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Corporate governance

Corporate governance system

Nissan has caused inconvenience and concern to its stakeholders due to the misconduct by the former management that occurred in 2018. We recognize that this was caused by an excessive concentration of authority and a lack of transparency in governance, and we are working to prevent a recurrence by raising awareness within the Company and improving governance to ensure that this will not recur.

Nissan has selected a “company with three statutory committees” as its governance system, which clearly separates execution, supervision, and auditing. It ensures transparency in decision-making, prompt and flexible business execution, and the effectiveness of internal control, compliance, and risk management systems.

The Board of Directors has a majority of outside directors. Outside directors make up the majority of each committee, with the Compensation Committee is comprised only of outside directors. Similarly, the Chair of the Board of Directors and each committee chair are independent outside directors.

We announce clear management targets and policies to all stakeholders and disclose our performance promptly with a high degree of transparency.

We have established a governance system that maintains sound management. The system allows us to implement various monitoring systems, as well as to assess and manage internal and external risks that could impact the achievement of our business goals.

Corporate governance is an important fundamental for Nissan. In order to make it effective, we also work on awareness-raising for employees and business partners to ensure that it permeates throughout the organization. Under our long-term vision Nissan Ambition 2030, we aim to transform Nissan into a sustainable company that is truly needed by its customers and society, by expanding the opportunities of mobility and society while delivering exciting electrified vehicles and technological innovations. We are committed to regaining the trust of our stakeholders by changing our corporate culture, acting with transparency and an attitude of respect and deference, from executives to employees.

Role of the Board of Directors



Roles of the Board of Directors

- The Board of Directors has primary responsibility to shareholders for the welfare of the company.
- The Board of Directors, led by the independent outside directors, decides the basic direction of management by taking a variety of perspectives into account and plays the role of supervising the executive directors.

Major authorities of the Board of Directors

Basic management policy	· Medium-term plan / annual business plan · Strategic / important alliances
General Shareholders Meeting	· Convocation · Agendas
Appointment / dismissal	· Appointment of board chair and representative executive officers · Appointment / dismissal of executive officers · Appointment / dismissal of committee chair and committee members
Finance	· Financial statement · Dividends
Others	· Basic policy for internal control, etc.

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Board of Directors system

The Board of Directors led by independent outside directors, decides basic management policies by taking a variety of perspectives into account and plays the role of supervising the execution of duties by executive directors and other officers. A majority (six) of the 10 members are independent outside directors, including the Chairman of the Board, creating an environment driven by independent outside directors. Each director has diversity *1 in terms of nationality, gender, specialization or other traits, and Nissan aims to realize lively discussions and swift decision-making through their inclusion.

Significant items

The Company positions Sustainability, Risk management, and Internal control/Compliance as important matters that affect the management of the Company, and has established and operates processes for communicating these initiatives to the Board of Directors in accordance with the policies and structure stated as below.

Following items were reported to the Board of Directors during fiscal 2022, and it was confirmed that there are no critical concerns.

Sustainability

Policies and structure

- Corporate Governance Guidelines*2 (Chapter III
Appropriate Cooperation with Stakeholders)

Items reported to the Board of Directors

- Report on the Sustainability Report: 1 time
- Business execution report: 6 times (Global and regional operations, electrification, DX, etc.)

Risk management

Policies and structure

- Corporate Governance Overview *3 (Corporate risk management, annual process of corporate risk management)

Items reported to the Board of Directors

- Corporate Risk Management Report: 1 time

Internal control/Compliance

Policies and structure

- Corporate Governance Report *4 (IV-1. Internal Control System)
- Corporate Governance Overview*3 (Nissan corporate structure, internal control, compliance system)

Items reported to the Board of Directors

- Internal Control Report: 2 times
- Audit Committee Report: 2 times
- Corporate Governance Report approval: 1 time

*1 Click here for more information on diversity. >>> [P079](#)

*2 Click here for more information on the Corporate Governance Guidelines. https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Guidelines_EN.pdf

*3 Click here for more information on the Nissan Corporate Governance Overview. https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview_EN.pdf

*4 Click here for more information on the Corporate Governance Report. https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g_report.pdf

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Board of Directors skills matrix

The Board of Directors skills matrix is as follows.

