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## Corporate Governance

# Corporate Governance

—Maintaining Trust Through Transparency





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## Corporate Governance

### Maintaining Trust Through Transparency

Enhancing corporate governance policies is essential for Nissan to fulfill its corporate social responsibilities. We strive to make our CSR approach more effective by presenting stakeholders with business goals and guidelines that clearly indicate management responsibility, and by sharing information on our progress toward these goals as early as possible. We would like to build a stronger relationship of trust with our stakeholders based on full transparency in our business operations.

#### THE NISSAN WAY

##### Developing a Distinctive Corporate Culture

Nissan's strength as an automobile manufacturer comes from a corporate culture focused on creating value while respecting cultural diversity. At the core of our corporate culture is the Nissan Way. The principles embodied in the Nissan Way, which include a "cross-functional, cross-cultural" business approach and a "commit and target" strategy, formed the foundation of our revival through the Renault-Nissan Alliance. They remain the basis for our achievement of profitable, sustainable growth into the future. The synergy of the Alliance has led to the development of a comprehensive management philosophy and corporate culture in step with the age of borderless business.

##### Sustainable Corporate Growth Led by Individual Action

The basis of the Nissan Way is a constant focus on the customer as the starting point for increasing corporate performance while sustainably creating value for society. We outlined five "mindsets" and five "actions" in our company guidelines as a means to achieving this goal. Since fiscal 2006 we have made these guidelines available in eight languages (Japanese, English, French, Chinese, German, Spanish, Dutch and Russian) for our employees worldwide. In addition to upholding the Nissan Way, we also emphasize the idea that "the power comes from inside." We



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encourage employees to think about what they can do individually with the belief that their efforts to overcome challenges are the driving force for Nissan's growth.

**“The power comes from inside”**

The focus is the customer, the driving force is value creation and the measurement of success is profit.

<p><b>Mindsets</b></p> <ol style="list-style-type: none"> <li><b>1. Cross-functional, Cross-cultural</b> Be open and show empathy toward different views; welcome diversity.</li> <li><b>2. Transparent</b> Be clear, be simple, no vagueness and no hiding.</li> <li><b>3. Learner</b> Be passionate. Learn from every opportunity; create a learning company.</li> <li><b>4. Frugal</b> Achieve maximum results with minimum resources.</li> <li><b>5. Competitive</b> No complacency, focus on competition and continuous benchmarking.</li> </ol>	<p><b>Actions</b></p> <ol style="list-style-type: none"> <li><b>1. Motivate</b> How are you energizing yourself and others?</li> <li><b>2. Commit and Target</b> Are you accountable and are you stretching enough toward your potential?</li> <li><b>3. Perform</b> Are you fully focused on delivering results?</li> <li><b>4. Measure</b> How do you assess performance?</li> <li><b>5. Challenge</b> How are you driving continuous and competitive progress across the company?</li> </ol>
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**INTERNAL CONTROL SYSTEMS AND COMPLIANCE**

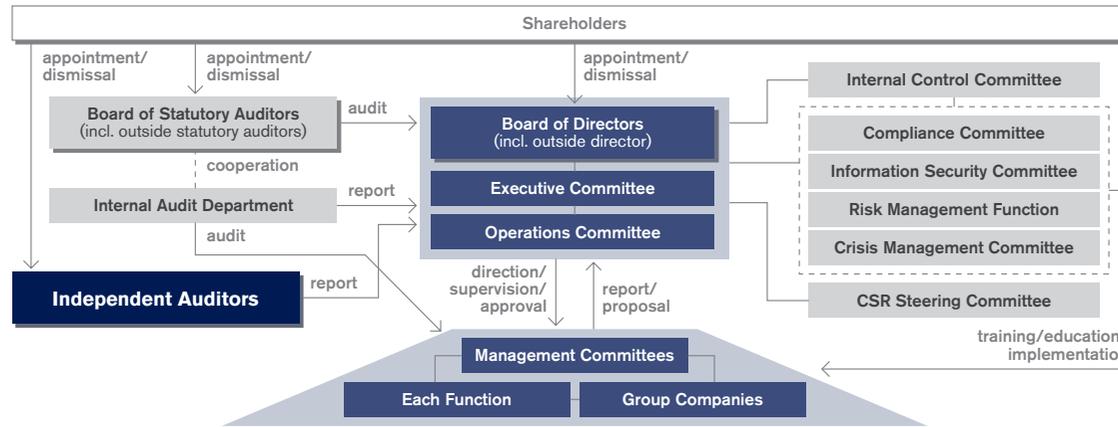
**Internal Control Systems for Fair, Transparent Business**

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 Company Law 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 Japan Internal Audit Office, making use of this information for their own audits.

