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# COMPLIANCE

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Nissan understands that acting with integrity and high standards is of paramount importance, not only because it is the right thing to do, but also because it allows all employees to perform at the highest levels. Nissan expects all employees to maintain the highest ethical standards as they carry out their duties. To raise compliance awareness throughout the company, Nissan has established a Global Compliance Office, as well as specialized departments, and appointed officers to promote compliance in each region where it operates.

In fiscal 2020, new global policies, including Global Environmental Policy and Global Customer Privacy Policy, were released. The first Nissan Ethics Day was held globally on December 9 to enhance culture of ethics and compliance in the company.

## Enhancing Compliance

### Preventing a Reoccurrence of Nonconforming Final Vehicle Inspections at Nissan's Plants in Japan

After the discovery in September 2017 of nonconformities in the final vehicle inspection process at its plants in Japan, Nissan began a full and comprehensive investigation of the facts, including the causes and

background. We have since implemented appropriate countermeasures based on the results. Strict compliance is a top priority for our management, and we have taken it upon ourselves to examine the current situation with regard to compliance in every area of our business. When issues do arise, we take appropriate measures, and we are committed to promoting and enforcing compliance and awareness thereof in all operational areas.

\*Click here for more information on nonconforming final vehicle inspections.  
[https://www.nissan-global.com/EN/SUSTAINABILITY/VEHICLE\\_INSPECTIONS/](https://www.nissan-global.com/EN/SUSTAINABILITY/VEHICLE_INSPECTIONS/)

### Executing an Overhaul of Compliance Checks

At Nissan, following the discovery of nonconformities in the final vehicle inspection process at vehicle assembly plants in Japan, we were determined to ensure that such a thing could never happen again. Accordingly, in fiscal 2018, an overhaul of compliance checks were carried out, and since fiscal 2019, Global Compliance Office and relevant functions monitor those items periodically twice a year.

In fiscal 2019, comprehensive compliance checks for major subsidiaries in Japan was undertaken, and they have continued to carry out on a regular basis since then. In fiscal 2020, we have started preparation to expand the scope of compliance monitoring to overseas entities. It will be implemented across the regions from fiscal 2021.

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## Working with Dealerships

Nissan undertakes various measures to ensure that its approach to compliance is shared with dealerships and to enhance its internal controls. While strengthening lines of communication with dealerships we are carrying out activities to enhance their compliance at dealerships in Japan. Specifically, Nissan arranges Control Self-assessment for dealerships to enhance understanding of compliance matters and improve their compliance management status. We supplies check items which is reflected our internal audit results to all dealerships. They check their current compliance status and issues through the check item and use the PDCA cycle to make voluntary improvements. When major compliance issues occur, the legal, communications, external and government affairs and other applicable Nissan departments work together with dealers to take prompt and appropriate action.

## Anti-Bribery

### Anti-Bribery: Policies and Philosophy

Nissan does not tolerate corruption of any kind, whether individual or systemic, committed by a company or a government. The Nissan Global Anti-Bribery Policy\* establishes a global framework for preventing and responding to corruption. Different cultural contexts may result in what seem to be gray areas, and Nissan respects local customs and traditions, but corrupt practices are never acceptable.

\*Click here for more information on the Nissan Global Anti-Bribery Policy.

[https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2013/NIS\\_SUS2013E\\_POLICY.pdf](https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2013/NIS_SUS2013E_POLICY.pdf)

Click here for more information on the Avoidance of Conflict of Interest.

