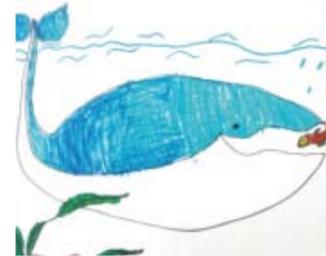




■ Regarding the cover page:  
 The pictures on the cover page show children of the Nidec Group employees and their bright and innocent smiles, and the paintings express what the children feel regarding the "coexistence with nature." The Nidec Group engages in CSR (corporate social responsibility) activities because we wish for this harmony between environment and society.



## Social & Environmental Report 2012



### NIDEC CORPORATION

338 Tonoshiro-cho, Kuze, Minami-ku,  
 Kyoto 601-8205 Japan  
<http://www.nidec.co.jp/english>

Please send inquiries to:

CSR Promotion Office, NCJ

E-mail: [csr@jp.nidec.com](mailto:csr@jp.nidec.com)

Tel: 81-75-935-6140 Fax: 81-75-935-6141

Let's ensure through our actions that  
 our beautiful earth is passed on to the next generation!



## Riding Out the Storm to Grow Into a Genuine Global Company

If I am asked what it takes for a company to do real good to society, my answer is simple: "First comes stable business growth." Companies on a healthy growth path are active, energetic, and able to make society lively by increasing employment. With this growth-oriented thinking at the core of our founding creed, we have nurtured our business through the development of truly global motor drive technologies. Our biggest motivation has always stemmed from an urge to come up with highly energy-efficient, environment-friendly motors that people really want and can use just about everywhere in the world. Along the way we have faced the good and the bad head-on, learned lessons and adjusted our strategies, all with the end goal of building a rock-solid foundation for sustainable business growth. The year 2011 was another such phase we went through, bringing us hefty challenges to overcome and valuable lessons to learn.

### Rocky Last Year

In 2011 we experienced two major natural disasters. The first was a devastating earthquake that attacked north-eastern Japan in March, and the second was a massive flooding that put more than one-third of Thailand underwater in October. The impacts of these disasters were stunningly extensive, disrupting the lives of our employees, their families and communities, and caused serious damages to our business facilities. Moreover, both disasters triggered widespread confusion in the global supply chains closely tied to our operations, pushing down our operating performance in key business areas.

Under a great deal of strain, what broke the impasse was a dedicated recovery effort of our fellow employees in the afflicted areas, bound together by a shared determination never to cause

our customers any supply problem. Their strong individual commitment and team spirits, accompanied by our group-wide emergency aid and helping hands from our suppliers and local communities, allowed us to climb out of the depths at a pace unmatched in the industry.

I am proud to be able to say that, as has been the case in the past, the collective power of our people once again saved the company.

### Staying Up and Running

Eying FY2012 as a watershed year, we have reaffirmed our founding commitment and taken a new step towards broadening the market for our high-efficiency motors by adopting a more market-specific, globalized management approach. With tightening electric supply conditions and increasing environmental concerns in the background, the world is looking for more energy-saving motors that deliver higher environmental performance.

Under the realigned global management framework, we will seek to meet and exceed stakeholders' expectations by driving forward sound corporate growth through the proliferation of environment-conscious motors and technologies.

June 2012

Shigenobu Nagamori

Chairman of the board, President & CEO

永野重信

### Corporate Aim and Basic Management Creeds

Nidec Corporation has since its establishment in 1973 followed a "Corporate Aim" that is the basis of its operations. Since the time of its establishment, Nidec has, its eyes also always firmly on the world outside of Japan, conducted its business with social contribution in mind. Furthermore, in 2008, the "Three Basic Management Creeds" were established and implemented in all group companies, thus showing our determination to grow to a company that will one day lead the world of "everything that spins and moves."

#### Corporate Aim

The aim of Nidec Corporation is to contribute to the development of our society and welfare of the general public all over the world by supplying them with the highest quality products with our sincere and enthusiastic dedication to the trinity of technology, skillfulness and modern science, and thus to promote the prosperity of our society, our company and all our employees.



### Action principles

The "Three Challenges" have been held up as action principles for all employees together with the "Corporate Aim" since the establishment of Nidec Corporation. The path to a leading global company starts with the "Three Challenges."

#### Three Challenges

Passion, Enthusiasm and Tenacity

Intelligent Hard Working

Do your job now, complete it,  
and follow through!

### Corporate slogan

On April 1, 2007, the Nidec Group established the corporate slogan "All for dreams" and the corresponding corporate statement. The Nidec Group pledges to all stakeholders that we will contribute to the building of a comforting society friendly to all its inhabitants.

**Nidec**

—All for dreams

We begin with dreams.  
Dreams drive our motivation.  
Dreams are our future.

The world's dreams, people's dreams, our dreams.  
Our passion creates ideas that make dreams come alive.  
Technology and products that were only dreams become reality.

**All for dreams**

Dreams challenge and the Nidec-Group  
will continue to meet the challenge.