Board of Directors skills matrix (As of July 1st, 2023)

		Global Management	Automobile Industry	Government	Legal / Risk Management	Finance / Accounting	ESG	Products / Technology	Sales / Marketing	Digital Transformations
1	Yasushi Kimura	○				○	○	○	○	
2	Jean-Dominique Senard	○	○	○		○	○			
3	Keiko Ihara	○	○				○	○	○	○
4	Motoo Nagai	○	○		○	○	○			
5	Bernard Delmas	○	○				○	○	○	
6	Andrew House	○				○	○	○	○	○
7	Pierre Fleuriot	○		○	○	○	○			
8	Brenda Harvey	○		○			○	○	○	○
9	Makoto Uchida	○	○		○	○	○	○		○
10	Hideyuki Sakamoto	○	○		○		○	○		○

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Board members' responsibilities and duties as of July 1st, 2023

<p>Yasushi Kimura</p>  <p>Independent outside director, chair of the board of directors</p> <p>Nomination Audit</p> <p>Director since June 2019</p>	<p>Jean-Dominique Senard</p>  <p>Director, vice-chair of the board of directors</p> <p>Nomination</p> <p>Director since Apr 2019</p>	<p>Bernard Delmas</p>  <p>Independent outside director, lead independent outside director</p> <p>Compensation Audit</p> <p>Director since Jun 2019</p>	<p>Keiko Ihara</p>  <p>Independent outside director, chair of Compensation Committee</p> <p>Nomination Compensation</p> <p>Director since Jun 2018</p>
<p>Motoo Nagai</p>  <p>Independent outside director, chair of Audit Committee</p> <p>Nomination Compensation Audit</p> <p>Director since Jun 2019</p>	<p>Andrew House</p>  <p>Independent outside director, chair of Nomination Committee</p> <p>Nomination Compensation</p> <p>Director since Jun 2019</p>	<p>Brenda Harvey</p>  <p>Independent outside director</p> <p>Audit</p> <p>Director since Jul 2023</p>	<p>Pierre Fleuriot</p>  <p>Director</p> <p>Audit</p> <p>Director since Feb 2020</p>
<p>Makoto Uchida</p>  <p>Director, representative executive officer, president and CEO</p> <p>Director since Feb 2020</p>	<p>Hideyuki Sakamoto</p>  <p>Director, executive officer, executive vice president</p> <p>Director since Feb 2020</p>		

Board features as of July 1st, 2023

Highly independent representation in Board and committee composition

- All chairs of the Board of Directors and three committees are independent outside directors.

Board of Directors

- Majority of the Board of Directors (6 out of 10) are independent outside directors*1 *2

Committee

- Nomination Committee : Majority (4 out of 5) are independent outside directors
- Compensation Committee : All (4 out of 4) are independent outside directors
- Audit Committee : Majority (4 out of 5) are independent outside directors

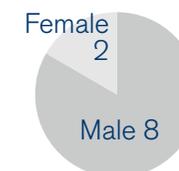
Diversity of nationality and gender

Nationality

4 Nationalities

Gender

20% Female



*1 Click here for more information on each member of the Board of Directors. <https://www.nissan-global.com/EN/COMPANY/PROFILE/EXECUTIVE/>

*2 Click here for reasons of appointment of Board members, on the Corporate Governance Report, Outside directors' relationship with the Company(2). https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g_report.pdf

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Director independence standards

To ensure highly independent representation on the Board of Directors, Nissan strictly defines the qualification of independent directors. They must not fall into any of the following categories: *1

Prohibited categories	
1	Executive or employee of Nissan (within last 10 years)
2	Major shareholder of Nissan (within last 5 years)
3	Director, corporate auditor, statutory accounting advisor or executive of a company of which Nissan is a major shareholder
4	Major business partner of Nissan
5	Executive of an organization that received a significant amount of donations and contributions from Nissan
6	Director, corporate auditor, statutory accounting advisor or executive of a company that has a director who was seconded from Nissan
7	Major creditor of Nissan
8	Certified public accountant or tax attorney appointed as statutory accounting auditor / advisor of Nissan
9	Attorney, certified public accountant, tax attorney or any other type of consultant who has received significant business from Nissan
10	Member, partner or any other executive of an accounting firm, tax firm, or consulting firm that has received significant business from Nissan
11	Family member of any of the above categories
12	Person who has served as director of Nissan (for more than 8 years)
13	Person who may otherwise consistently have substantial conflicts of interest with the shareholders of Nissan

Status of the Board of Directors' activities in fiscal 2022

The Board of Directors resolves important matters related to Group management based on laws and regulations of the Board of Directors itself, including drafting proposals for the General Meeting of Shareholders, selecting members for each committee, preparing quarterly and full-year financial statements and formulating business plans and product strategies.