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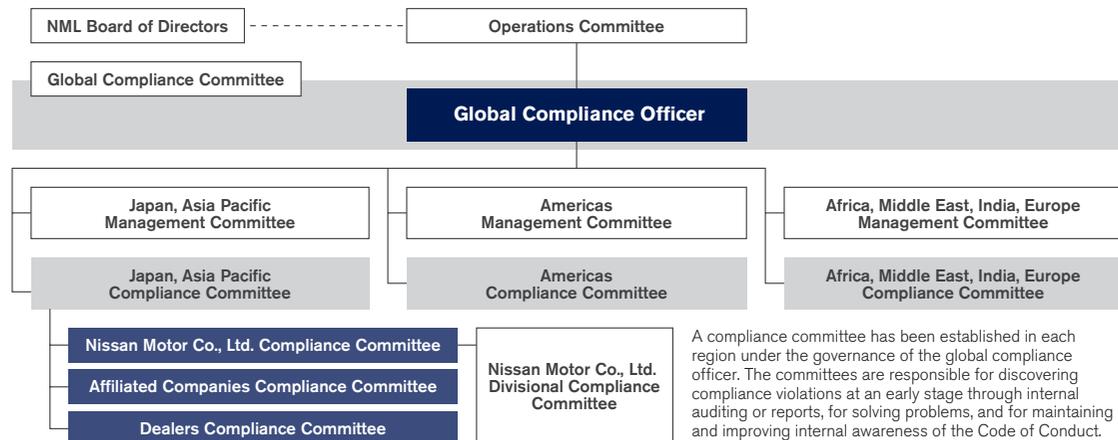
⚙️ Nissan's Internal Governance System



⚙️ A Legal Framework Supporting Ethical Business Activities

Nissan's CSR approach is founded on compliance. We produced the Nissan Global Code of Conduct in 2001, outlining a set of guidelines for all employees of the Nissan Group worldwide. In addition, three regional Compliance Committees have been established as supports to a global system for preventing incidents of illegal and unethical behavior. The committees work together to maintain and promote our high compliance standards.

⚙️ FY2009 Global Compliance Committee Organization



⚙️ 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 companies 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

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## ✧ Promoting Compliance Globally ✧

As a means of fostering 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 place special emphasis on education to ensure that all employees have a correct understanding of the Code of Conduct and, as a result, 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," instituted in April 2004—after which they sign an agreement to abide by it. We revised the code in fiscal 2007 in response to legal amendments and retrained all employees to further strengthen the spirit of compliance within the company.

Education programs to promote compliance are held regularly for all employees in North America, and a set of universal guidelines has been drawn up for each country in Europe. Compliance-related training is also being carried out in the General Overseas Markets based on guidelines that take into account conditions in each of those countries. Moreover, all group-affiliated companies have introduced their own codes based on the Nissan Code of Conduct.

Additionally, we have created sets of internal regulations covering the global prevention of insider trading and the management of personal information. Nissan seeks to heighten awareness of compliance companywide through such measures as well as various education and training programs.

## ✧ 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 Facilitating Sound Business Practices ✧

Nissan employs the Easy Voice System to promote the spirit of compliance among employees and facilitate sound business practices. This internal reporting mechanism allows employees to submit opinions, questions or requests to the company. It has played an instrumental role in creating a self-managed, compliance-oriented corporate culture. This system, which offers full protection to any persons offering information in accordance with Japan's Whistleblower Protection Act of April 2006, has been put in place in all Nissan Group companies in Japan.



The Nissan Code of Conduct

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## Efficient, Independent Internal Audits

Nissan has established the Global Internal Audit function, an independent group 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.