For the world's and people's tomorrows,  
The world's first, the world's best technologies and products,  
We will continue our part in creating a better society.

The Nidec logo is a registered trademark or a trademark of Nidec Corporation in Japan, the United States and/or certain other countries.  
All for dreams logo is a trademark of Nidec Corporation in Japan and a trademark in the United States and/or certain other countries.

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### Online information disclosure

Find more detailed, timely information about Nidec's CSR/environmental activities on Nidec Website.

### Social and environmental information:

- (Japanese) <http://www.nidec.co.jp/environment>
- (English) <http://www.nidec.co.jp/english/environment>
- (Chinese) <http://www.nidec.co.jp/chinese/corporate/environment>

## Editorial policy

This report is the 2012 edition of Nidec Corporation "Social & Environmental Reports" we have issued since 2004 in hopes of facilitating communication with our stakeholders by sharing information about our policies and initiatives on corporate social responsibility issues and environmental considerations.

Our business objectives are only achieved by fulfilling our social obligations as a globally active motor manufacturer and thereby meeting expectations of our stakeholders, encompassing customers, suppliers, community people, employees, shareholders and the environment.

## Stakeholder relations



Hoping that this Social & Environmental Report 2012 will help enhance and expand the communications loop with all of our stakeholders, we will continue to seek ways to provide a better picture of where we stand in the effort to increase CSR strengths.

## Scope of the report

Primary subject of the report are headquarters and all R&D centers in Japan and main development and production units overseas.

- Domestic: Nidec Corporation Head Office, Central Technical Laboratory, Shiga Technical Center, Nagano Technical Center, Precision Process Center
- Overseas: Nidec Electronics (Thailand) Co., Ltd., Nidec (Zhejiang) Corporation, Nidec (Dalian) Ltd., Nidec (Dongguan) Ltd., Nidec Automobile Motor (Zhejiang) Corp., Nidec Philippines Corp., Nidec Vietnam Corp.

## Benchmark guidelines

- "Environmental Reporting Guidelines 2007" Ministry of the Environment, Japan
- "Sustainability Reporting Guidelines 2006 (Third Edition)" GRI

## Reporting period

While some ongoing efforts that have started in the past and most recent activities are mentioned, the focus is on the activities in FY2011 (April 2011 - March 2012).

## Publication

June 2012 Last edition: June 2011/Next edition: scheduled for June 2013

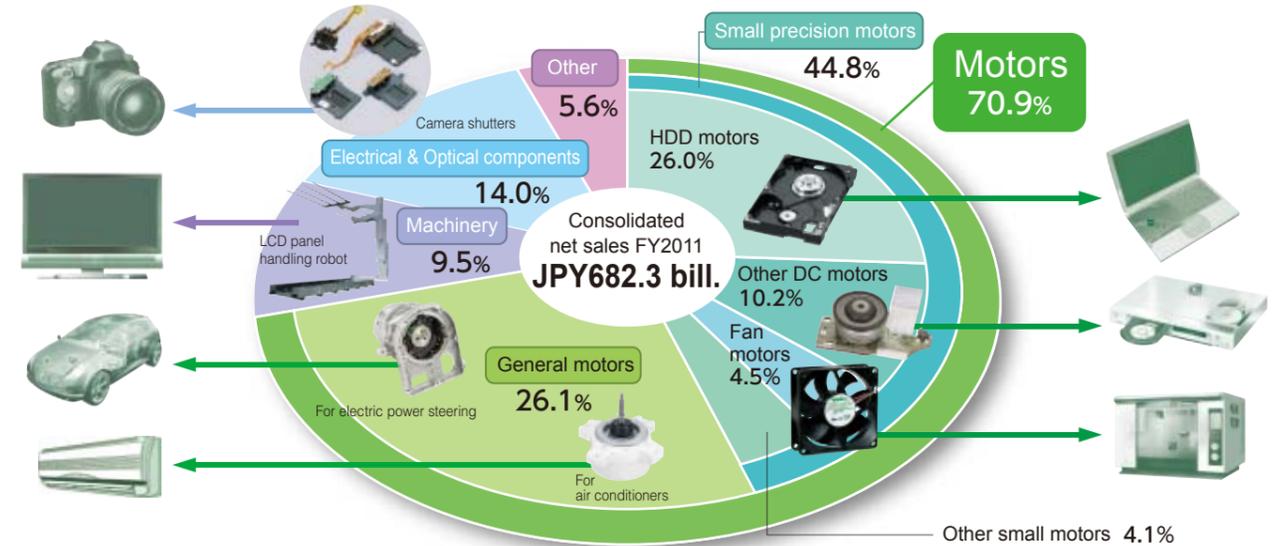
## Departments concerned

CSR Promotion Office, Public Relations & Advertising Department, Investor Relations Department Nidec Corporation

