

## Corporate Governance

### Basic Corporate Governance Policy

Corporate governance is an important responsibility of management, and its most important role is to clarify the duties and responsibilities of the members of Nissan's management team. At Nissan, clear management objectives and policies are published for the benefit of the shareholders and investors, and achievements and results are announced early and with as much transparency as possible. The enhancement of corporate governance by full and fair disclosure is the responsibility of management.

### The Company's organization and systems for internal control

Nissan operates under the dual governance of a Board of Directors and a Statutory Audit Committee, both based on the provisions of the Commercial Code of Japan. The Board of Directors is responsible for resolutions governing important business decisions while the Statutory Audit Committee supervises and controls the execution of Nissan's most important business functions.

The number of directors has increased from seven to nine following the 106th shareholders' meeting held on June 21st, 2005. An external director serves as one of the nine members of the Board of Directors. The Board of Directors holds general meetings as well as extraordinary meetings, if necessary, to discuss and decide significant business operations.

The number of auditors has changed to four, decreased by one, on the 106th general meeting of shareholders held on June 21st, 2005, and the Statutory Audit Committee is composed of three external statutory auditors and one statutory auditor. And three of four are standing statutory auditors. Each auditor attends the Board of Directors all the time and conducts audit of Directors' business operations in accordance with the annual audit strategies determined by the Statutory Audit Committee.

In Japan, the Domestic Internal Audit Office, which is independent from other sections and is composed of 14 people, has been established to conduct internal audits of the Nissan's and its domestic consolidated subsidiaries' operations under the President's direct control. With respect to foreign subsidiaries, in order to ensure effective and efficient audits, regional audit teams have been globalized and report to CIAO (Chief Internal Audit Officer) responsible for global internal audit.

Statutory auditors perform audit of execution of entire business operations. Their procedures include, but are not limited to, interviewing the Directors with regard to business conduct and attending the Board of Directors' meetings and other significant meetings. The Statutory Audit Committee tries to enhance audit efficiency by sharing information among each statutory auditor. The statutory auditors also periodically receive the report of audit plans and the results of audit from internal audit departments. The statutory auditors also exchange their insight with the Internal Audit Office to facilitate their own audit. In addition, they also receive the report from independent auditors and determine its adequacy.

### Status of Risk Management System

The Company defines the risk as "factors which may prevent the achievement of business objectives," and tries to identify and evaluate such risks as soon as possible and to take necessary measures to minimize the probabilities that risk materialize and the damages.