## The Nissan Approach to Risk Management

For Nissan, the term *risk* refers to any factor that may prevent the Nissan Group from reaching 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 incidence of risk and the damage caused should it arise. Risk management must be a real-world activity tied closely at all times to 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 focused on risk management, which carries out annual interviews of executives, carefully investigating various potential risks and revising the company's "risk map." An executive-level committee makes decisions on risk issues that must be handled at the corporate level and designates "risk owners" to manage various risks. Under the leadership of these owners, the company designs appropriate countermeasures. Finally, the board member in charge of internal controls oversight reports as needed 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 around the world are strengthening communication in order to share basic processes and tools for risk management, as well as related information, throughout the group.

### Activities and Issues in Risk Management

In fiscal 2008, Nissan implemented risk-management measures in such areas as:

#### 1. Large-scale disaster countermeasures

In preparation for earthquakes and other major natural disasters, we have been carrying out seismic retrofitting of structures and facilities on a consolidated basis. As part of our planning for the prompt resumption of business following a disaster, we have also selected a number of key products and production processes and identified the resources and alternative production locations necessary to get them back on line as soon as possible.

In order to carry out these measures as smoothly as possible, the head of Nissan's Disaster Control Headquarters (currently the Chief Operating Officer) leads disaster response exercises simulating a major earthquake directly striking the southern Kanto region of Japan. These

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exercises take place every year, with different scenarios each time. Disaster-response issues clarified through these activities are reflected in our disaster preparedness and recovery manuals.

## 2. Countermeasures for new pandemic diseases

In recent years worries have increased about new pandemic diseases. Nissan has organized a team within its companywide risk-management framework to tackle this issue, and we are carrying out such activities as employee education (through the production and distribution of informative pamphlets), preparation of an influenza response manual, sharing of these tools throughout our global organization and stocking of emergency supplies.

## 3. Managing the risk of production interruptions

In addition to major natural disasters, there are other risks that threaten the continuity of our manufacturing operations. To respond to these risks, we are preparing various measures from the angles of preventing threats to our workforce, lower product quality and production capacity shortages.

Furthermore, we carry out on-site inspections and questionnaire surveys of our major suppliers in order to grasp their level of earthquake preparedness and to share information with them. We have begun discussions with these partners on how to respond in case of emergency.

## 4. Addressing risk to our reputation

We also consider risks to Nissan's corporate reputation. We carry out seminars and other educational activities within the company on compliance with important laws and other regulations, as well as continuing internal audits related to these efforts, in order to prevent these risks from arising.

In response to the ongoing global financial crisis, which brings the potential for liquidity and exchange-rate volatility risk going beyond previous projections, we are working on more robust countermeasures for newly arising risk issues.

## Ensuring Personal Information Protection and Reinforcing Information Security

Aware of our social responsibility to properly handle customers' personal information, Nissan has set up internal systems, rules and procedures for handling personal data in full compliance with Japan's Personal Information Protection Act. All companies in Japan associated with Nissan are taking similar steps.

Moreover, Nissan shares with group companies worldwide its Information Security Policy as its basis to reinforce overall information security. We have also established an Information Security Committee, which implements measures as necessary to further strengthen information security to prevent information leaks and other such incidents. Furthermore, we regularly carry out various in-house programs to thoroughly educate and motivate employees to uphold their responsibilities in this regard.



• [http://www.nissan-global.com/EN/SITE\\_INFO/PRIVACY/](http://www.nissan-global.com/EN/SITE_INFO/PRIVACY/)

Please see our website for additional details on Nissan's measures to protect privacy.

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## Nissan as a Responsible Global Citizen

Since January 2004, Nissan Motor Co., Ltd. has participated in the United Nations Global Compact, a corporate responsibility initiative built around universal principles regarding human rights, labor, the environment and anti-corruption. The U.N. Global Compact was originally proposed by U.N. Secretary-General Kofi Annan in an address to the World Economic Forum (Davos forum) in 1999. Businesses may pledge to support its principles of their own free will.

In order to enhance corporate activities based on the following 10 principles, Nissan continues to advance its CSR management.