# About Nidec

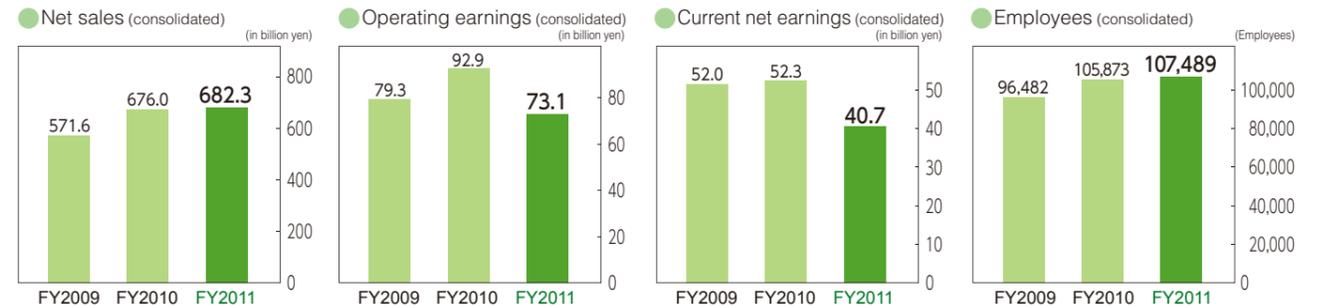
## The Nidec Group business overview

The Nidec Group operates businesses for machinery and electronic and optical components, including various kinds of motors from small to large, and many of our products have a top global market share. Nidec products are usually not visible to the eye; however, they contribute to the development of day-to-day life and industrial production since they are being widely applied in IT equipment, cars, home appliances, household equipment, etc.



## Corporate Directory

Company name: NIDEC CORPORATION	Established: July 23, 1973
Brand name: <b>Nidec</b>	Paid-in capital: Yen 66.6 billion (As of March 31, 2012)
Representative: Chairman of the board, President & CEO Shigenobu Nagamori	Total shares issued: 145,075,080 (As of March 31, 2012)
Location: 338 Tonoshiro-cho, Kuze Minami-ku, Kyoto 601-8205, Japan	Stock Listings: First Section of the Tokyo Stock Exchange (6594), First Section of the Osaka Securities Exchange (6594), New York Stock Exchange (NJ)



## Business units



(as of March 31, 2012)



# Special Features

Risk management and business strategy of Nidec

## In order to continue to fulfill our supply responsibility towards our customers

For a manufacturer, the most important issue is to continue to provide a stable supply of products needed by the society with the required quality and cost.

In 2011, Nidec Group was faced with the Great East Japan Earthquake and the large-scale flooding in Thailand, which were both unprecedented natural disasters, threatening stable product supply. However, in dealing with the disasters through emergency measures, we were able to review Nidec's business policy and risk management.

The purpose of our risk assessment activities is to control risks and ensure a business environment where earnings can be continuously achieved. If profit is not secured, not only will it be very difficult to "generate employment opportunities," which is one of our Basic Management Creeds, but "supplying products that the world needs" and "becoming the world's top" will be impossible. In other words, Nidec will not be able to fulfill its corporate responsibility. The essence of our risk management can be described with a systematic and thorough elimination of risks that threaten the stable supply of Nidec products and the stable earning of profits with our business. For this purpose, we have made efforts to reduce risks based on the following three standpoints:

1. Diversification of production risks
2. Diversification of purchasing risks
3. Diversification of customer and regional risks

The natural disasters that happened in 2011 showed us the effectiveness and limits of the risk diversification measures, which the Nidec Group had implemented so far, and clarified the problems and tasks that need to be tackled from now on.



# 1. Diversification of production risks

## Early motor supply recovery from the inundation damage due to the flooding in Thailand

The large-scale flooding disaster that happened in Thailand in October 2011 illuminated clearly the fact that a decentralization of production sites minimizes damage and enables an early recovery. Nidec Group has a global market share of approx. 80% in the area of motors for hard disk drives (HDD motors) that are mainly used in PC and servers, and 62% of our production was concentrated in Thailand.

A possible stop of HDD production because of a halt to operations at Nidec has a huge impact on customers, suppliers, and end users. In order to avoid risks connected with production sites, Nidec Group's production of its core product, HDD motors, is spread out over three countries - Thailand, China, and the Philippines - and the seven production sites in Thailand are located in three provinces (Fig. 1).

As six of the production sites in Thailand stopped operations due to the flooding, we had to assume the worst for a time; however, in addition to the early recovery of the affected production sites in Thailand, the fact that we were able to utilize alternative sourcing from China and the Philippines secured a continuing product supply to our customers.

Our approach of manufacturing the same products at multiple production sites successfully minimized the damage that ensues due to such risks, which can arise anytime, everywhere.



HDD motors

## Realization of smooth alternative production by moving forward with the international diversification of production sites

With the large-scale flooding in Thailand, points that need to be addressed came also to light. More than 60% of the customers of our HDD motors are concentrated in Thailand, and it is undeniable that the production ratio of the Nidec Group, which had been following a policy of producing and supplying products close to the customers, in the region had become too high. Therefore, we are working now in the direction of reducing the Thai production ratio and increasing the ratio of China and the Philippines together to 50% (Fig. 2).