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## Anti-Bribery: Management

Nissan has established a Global Code of Conduct\* and Global Compliance Office as well as departments and officers at each of its operations worldwide with responsibility for promoting compliance measures. Moreover, all Group-affiliated companies have introduced their own codes based on the Global Code of Conduct. The Code of Conduct is supported by training courses to ensure full understanding of its content. Nissan's overall policy management strategy was redesigned in fiscal 2016 in order to support the promotion of compliance knowledge, including the creation of a Policy on Policies and related standardized procedures. With this enhanced process, Nissan seeks to ensure across-the-board understanding, making sure all employees are fully aware of Nissan's policies and able to act appropriately when faced with compliance issues. Nissan has created a series of internal regulations that are applied globally, covering areas such as decision-making, insider trading, personal information management, information security, bribery and corruption, use of social media, and customer privacy. With these policies in place, Nissan is working to heighten awareness and reduce infractions. Employee education programs to promote compliance are held regularly in all regions in which Nissan operates. For example, training sessions base on the Global Anti-Bribery Policy have been conducted in all regions. In fiscal 2020, Nissan initiated a series of global projects such as third party risk management and compliance risk assessment including anti-corruption with renewed methodology.

\*Click here for more information on the Global Code of Conduct.  
[https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2017/NISSAN\\_GCC\\_E.pdf](https://www.nissan-global.com/EN/DOCUMENT/PDF/SR/2017/NISSAN_GCC_E.pdf)

## Business Ethics

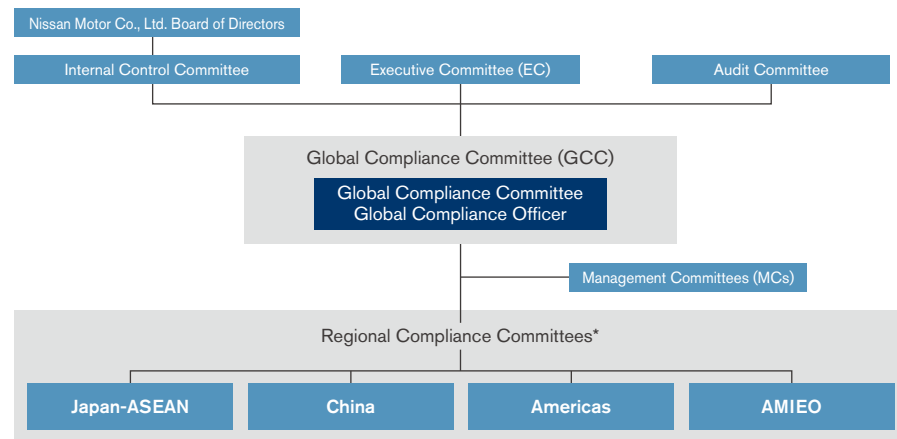
### Business Ethics: Policies and Philosophy

#### Employees and Compliance

Nissan's sustainability efforts are based on each employee's ability to do his or her job with a high level of integrity. In 2001, we established a Global Code of Conduct containing practical guidance for employees. Today this Code of Conduct is applied at all Nissan Group companies worldwide. We also provide guidance on compliance for directors and corporate officers, holding regular seminars and educational activities to ensure strict adherence to the rules. Global Compliance Committee (GCC), co-chaired by CEO and Global Compliance Officer, is held twice a year, where global compliance strategies are deliberated, annual programs are validated, and compliance issues are discussed. The results of GCC is reported to Executive Committee (EC) and Audit Committee. Under the oversight of our Global Compliance Committee, we have established a Regional Compliance Committee in each region of operation, forming a worldwide system for detecting and deterring illegal and unethical behavior. Global Headquarters works with all regions and bases of operation to ensure full awareness of compliance issues and prevent illegal activity, and has processes in place to take appropriate disciplinary action against those who violate or infringe the Global Code of Conduct or the law. Our Global Compliance Office further increases the rigor of our compliance management. In addition, to enhance compliance at the regional level, standalone, independent, regional compliance officers are appointed in Japan-ASEAN, China, Americas, and AMIEO (Africa/Middle East/India/Europe/Oceania) regions.

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## Global Compliance Committee Organization (As of April 1, 2021)



\*Each Regional Compliance Committee oversees various local compliance committees as appropriate.