In the fiscal year under review, agenda item submitted to the Board of Directors included the following.

- Business execution status update and progress report on the Nissan NEXT transformation plan
- Confirmation on new Alliance framework agreement
- Report on withdrawal from Russian business
- Activity report on internal control and risk management
- Revisions to the Corporate Governance Report, etc.

Additionally, to enhance the Board of Directors discussions, regular meetings with outside directors that are chaired by the lead independent outside director are held to discuss a wide range of matters related to Nissan corporate governance and business.

Major activities during the fiscal year under review included multiple discussions with the executive side to agree on a new Alliance framework announced on February 6, 2023, and the subsequent conclusion of individual agreements based on that framework.

Also, two meetings were held during the fiscal year under review between the independent outside directors and the independent auditors to exchange opinions on sustainability disclosure and supply chain trends associated with the recent geopolitical risks. *2

Nomination Committee system and authority

Authority / Role

- To determine the content of the General Shareholders Meeting agenda concerning the appointment and dismissal of directors as provided for in the Corporate Law
- To determine the content of the Board of Directors' meeting agenda concerning the appointment and removal of the representative executive officer
- To formulate an appropriate succession plan regarding the president and CEO and review it at least once a year

RESOLUTION ITEMS

- Proposal of election / dismissal of director candidates
- Proposal of election / removal of representative executive officer
- Succession plan for CEO
- Proposal of appointment / dismissal of Board of Directors' chair and vice chair
- Proposal of appointment / dismissal of committee chair and members

As of March 31, 2023, the Nomination Committee chaired by independent outside directors consists of six directors, five of whom are independent outside directors (of whom one is a woman). The committee has the authority to determine the content of the General meeting of shareholders' agenda concerning the appointment and dismissal of directors. In addition, the committee has the authority to decide on the content of the Board of Directors' meeting agenda concerning the appointment and dismissal of the representative executive officer and the authority to formulate an appropriate succession plan regarding the president and chief executive officer.

*1 All items stated above are summaries of the full qualifications as defined in Nissan director independent standards. Click here for more details of each categories https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Standards_EN.pdf

*2 Click here for more information on the Board of Directors' activities in fiscal 2022. >>>P163

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Nomination Committee: Number of meetings and participation rate in fiscal 2022

- The Nomination Committee met 9 times in fiscal 2022.*1
- Average participation per meeting was 100%.

Main activities in fiscal 2022

- Deliberated proposals for representative executive officer appointments
- Deliberated proposals for director appointments / dismissals at the 124th Ordinary General Meeting of Shareholders
- Deliberated president and chief executive officer succession plan

Compensation Committee system and authority

Authority / Role
<ul style="list-style-type: none"> · To determine the policy of individual compensation of the company's directors and executive officers and the contents of individual compensation for directors and executive officers · To determine the aggregate and individual amounts of director and representative executive officer compensation
Resolution Items
<ul style="list-style-type: none"> · Policies and systems regarding compensation for directors and executive officers · Specific amount or (in the case of noncash compensation) specific content of compensation for each individual director and representative executive officer · Specific amount or content of compensation for each individual executive officer

As of March 31, 2023, all four members of the Compensation Committee are independent outside directors (of whom two are women), including the chair. The Compensation Committee has the statutory authority to determine the policy of individual compensation of the company's directors and executive officers and the contents of individual compensation for directors and executive officers.

Compensation Committee: Number of meetings and participation rate in fiscal 2022

- The Compensation Committee met 12 times in fiscal 2022.*2
- Average participation per meeting was 100%.

Main activities in fiscal 2022

- Confirm a policy for compensating directors and executive officers
- Select benchmark companies and discuss the level of compensation based on the benchmark results of these companies and the results of surveys conducted by external compensation consultants
- Determine the aggregate and individual amounts of director and executive officer compensation for fiscal year *3 *4

*1 From April 1, 2022 to March 31, 2023

*2 From April 1, 2022 to March 31, 2023

*3 Click here on the 2022 Securities Report (P67-76), for details on the performance indicators of the compensation program. <https://www.nissan-global.com/EN/IR/LIBRARY/FR/2022/ASSETS/PDF/fr2022.pdf#page=69>

*4 Click here for more information on the executives' role and performance assessment. >>> [P010](#)

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Audit Committee system and authority