With production lines for all models, even if just for small quantities, installed at the production sites in each country, making in an emergency only a beefing-up of equipment necessary, the relationship of trust and confidence established with customers will not be lost and product supply to end users all over the world is secured.

The Great East Japan Earthquake and the flooding in Thailand showed a large after-the-fact gap between companies that diversify risks and companies that do not follow such an approach. Both disasters made us again aware of the fact that a simple pursuance of productivity increase is not enough; sufficient measures for risk management also need to be implemented.

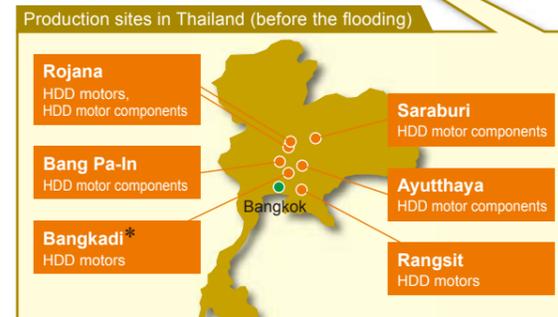
In extraordinary circumstances, it is critical to find ways to fulfill supply responsibilities while supplementing production capability, and the standardization of products, which simplifies the international diversification of production sites and alternative production, is an indispensable step towards this goal.

	Thailand	The Philippines	China
Production ratio so far	62	23	15
Plan for the future	50	35	15

Fig.2: Planned change of production ratio by region (%)



Fig. 1: HDD motor production sites in Asia



\* Bangkadi factory was closed after the flood and integrated with the Rangsit site.

# 2. Diversification of purchasing risks

## Lessons from the Great East Japan Earthquake

In terms of purchasing risk management, Nidec has learned an important lesson from the large-scale earthquake that happened in March 2011.

We were taught that our own recovery is not enough to enable manufacturing; the complete functional recovery of the supply chain (supply network of raw material, components, etc.) of our customers is essential. Many companies in the affected region were forced to stop operations, and one reason for this was the disruption of the supply chain.

Representative for this is the automobile industry, which is said to include 30,000 components. There are many companies supplying automobile components in the northeastern part of Japan, and the damage suffered by suppliers that produce electronic circuits, which have an especially large number of components, was a serious blow to the whole industry.

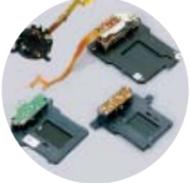
That the northeastern region is a more-than-average supply area for components, having a significant impact, can also be said about the HDD industry. Various electronic circuits are used in HDD, and if these components are not supplied, HDD cannot be produced. A certain major manufacturer of HDD was forced to cut back production because it had become difficult to purchase electronic circuit components due to the plants of suppliers having been damaged in the earthquake.

With regard to Nidec Group, the plants of Nidec Copal Corporation<sup>1</sup> and Nidec Copal Electronics Corporation<sup>2</sup> suffered damage, and the supply chain was interrupted, but thanks to the all-out efforts to rebuild the company made by the local employees who came to work every day although their own houses were damaged, we were able to quickly restart production. There are 50 - 60 suppliers only for the products manufactured at both plants, and the purchasing managers were busy confirming the damage status, projected recovery timing, and inventory location and quantity for each supplier.

Nidec Group was fortunately able to make a quick recovery; however, those customers that could not get together all necessary components from their suppliers had to temporarily stop production. Due to this experience, we

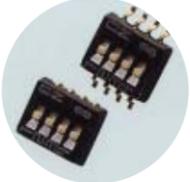
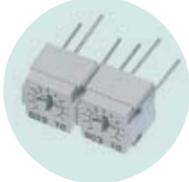
again keenly felt how critical it is for customers that the supply chain functions as a whole (Fig. 3).

1 Nidec Copal Corporation is a manufacturer of optical instruments, such as shutters for digital cameras and mobile equipment cameras (Head office: Itabashi, Tokyo).




Single-lens reflex camera shutters and compact digital camera shutters      Shutters integrated with image stabilizers

2 Nidec Copal Electronics Corporation is a manufacturer of electronic components, such as electronic circuit components, pressure sensors, actuators, etc. (Head office: Shinjuku, Tokyo).

Switches      Trimmers

## Start of the restructuring of Multiple Sourcing

To prepare for any contingency regarding the purchase of raw materials and components, Nidec Group has been generally employing Multiple Sourcing (purchasing from multiple suppliers).

When purchasing, we try to consider the number of suppliers, purchasing ratio, and deconcentration of production regions by, for example, purchasing magnets used in HDD motors from three manufacturers in Japan and China, of which one company has its production site in Thailand.



Fig. 3: Product Flow in PC Supply Chain

When the flooding in Thailand started, it became difficult for us to purchase from suppliers with production located in this country; however, we could minimize the decrease of magnet quantity by increasing purchasing from suppliers producing in China. This was possible because of Multiple Sourcing.