## Global Code of Conduct

Global Code of Conduct contains our core principles for doing business with honesty and integrity, in full compliance with established laws and regulations in all locations in which we operate. The Code of Conduct's standards apply to all employees within Nissan Group companies, and every employee is responsible for upholding and adhering to the Code. The Code of Conduct is reviewed for revision at least once every three years to ensure that it evolves along with the company and society. The Code is also updated promptly, outside the regular review cycle, in response to significant changes to laws or other major factors affecting it. The Code of Conduct was most recently updated in 2017, when employee and customer safety were proactively added as a new key pillar of the Code.

In fiscal 2020, updated Global Code of Conduct training material was delivered to all regions. The e-learning material for indirect employees was available in approximately 20 languages and accessible in number of formats including via portable devices like smartphones and tablets. The global completion ratio of indirect employees was 99.0%. Factory-focused training material was prepared for factory workers, who received the training via regular shift-start messaging or in a seminar setting. The global completion ratio of factory workers was 96.7%. This global Code of Conduct training is mandatory for all Nissan employees every year as well as Board members and Corporate Officers.

### ① Comply with All Laws and Rules

Nissan employees are expected to follow all laws and regulations of the country in which they work as well as all Company policies and rules.

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## ② Promote Safety

Nissan is committed to employee safety and wellness. Nissan employees are expected to engage in safe work practices to promote a healthy work environment. Nissan is also committed to the safety of our customers and their passengers and Nissan employees are expected to continually promote safety of Nissan products.

## ③ Avoid Conflicts of Interest

Employees are expected to act in the best interest of Nissan. It is not permitted for employees to behave, act, or use information in a way that conflicts with Company interests. Furthermore, employees must attempt to avoid even the appearance of a conflict of interest.

## ④ Preserve Company Assets

Nissan employees are accountable for preserving and safeguarding Company assets. The unauthorized or improper use of Company assets, including funds, confidential business information, physical property and intellectual property, is prohibited.

## ⑤ Be Impartial and Fair

Nissan employees must maintain impartial and fair relationships with business partners, including dealers, suppliers and other third parties.

## ⑥ Be Transparent and Accountable

Accounts and records shall be maintained with integrity. Nissan employees shall make accurate, transparent, timely and appropriate disclosures of the Company's business activities to our stakeholders, including shareholders, management, customers, other employees and local communities.

## ⑦ Value Diversity and Provide Equal Opportunity

We value and respect the diversity of our employees, suppliers, customers and communities. Discrimination, retaliation or harassment, in any form or degree, will not be tolerated.

## ⑧ Be Environmentally Responsible

Nissan employees shall strive to consider the environment and environmental protection when developing products and services, promote recycling and conserve materials and energy.

## ⑨ Be Active; Report Violations

Nissan employees are expected to carry out their work in accordance with the Code of Conduct. Employees who suspect that a violation of the Code of Conduct has occurred are obligated to report it as soon as possible. Employees are encouraged to use the SpeakUp system to report their suspicions. Employees who act in good faith and report suspected violations will be protected from retaliation.

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## Business Ethics: Management

### Internal Reporting System for Corporate Soundness

Nissan has established a globally integrated reporting system to promote thorough understanding of compliance among employees worldwide and facilitate sound business practices. The system, known as SpeakUp, can be used by employees to ask questions or voice concerns to the company, thereby improving workplaces and operations. Where allowed by law, SpeakUp permits anonymous reporting by and two-way confidential communication with employees and other stakeholders such as dealers and suppliers. It is available 24 hours a day, 365 days a year, in more than 20 languages. Employees are encouraged to report violations of the Code of Conduct or other company rules, and are protected from retaliation by our non-retaliation policy, a cornerstone of our compliance program.

In fiscal 2020, 1,166 concerns were reported globally. Among those, 314 compliance-related matters were identified while 739 were human resource related. The most recurrent types of reports are 'Human Resource Concern', 'Health & Safety/Sanitation/Environmental Protection' and 'Offensive or Inappropriate Communication'.