Authority / Role

- To audit (monitor and supervise) executive officers' business execution and directors' performance of their duties
- To make executive officers and employees / subsidiaries report on business execution and investigate the status of operation and financial conditions
- To seek injunctions against illegal acts of directors, executive officers, and employees
- To produce annual audit reports
- To select / dismiss external auditors (Appointed Audit Committee member) to represent the company in any litigation brought against directors / executive officers

Resolution Items

- Annual audit reports to be submitted to shareholders meeting
- Audit policy / rules and annual audit plan / budget of the Audit Committee
- Proposal for shareholders meeting concerning the appointment / dismissal of external auditors
- Assignment of staff employees of Audit Committee secretariat
- Annual audit plan, budget and HC of Global Internal Audit Office, assignment and evaluation to the head of Global Internal Audit Office
- Filing of litigation against directors / executive officers

As of March 31, 2023, the Audit Committee chaired by independent outside directors consists of five directors, four of whom are independent outside directors (of whom one is a woman). As part of audits on business execution including the organization and operation of Nissan's internal control systems, the Audit Committee receives reports from executive officers, corporate officers, and employees on their

business execution for Nissan and its group companies, in accordance with the Audit Committee's annual audit plan and on an ad-hoc basis as necessary. In addition, the Chair has meetings with executive officers including the president and chief executive officer periodically and exchanges opinions in various areas.

Furthermore, the Chair attends important meetings, etc., to state his opinions, reviews internal approval documents and other important documents, and, when necessary, requests explanations or reports from executive officers, corporate officers, and employees. The Chair shares his collected information with other members of the Audit Committee in a timely manner.

The Audit Committee, in conducting its audits, cooperates with the internal audit department and the independent auditors in an appropriate manner, making efforts to enhance the effectiveness of "tri-parties" audit. Under the leadership of the Audit Committee, collaboration among three parties is contributing to the enhancement of the effectiveness of internal control systems by sharing information on the issues pointed out by their respective audits and the status of their remediation in a timely manner. Furthermore, the Audit Committee supervises the internal audit department, periodically receives reports from them on the progress and results of their internal audit activities conducted in accordance with their internal audit plan and, as necessary, gives them instructions regarding internal audit.

The Audit Committee is the contact point for whistleblowing with doubts regarding the involvement of management such as executive officers, and deals with whistleblowing by establishing a system where relevant executive officers cannot know the whistleblower and the content of whistleblowing.

Audit Committee: Number of meetings and participation rate in fiscal 2022

- The Audit Committee met 12 times in fiscal 2022
- Average participation per meeting was 100% *1

Main activities in fiscal 2022

During the fiscal year under review, the Audit Committee designated the following as priority audit items, and each was reviewed and deliberated at committee meetings and other forums. Recommendations were made to the execution team and others as necessary. *2

Monitoring of business execution by executive officers, etc.

- Receive reports on and appropriately monitor the status of progress of the Nissan NEXT transformation plan as well as major management issues such as sales quality improvement and electrification initiatives and issues and semiconductor shortages and supply chain disruptions and other challenges facing the company.

Confirmation of activities of the internal audit department

- Have the internal audit department attend Audit Committee meetings frequently so committee members can receive reports on major audit findings and to identify problems as early as possible. In addition, direct the internal audit department to closely follow up on the implementation of corrective action plans based on these findings to ensure that the execution team faithfully implements them.

*1 From April 1, 2022 to March 31, 2023

*2 Click here on the 2022 Securities Report (P64), for details on the status of the Audit Committee' major activities in every month of this fiscal year. <https://www.nissan-global.com/EN/IR/LIBRARY/FR/2022/ASSETS/PDF/fr2022.pdf#page=66>

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Supervision of the operation of internal control and risk management systems

· In addition to regular activity reports on the overall operation of the internal control system, the Audit Committee also receives individual reports on key items such as the integrated risk management system, cyber security, and group governance. Furthermore, the committee directs the internal audit department to conduct audits of each department in charge of these items to appropriately supervise the operation of such matters.

The committee conducted the following activities during the fiscal year in addition to the above-mentioned priority audit items.

Response to fraud cases

· Responded to a lawsuit for damages filed against the former chairman and former representative director and took other appropriate measures to pursue accountability and recover damages for serious misconduct by the former chairman and others.

Deepening ties with accounting auditors

· In addition to receiving reports from the accounting auditors on the results of their quarterly reviews during the fiscal year under review, the Audit Committee exchanged opinions with the accounting auditors on key audit matters (KAMs) and the impact of stricter regulations on accounting auditors. The committee also verified the appropriateness of the accounting auditors' audit quality from various perspectives.