However, we also learned a different lesson from the Great East Japan Earthquake. When we investigated supplier number, the according production region, supplier production approach, purchasing ratio, etc. for each purchased component, we realized that for a special rubber part there were several first-tier suppliers but only one second-tier supplier. The reason for this was the reorganization of the electronic parts industry resulting in a consolidation of companies that supply the necessary components; nevertheless, it cannot be denied that this constitutes a cause for concern.

Due to such concerns, we have been reviewing our Business Contingency Plan (BCP), taking into account the risks connected with first-, second-, and even third-tier suppliers on the upstream side of Nidec Group.

Through diversification of suppliers, deconcentration of productions locations, and allocation of purchasing ratios, Nidec is making sure that purchasing activities will continue even if something unforeseen happens not only with first- but also with second-tier suppliers.

## Expectations for the rare-earth-free SR motor

Not to be dependent on a specific country/region or supplier for components and materials is one of the important conditions for a stable supply.

Currently, neodymium is used in magnets that are core components of HDD motors manufactured by Nidec Group companies, and magnets used in power steering motors contain neodymium and dysprosium. Both belong to the rare minerals commonly called rare earth, mainly produced in China. It is correct to say that there are risks connected with price and availability of these materials.

To minimize these risks as far as possible, Nidec Group has from an early stage developed its original technology and obtained technology regarding the SR motor, which does not use rare earth at all, through M&A activities. SR motors are superior over traditional motors in terms of energy efficiency, temperature

characteristics, and cost performance, and they are increasingly used for mid-size and large vehicles, such as busses and trucks, in the U.S. And in Japan, the SR motor is receiving attention as a motor for electrical and hybrid vehicles (see page 15 "Participation in EV Japan").

When going back the supply chain to the raw material located at its beginning, purchase risks become varied, with a plethora of related countermeasures; however, Nidec Group will continue to work on the decentralization and diversification of purchasing risks based on our pledge of "fulfilling our supply responsibility under all circumstances."

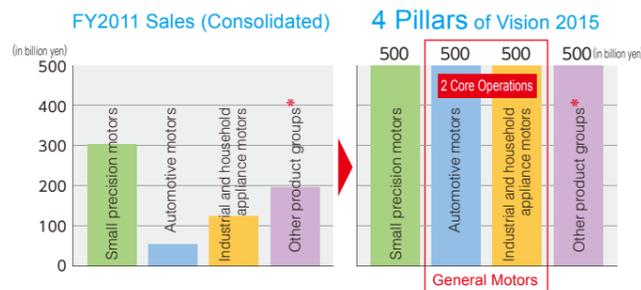


# 3. Diversification of customer and regional risks

## Transformation of the business portfolio in order to diversify customer risks

The fact that the proportion of HDD motors in the sales and earnings of the Nidec Group is overwhelmingly large and that the top three sales results per customer of the total Group sales consist of HDD motor customers is one of our strengths but at the same time constitutes a challenge in terms of risk management.

Nidec Group strives to achieve sustained growth, and expanding other business areas and reducing the dependence on HDD motors are also from the perspective of risk management important business policies. Because of this, we have set the mid-term business target, "Vision 2015," and are working on transforming our business portfolio in a way that the four business areas of compact precision motors, automotive motors, motors for home appliance/industrial applications, and other products result in the same amount of sales (Fig. 4).



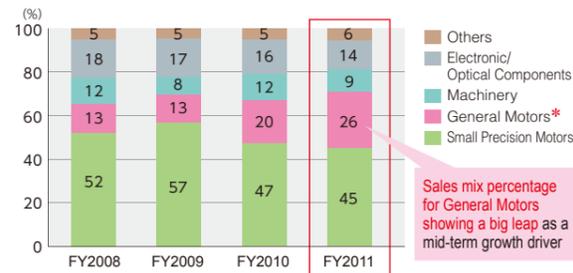
\* Other product groups consist of products categorized as "Machinery," "Electronic/Optical Components," and "Others."

Fig. 4: Business Portfolio Transformation under "Vision 2015"

Looking at the "Sales structure ratio per FY" (Fig. 5), it is apparent that the structural sales ratio for general motors (automotive and home appliances/industrial), for which the largest sales expansion is expected, is changing significantly. Especially the growth of motors for power steering is dramatic; in addition, the active utilization of M&A activities with the acquisition of Valeo (France), Sole Motor (Italy), and the motor business of Emerson (U.S.) also led to the rapid growth of the general motor business (Chart 1).