### The 10 Principles of the Global Compact

#### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

#### Labor Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## Joining the World Business Council for Sustainable Development

Nissan is a member of the World Business Council for Sustainable Development (WBCSD), an international association of companies with a shared interest in sustainable development based on the three pillars of economic growth, environmental preservation and societal fairness. Some 200 companies from more than 35 countries and 20 major industrial sectors have joined the WBCSD.

The Council's objectives in contributing to industry are to:

- Show business leadership on sustainable development
- Help guide policy development
- Develop the business case for sustainability
- Foster best practices
- Encourage global outreach



<http://www.unglobalcompact.org/>

Additional information on the Global Compact is available online.



World Business Council for Sustainable Development



<http://www.wbcSD.org/>

Additional information on the WBCSD is available online.

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## THE RENAULT-NISSAN ALLIANCE

### Combining Forces to Achieve Optimum Synergy

An international partnership of a kind unseen in the world of business until its birth on March 27, 1999, the Renault-Nissan Alliance this year marks its tenth anniversary. This partnership, based on respect for the brand identities and corporate culture of both partners, is the first such alliance formed between a Japanese and a French company. The two Alliance partners are working together in pursuit of profitable growth and mutual benefits through a joint strategy based on common goals and a shared philosophy.

#### Our Alliance Vision

In March 2004, Renault and Nissan marked the fifth anniversary of the Alliance partnership with a declaration of determination to make continued progress together. In this Alliance Vision we reconfirmed the values and principles we share with each other.



The Renault Mégane (left) and Nissan Cube

## The Renault-Nissan Alliance

### Constitution

The Renault-Nissan Alliance is a unique partnership of two global companies united for performance and linked by cross-shareholdings. It is based on two founding principles:

- I. Developing all potential synergies by combining the strengths of both companies through a constructive approach to deliver win-win results
- II. Preserving each company's autonomy and respecting their own corporate and brand identities

### Alliance Vision: Destination

#### Ambition

- The Alliance contributes to global sustainable development
- The Alliance generates attractive returns for the shareholders of each company
- The Alliance attracts and retains the best talents, provides good working conditions and challenging opportunities: it grows people to have a global and entrepreneurial mindset

#### Management principles

- The Alliance is based on trust, transparency and mutual respect
- The Alliance Constitution is associated with the best established standards of corporate governance, ensuring:
  - Clear decision making for speed, accountability and a high level of performance
  - Maximum efficiency by combining the strengths of both companies and developing win-win synergies

#### 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

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## A New Step Forward for the Alliance

With global sales in 2008 of more than 6 million units, the Renault-Nissan Alliance is a top three market player. Today, the Alliance gives Renault and Nissan a unique competitive advantage in a sector hit by the global economic crisis. Renault and Nissan are taking cooperation to a higher level by maximizing the know-how gained from 10 years of cross-cultural management and shared experience. The Alliance has set up a small, dedicated team of people under the spirit of diversity. The team consists of five persons from Renault and six from Nissan.

## Fostering Young Technicians Through the Alliance Engineer Exchange Program

Nissan and Renault launched the Alliance Engineer Exchange Program (AEEP) in fiscal 2005 with the goal of strengthening ties between them in technical fields. The program involves pairing young engineers from both companies for a period of six months to one year to tackle technical issues faced by both Alliance partners. Four projects involving Vehicle Engineering, Logistics and Manufacturing CCTs (cross company teams) and the Quality FTT (functional task team) were launched between April and June 2008. Following the exchange activities, reports on the potential for new synergies are presented to the board members of both Alliance partners responsible for the areas involved, and the results put to use in mounting future joint technical projects and fostering Alliance human resources.



<http://www.nissan-global.com/EN/COMPANY/PROFILE/ALLIANCE/RENAULT01/>

See our website for additional information on the Renault-Nissan Alliance.



Participants in the AEEP

### Message from Our Alliance Partner

#### The Alliance, a Key to Success for Regional Expansion



**Xavier Gobille**  
Managing Director  
Renault South Africa

A high level of mutual respect and trust is a key driver of this unique commercial and industrial partnership, which has created significant value for both companies in South Africa. Today we have come to realize that we are a lot stronger together than on our own. We would not have been able to achieve what we have done without Nissan South Africa. We are very fortunate to have an Alliance that is not in name only—it is working, it is happening.