Initiatives to strengthen group internal controls

· The Audit Committee conducted on-site inspections of

sites and major subsidiaries in Japan and overseas (5 sites and 23 companies) (on-site visits were resumed).
 · The committee holds a semi-annual liaison meeting for auditors of group companies with the aim of improving the quality of audits at each group company.

Executive officer system

Executive officers decide on business activities which are delegated in accordance with the resolutions of the Board of Directors and execute the business of the Nissan Group. Several conference bodies have been established to deliberate on and discuss important corporate matters and the execution of daily business affairs. Furthermore, in the pursuit of more efficient and flexible management, the authority for business execution is clearly delegated as much as possible to corporate officers and employees. As of March 31, 2023, six executive officers (including two representative executive officers) have been appointed. *1

Basic principles of the internal control system

We aim to provide superior value to all stakeholders, consider healthy governance the foundation for this, and are engaged in a range of activities to achieve it. In line with this principle, and in accordance with Japan's Companies Act and its related regulations, the Board of Directors has decided on internal control systems to pursue these goals and its own basic policy. The Board continually monitors the status of implementation regarding these systems and the policy, making adjustments and improvements if necessary. The internal control system that was established in 2007 is

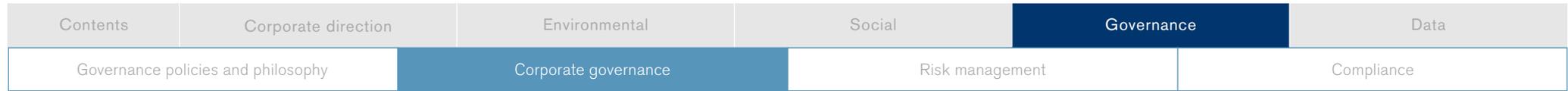
chaired by the CEO under the monitoring and supervision of the Board of Directors. All executive officers, corporate officers, and departments, as well as group companies, cooperate closely under the CEO to improve the internal control system. *2

Audit system

We have adopted a system under which the outside directors, Auditing Committee, department for internal audit, and outside accounting auditors coordinate to improve the effectiveness of our internal control systems. Independent outside directors lead the Board of Directors, deciding the basic direction of management and supervising the execution of duties by directors, executive directors, and others with similar responsibilities. The Audit Committee takes charge of the department for internal audit and instructs it with regard to auditing, and the department for internal audit shall report to the Audit Committee the status of the performance of duties and any findings therefrom on an ongoing basis. The Audit Committee also receives similar reports from the accounting auditors, as well as detailed explanations on the status of the quality control of internal audits, to confirm whether their oversight is at a suitable level.

*1 Click here for more information on each executive officer. <https://www.nissan-global.com/EN/COMPANY/PROFILE/EXECUTIVE/>

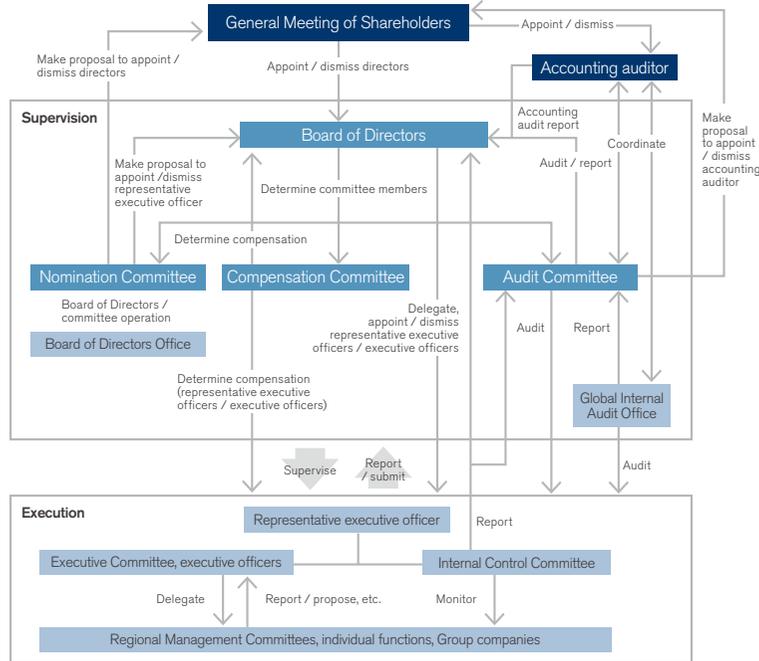
*2 Click here for more information on the Nissan Corporate Governance Overview, for the internal control system. https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/Overview_EN.pdf