## Security-Related Export Controls

To help maintain both national and international peace and security, we rigorously comply with export control laws and regulations in Japan and other countries and regions where we operate to keep sensitive goods, software and technologies from reaching sponsors of terrorism, espionage or human rights violators. Our export compliance program is implemented under a system headed by the representative executive responsible for export control. Specifically, our Export Control Global Secretariat, consisting of a Global Director and Regional Managers, works with each of our businesses to set control and monitoring mechanisms ensuring compliance with security-related export controls, and these mechanisms are strictly applied to all operations.

We recognize our responsibility for compliance with all regulations related to export controls on goods, software and technologies in our areas of operation. We are in the process of reviewing and updating our Global Export Regulatory Compliance Policy to ensure proper compliance with such regulations across the Nissan Group. Based on the global policy, we continue to develop and enhance regional policies for each of the regions where we operate, such as export regulatory compliance policies issued in fiscal 2020 for China, A&O (Asia & Oceania) and AMI (Africa, Middle East, India). We are currently reviewing impact of new regional structure under NISSAN NEXT, and will make applicable adjustments as necessary. We also respond in a timely manner to export control regulation changes and related developments around the world, including the enforcement of the Export Control Reform Act (ECRA) in the U.S., amendments to the EU dual use export control list and moves to deploy export control regulations in China, Thailand, and India.

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With the overall aim of improving our level of internal control, we strive to conduct regular risk-assessment activities in connection with export controls in each region, create monitoring mechanisms aligned with regulatory requirements and business demands, and continually improve our operations. To make employees more familiar with compliance risks, we are reviewing our training system and materials, including information about complying with relevant customs and trade laws. From fiscal 2018, we began annual training in Japan based on the new system. In addition, we deployed mandatory training globally starting in fiscal 2019 with North America, Latin America, AMLI, and China completing this training. In fiscal 2020, A&O completed mandatory training and Europe remains under development for deployment in fiscal 2021.

We have been addressing export control of advanced technology on a global level to prepare for the future of our company. To hasten the implementation of our Global Export Regulatory Compliance Policy, we continue to promote export control for advanced technologies, such as autonomous driving and connected-car technologies at Nissan sites in Japan, the U.S., and Europe as well as other locations around the world, where warranted.

At our development sites in Japan, we completed an enhancement of our classification process for sensitive goods, software and technologies using IT systems. At our research sites in the U.S. we completed development of Technology Control Plans for our Battery lab and Alliance Innovation Lab - Silicon Valley.

By making export control procedures an integral part of our development and design operations, we aim to strengthen our compliance. In addition, we are renewing and collecting information on controlled goods, software and technologies in each region and are implementing comprehensive and sound

export controls for each business operation through the systematic global sharing of this information.

### Global Export Control Policy Framework



\*1, \*2 New regional structure under NISSAN NEXT will be adjusted.

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# Nissan's Commitment to Tax Transparency

## Nissan's Approach to Tax

In line with its Global Code of Conduct, Nissan is committed to complying with the laws and regulations of all countries in which Nissan operates, as well as with international tax treaties and tax-related financial reporting rules. In order to conduct business properly and efficiently in many markets across the globe, Nissan established a documented tax policy from 2015. The Policy is continuously revised in order to keep up with the legislative and regulatory changes. The Policy includes details of Nissan's governance arrangements, tax risk management strategy and its approach to dealing with tax authorities. Nissan is consistently fulfilling all tax disclosure requirements under domestic and international rules (such as OECD Country-by-Country Reporting) and other country-specific transparency requirements like those in Australia or the United Kingdom\*.

Nissan effectively manages its tax risks by involving the Tax Department into key business decisions. Nissan's Tax Department collaborates with and supports other functions to ensure tax implications are properly evaluated and addressed in operational and strategic decision-making on a timely basis. Input from the Tax Department is particularly critical in relation to transactions, restructurings, legal entity modifications, and other business changes, as necessary to support Nissan's business strategy.

Through a formal delegation of authority process, the Tax Department validates key business decisions from a tax perspective, thereby ensuring the tax strategy is aligned with the wider business objectives, in a consistent and timely manner.

