct

1. Comply with All Laws and Rules
2. Avoid Conflicts of Interest
3. Preserve Company Assets
4. Be Impartial and Fair
5. Be Transparent and Accountable
6. Value Diversity and Provide Equal Opportunity
7. Be Environmentally Responsible
8. Be Active; Report Violations

Global Compliance Committee Organization



A compliance committee has been or will be established in each region under the governance of the global compliance officer. The committees are responsible for discovering compliance violations at an early stage through internal auditing or reports, for solving problems, and for maintaining and improving internal awareness of the code of conduct.



Nissan Motor Manufacturing (UK) Ltd.



Fire prevention patrol (Kyushu plant, Japan)

Easy Voice System

Nissan Motor Co., Ltd. introduced the “Easy Voice system” in Japan in 2002. This system lets employees convey opinions and requests freely to the company. This increases our internal, self-correcting capabilities. Anybody can report suspected compliance violations to the Compliance

division through the dedicated Easy Voice post box. The Compliance division replies to the report within one month by proposing corrective actions. A similar system has been introduced at each division of the Nissan Group in Japan.

can meaningfully commit to behaviours that conform to the ethical standards expected of all Nissan employees. In the US, employees have a flexible capability to anonymously report any compliance concerns to management, Human Resources, Legal, Audit, or directly to the Corporate Compliance Committee.

In Europe, a common code of ethics and standards of conduct for Nissan employees in affiliated companies in the region was introduced in January, 2005. Establishment and implementation of the regional code is planned for other regions and markets.

Risk Management Approaches and philosophy

Risks are an inherent part of our business. Nissan defines a risk as an event or a situation that might prevent us from achieving our objectives. In the course of our business activities we try to identify potential risks, evaluate those risks, and identify concrete actions that will minimize the impact of the risk or the probability of the risk occurring.

Nissan is also committed to transparency in the way we handle risks. We are careful to avoid becoming risk averse; we try to manage risks instead of avoiding them.

In 2004, the Risk Management Team in our Treasury Department identified and prioritized risks based on their potential impact, their likelihood of occurrence and our level of control. In cooperation with each function, for high priority risks, teams were established, leaders appointed and countermeasures applied for all risks that required action.

From 2005 onwards, Nissan will extend the scope of its risk monitoring system in order to include more strategy or business-process related risks, in addition to the hazard risks on which we currently focus. While each function and department is in charge of managing and reporting its own risks, Nissan's Executive Committee will directly supervise those risks deemed to be critical at the corporate level.

Fire Prevention Activities

Preventing fires at our plants is one of the important administration tasks associated with risk management. Important measures such as the enforcement of fire prevention rules and the practice of fire extinguishing training and monitoring are being carried out.

Note: Details of risks concerning business etc. are described on P71.



The six new models introduced to the Japanese market in fiscal year 2004 were unveiled together at Osanbashi Hall, Yokohama, on September 2, 2004.

The power behind "SHIFT_"

"SHIFT_" is not just a tagline. It is who we are, what we stand for, and how we work. It drives us to look at the world from a fresh perspective for the purpose of achieving better, higher performance. SHIFT_ is a challenge for every employee, all of our dealers, and each of our suppliers to re-examine their business to create greater value. "At Nissan, everything we touch we shift, and everything we shift, we try to make better and uniquely Nissan."