Chart 1: M&A Deals in the Past 7 Years

Year	Acquired company/business division	Current company name	Business field
2006	Valeo S.A.'s Motors & Actuators business (France)	Nidec Motors & Actuators (NMA)	Automotive motors
2007	Brilliant Manufacturing Limited (Singapore)	Nidec Component Technology Co., Ltd.	Small precision motors
	Japan Servo Co., Ltd. (Japan)	Nidec Servo Corporation	Small precision motors
2010	Sole Motors (Italy)	Nidec Sole Motor Corporation S.R.L.	Industrial and household appliance motors
	SC WADO Co., Ltd. (Thailand)	SC WADO Co., Ltd.	Small precision motors
2011	Emerson Electric Co.'s Motors & Controls business (U.S.)	Nidec Motor Corporation	Industrial and household appliance motors
2012	Sanyo Seimitsu Co., Ltd. (Japan)	Nidec Seimitsu Corporation	Small precision motors
	The Minster Machine Company (U.S.)	Nidec Minster Corporation	Other product groups
	Ansaldo Sistemi Industriali S.p.A. (Italy)	Ansaldo Sistemi Industriali S.p.A. (ASI)	Industrial and household appliance motors



\* General Motors: Automotive motors + Industrial and household appliance motors  
Fig. 5: Sales Mix

The ratio of general motors in the total sales result was in FY2011 26%, which constitutes a growth of 6% compared with the previous year. The goal of the "Vision 2015" is to increase this ratio of the sales structure to 50% (Fig. 5). On the way to the realization of the "Vision 2015," which will increase sales for each of the four business areas to 500 billion yen, the transformation of the Nidec Group business portfolio is making good progress.

In order to strengthen the industrial motor business, we acquired in 2012 Ansaldo Sistemi Industriali S.p.A. (ASI)<sup>3</sup>, a major Italian manufacturer of industrial motors and heavy electrical machinery. With Nidec Motor Corporation, specializing in large-sized motors with a maximum output of up to 3,700kW, and ASI that manufactures very large motors - with an output of 35,000kW, ten times of that of the Nidec Motor products - joining the Nidec Group, the field of our activities has much broadened, and we are aiming at becoming the future world's top motor manufacturer in the industrial motor market as well.

Nidec Group's dream is to broaden our area of activities to include railway, marine vessel, and airplane markets in addition to the PC and automotive markets, which we currently serve. Based on this, the acquisition of ASI is not only a part of our portfolio transformation but also related to our next-generation business strategy.

<sup>3</sup> Ansaldo Sistemi Industriali S.p.A. (ASI)  
Headquarters: Milan, Italy. Principal places of business: Italy (four sites), France, and Russia. ASI was established in 1853 and boasts a history of approx. 160 years. The company is known as a major manufacturer of industrial motors, but is also active in power generator and low to medium voltage drive as well as industrial system and automation markets while also serving the service industry in areas such as maintenance, etc. ASI has approx. 1,200 employees and reported a sales result of €292 mill. (approx. JPY31 bill.) in the FY ended December 2011.

## Further promotion of globalization through a geographical market diversification

We are moving forward with a geographical market diversification in parallel to the diversification of customer risks.

In the area of computers, globalization is close to completion with, apart from certain languages and software, special product characteristics, based on usage that is unique to certain countries or regions, having nearly vanished. For instance, HDD motors produced by Nidec in Thailand are installed in computers manufactured in China and then exported to customers all over the world. The same is true for mobile and smart phones, for which products utilizing the same system are sold and used globally.

However, automobiles and home appliances as well as the industrial field are not yet in such a situation. Cars selling well are different in Asia, Europe, and the U.S.; washing machines, dish washers, air conditioners, etc. have different specifications depending on the lifestyles and customs of the countries and regions the appliances are used in.

This is where new business opportunities are born. There is no doubt that, in light of the necessary risk diversification, it will be important to enter markets all over the world without stopping at Japan or Asia.

Nidec Group is building its global network by entering the respective markets and either starting to produce in-house there or acquiring a company that has its roots in this country and is doing business there.

In the area of automotive motors, Nidec acquired Valeo (France) in 2006 and the motor business of Emerson (U.S.), which owns SR motor technology, in 2010 (current Nidec Motor Corporation). While thus expanding our business in Europe and the U.S., we will also establish a production site in India in the near future (Fig. 6).

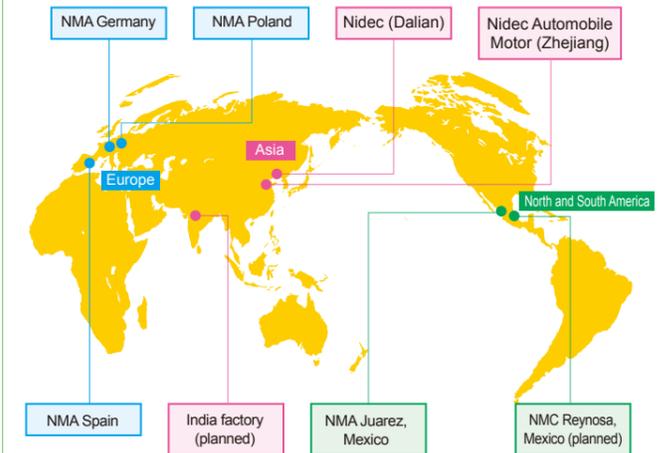
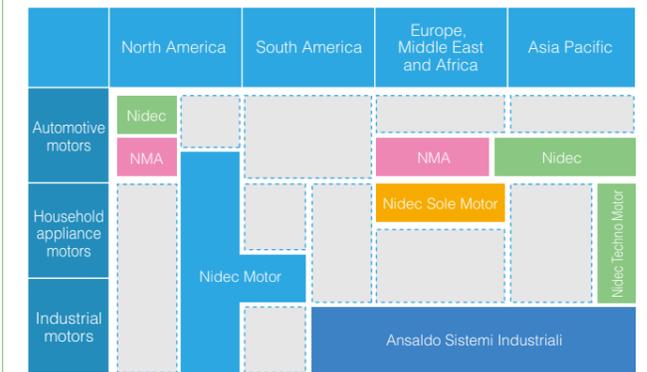