Nissan applies established international standards (such as those championed by the OECD) to its dealings between the companies within the group. Intercompany transactions are priced on an arm's-length basis, which means that Nissan entities trade with each other as if they were independent entities.

Nissan is transparent about its approach to tax. Nissan aims to pay the appropriate amount of taxes in the jurisdictions in which it operates, and to avoid tax-related interest payments and penalties for failure to comply with local and international tax rules.

The CFO reviews and approves the tax strategy. The Global Head of Tax and the CFO update annually the Board of Directors on Nissan's tax risks and adherence to its tax strategy.

\*Click here for information on Nissan's U.K. tax strategy.  
<https://www.nissan.co.uk/legal/nissan-uk-tax-strategy.html>

## Nissan's Tax Management

Nissan effectively manages tax risks within the Group by participating in and through the delegation of authority process at a global, regional and local level validating key business decisions from a tax perspective in a consistent manner.

Nissan's global brand reputation and the continuing success of its manufacturing and distribution operations are of paramount importance. Consequently only a low level of tax risk is considered acceptable as also demonstrated by proactive discussions with tax authorities.

Where Nissan has tax audits, the company seeks to reach an agreement with the tax authorities on the treatment that will apply. In case Nissan is unable to reach an agreement with the tax auditors, Nissan will uphold its



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tax positions in court and defend its application of the law through litigation. Nissan has several methods for identifying and managing tax risks. The Global Tax Controversy Report is Nissan's Tax Department's tool for central documentation and quantification of tax risk. It includes all tax exposure: both direct and indirect taxes. Key findings are discussed quarterly with top management.

Specifically for income tax, Nissan has a process in place at local, regional and global level to recognize uncertain tax positions as required by the Interpretation no. 23 of the International Financial Reporting Interpretations Committee (IFRIC 23). Nissan adopted IFRIC 23 from the beginning of fiscal 2019.

Regarding transfer pricing topics, Nissan's Tax Department has internal procedures and controls in place to identify transfer pricing risks, assess, monitor and mitigate such risks, and report material risks to all stakeholders. Profitability by product basis and by company basis is monitored regularly to identify potential risks. Once identified, the risks are reported to Nissan's finance leadership team. The executive-level position within the organization accountable for compliance with the tax strategy is the Global Head of Tax, reporting to the CFO.

Compliance with the tax governance and control framework is evaluated regularly by the following departments, at regional, local and global level: Tax, Compliance, and Internal Audit. Global policies on tax governance and control are published on Nissan's internal website and available to all employees globally. Compliance Department checks with the Tax Department regularly to assess how the policies are enforced and whether they reflect the latest business operations in Nissan.

Nissan has a hotline which is called SpeakUp where employees have a way to report unethical or illegal activities they have witnessed or that they suspect. SpeakUp is a means to bring tax-related incidences to the attention of management.

### Nissan's stakeholder engagement and management of concerns related to tax

Nissan seeks to maintain a long-term, open and constructive relationship with national tax authorities by proactively engaging with them, as well as other governmental and relevant industry bodies, directly and indirectly. First, Nissan strives to develop cooperative relationships with tax authorities through regular meetings and partnership programs. Nissan has ongoing communication with tax authorities including, where applicable, use of advance rulings and Advanced Pricing Agreements (APAs). Nissan engages in APAs with tax authorities to obtain certainty regarding transfer pricing for intercompany transactions.

Nissan regularly engages with policy makers to support the development of tax rules and regulations based on sound tax policy principles. Nissan also provides input to industry groups and international economic organizations, such as the Tax Executives Institute (TEI) and the Business and Industry Advisory Committee to the OECD. As a Japanese automaker, Nissan is a member of Keidanren, one of Japan's major private sector business associations and also part of the Japan Automobile Manufacturers Association (JAMA).

Finally, Nissan's Investors Relations Department engages with the Global Tax Department each time there is a question from stakeholders related to tax topics. The Tax Department will ensure that such questions are answered in a satisfactory way.