Independent internal audits

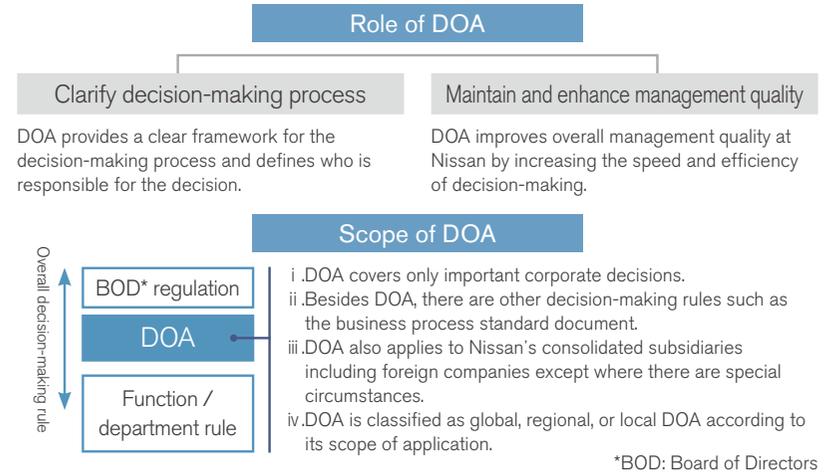
The Company has the global internal audit function, as an independent group to conduct internal auditing tasks under the Audit Committee. Regional audit teams are in each regional headquarters, and for sales finance, and IT and monozukuri auditing which requires a higher level of expertise, global specialty audit leadership was set up to conduct related audits across the regions. Under the control of the Chief Internal Audit Officer, all audits are carried out efficiently and consistently on a global basis.

Nissan's corporate governance system



Delegation of authority outline

Delegation of authority (DOA) is a part of Nissan's decision-making rules that defines who must be involved in important corporate decisions



Delegation of authority governance

For the purpose of enhancing management quality as well as clarifying the process of decision-making, fair and transparent delegation of authority (DOA) is appropriately implemented and strictly controlled.

- 01 Robustness**
Any revisions, creation and deletion are strictly controlled by the DOA Committee, which is chaired by corporate officers
- 02 Transparency**
DOA defines the appropriate individuals who must propose, validate and decide, are disclosed in the Nissan Group employee's intranet
- 03 Fairness**
Aside from Proposer and Decider, the Validator, who provides expertise to a Decider in the Validator's relevant area, is set in the DOA items
- 04 Effectiveness**
DOA representatives and coordinators are assigned in each function and region for efficient operation and for enhancing global management

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Avoidance of conflict of interest

In case of any transaction that involves any conflict of interest between the company and a director or executive officer, the Board Regulations provide that Board approval, as well as a post-facto report to the Board of important facts associated with the transaction, are required.

In addition, in 2019 the company established a Director Conflict of Interest Resolution Policy which defines conflict of interest between a director and the company, conducts annual conflict of interest questionnaires, requires directors to report any actual, potential or perceived conflicts, and also establishes procedures to resolve such conflicts. Further, the Global Conflict of Interest Code came into force in March 2022 and applies to all officers and employees.*¹

Three key pillars of director conflict of interest resolution policy

Three key pillars of director conflict of interest resolution policy *¹

Duty to report

Mandates two affirmative duties for directors:

- i . Timely reporting of actual and potential conflicts;
- ii . Advance disclosure of interested transactions

Resolution group

Establishes the Director Conflict Resolution Group, comprising (of at least) three independent directors, led by the chair of the Audit Committee.

The chair can prevent a director, with consensus among the members of the Conflict of Interest Resolution Group, from:

- i . Receiving materials,
- ii . Presenting at any discussion, and,
- iii . Participating in any vote, related to any specific conflict of interest reported.

Resolution procedure

Establishes procedures to resolve director conflicts before and during Board / committee meetings including:

- i . Maintaining a database of all specific conflicts of interest identified,
- ii . Suspending or postponing the matter in question, and,
- iii . Excluding the conflicted member from the meeting

*¹ Click here for more information on the Corporate Governance Report, for the director conflict of interest resolution policy. https://www.nissan-global.com/EN/SUSTAINABILITY/GOVERNANCE/ASSETS/PDF/g_report.pdf