Fig. 6: Global Manufacturing Framework for Nidec Automotive Motors

Regarding motors for home appliances, Nidec acquired Sole Motor (Italy) in 2010 and is expanding operations by adding Nidec Motor mentioned above. In the area of industrial motors, ASI (Italy), acquired in 2012, has sales channels in Europe as well as in Russia and South America and fulfills an important role in the global network that is being created (Fig. 7).

As described above, the automotive motor and home appliances/industrial motor businesses have become important pillars that support Nidec Group's risk management in terms of the three factors customer, product, and region.



Areas denoted by [dotted box] indicate future M&A target markets

Fig. 7: Global Motor Market Strategy for Automotive, Home Appliance and Industrial Applications

# Nidec's CSR Activities

## Nidec Corporation CSR Charter

With a keen awareness of its responsibilities as a part of society, Nidec Corporation pursues common good by offering globally welcomed products and technologies. Nidec's ultimate objective as a socially responsible business entity is to ensure sustainable growth that creates employment without pausing.

All Nidec directors and employees are required to perform duties in full respect of the spirit of this Charter and philosophy behind CSR (corporate social responsibility).

### 1 Work sincerely and honestly

- All Nidec directors and employees must realize the importance of a strict adherence to the laws, regulations, and social requirements of the countries in which the Company operates and are required to fulfill responsibilities based on international standards.
- All Nidec directors and employees must ensure fair and transparent disclosure of information through reciprocal communications with the Company's stakeholders, including its shareholders, its customers, its business partners and employees, to earn and retain the trust of society.
- All Nidec directors and employees, in order to enhance product safety, quality, and reliability, must engage in fair business transactions based on transparent and free competitions in harmonious cooperation with the Company's business partners.

### 2 Coexist with the environment

- All Nidec directors and employees must realize that the perpetual conservation of the global environment is an issue of common concern for all humanity and are thereby required to reduce the environmental burden through environmentally conscious business activities.

### 3 Respect human rights

- All Nidec directors and employees must maintain an optimal work environment which is built upon the respect for individuality and human rights and free from abusive labor practices, such as forced labor and child labor.

### 4 Secure occupational safety and hygiene

- All Nidec directors and employees must ensure workplace safety and good health to establish a work environment that brings out the best in each individual.

### 5 Maintain good relations with the society

- All Nidec directors and employees must be aware that sustainable corporate growth can only be built on good relationships and co-prosperity with the society.
- All Nidec directors and employees must respect the cultures and customs of the countries in which the Company operates, and are encouraged to participate in social contribution activities for the benefit of the respective local communities.

The CSR Charter was established based on the ten principles in "UN Global Compact Principle against Corruption<sup>\*1</sup>" and "Electronic Industry Code of Conduct (EICC).<sup>\*2</sup>" Plus, as bylaws for the CSR Charter, we established CSR Regulations, which contain human rights- and labor-related provisions such as "Guarantee of the freedom of establishing labor unions and collective bargain."

## Message from CSR Officer

Nidec has set itself the goal of spreading products and technologies with excellent environmental performance throughout the world and fulfilling its social responsibility as a corporation by the creation of employment opportunities through continuous growth. We have been continuously growing with the expansion of our business, including M&A activities, and are now active in more than 25 countries all over the world. However, we believe that the key to the fulfillment of the said goal lies in the answer to the question of how to balance our business with the people, environment, and society in each country and region. For this, it is essential that all employees understand what is meant with corporate social responsibility and put it into practice.

Based on this concept, Nidec established in April 2008 its "CSR Charter" and introduced a CSR management system at main Japanese and overseas business sites. We will continue to broaden the CSR promotion area in line with the expansion of our business scale through M&A and other means and plan to have covered 80% of our entire business by 2015.

For a manufacturing company like Nidec, the most important point when doing business is the ability to supply the necessary products at any time. This ability supports the continued growth of the company and leads to stable employment opportunities. However, the large-scale earthquake that occurred in East Japan and the flooding in Thailand, both happening last year, shook the very foundation of this policy. Due to those natural disasters, the

flow from purchase and production to delivery suddenly stopped. From these events, we learned three important lessons regarding what we need to do to ensure a stable business. The first is the diversification of regions and countries where products are manufactured, the second can be described with an increase of supplier options, and the third lesson taught us to broaden our customer and market range. These three activities are on the top of our risk management agenda, and we need to make sure that they are implemented to be able to fulfill our social responsibility.

In order for our business to continue to grow, it is essential that we make ourselves aware of our social responsibility and do all we can to ensure balance between our stakeholders, society, and the environment. We are making sure that all of our efforts bear fruit, and for that we ask for your continued understanding and support.



Akira Sato  
Member of the Board and First Senior Vice President

<sup>\*1</sup> UN Global Compact Principle against Corruption: Basic anti-corruption principles advocated by the then US Secretary-General Anan in 1999. Currently there are 10 principles concerning human rights, labor, the environment, and anti-corruption.

<sup>\*2</sup> Electronic Industry Code of Conduct (EICC): A code of conduct made by the electronic industry for the business activities of the overall supply chain. EICC consists of rules on labor, health and safety, environment, management system, and ethics.

## Mid-term vision

Nidec regularly assesses all CSR issues by looking at its business from the perspective of social factors, biodiversity, and environmental burden and tries to continuously find solutions through the establishment of a mid-term vision. The main topics of the Nidec CSR mid-term vision, for which FY2015 is set as a milestone, are the following three:

### 1 Expansion of the CSR management area

The CSR concept shows its true value only if it is practiced in the entire company. In recent years, the business area of Nidec has been growing rapidly on a global scale due to M&A activities and other factors. Therefore, the number of business sites that need to be managed based on CSR has also increased. Our goal is to raise awareness of CSR in all companies of the Nidec Group and expand the CSR management area.

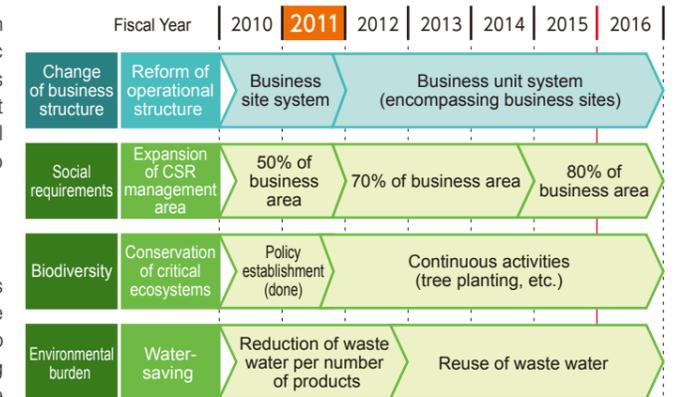
### 2 Conservation of ecosystems

To enable the continued utilization of biological resources, it is necessary to manage our business in ways that prevent the decrease of species while at the same time making efforts to conserve principal species. Nidec has been promoting continuously conservation activities, such as mangrove reforestation in tropical areas, and will do so on an even larger scale in the future.

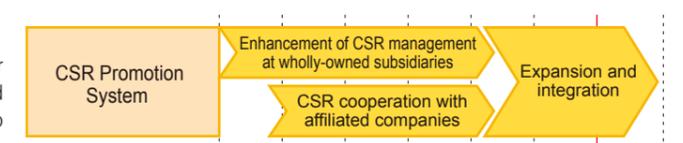
### 3 Economic use of water resources

Water is the most valuable resource and indispensable for human life and industry. However, if seawater, icebergs, and glaciers are not counted, the quantity of usable water amounts to just 1% of the entire water resources. As a manufacturing company that uses much water for washing of components, etc., we are strengthening our efforts to conserve water resources through reducing water intake and use and with various recycling methods.

### CSR Mid-term Vision



### Roadmap for the expansion of the CSR management system



## Targets and Results

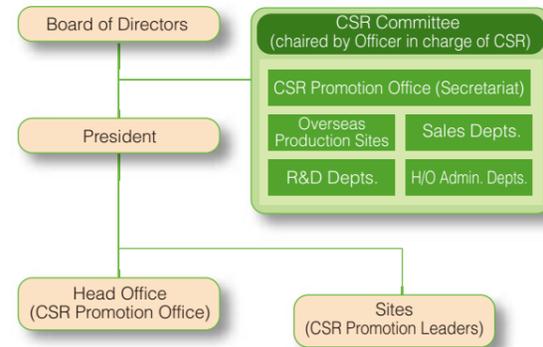
CSR activities	FY2011 Targets	FY2011 Results	FY2012 Targets
CSR Awareness	<ul style="list-style-type: none"> <li>Develop English and Chinese versions of e-learning materials.</li> <li>Continue the CSR correspondence education programs. In particular, introduce the programs to newly established sites.</li> </ul>	<ul style="list-style-type: none"> <li>E-learning course materials became available in English and Chinese languages.</li> <li>177 employees in and outside Japan took the e-learning course. The cumulative number of applicants who had completed the course reached 2,169.</li> </ul>	<ul style="list-style-type: none"> <li>The cumulative number of successful e-learning course applicants: 2,500</li> </ul>
CSR Management System	<ul style="list-style-type: none"> <li>Local site-oriented promotion of onsite CSR audit of major supply chains.</li> </ul>	<ul style="list-style-type: none"> <li>CSR audits completed at 32 supplier factories in Thailand, 20 in the Philippines, and 21 in China.</li> </ul>	<ul style="list-style-type: none"> <li>Incorporating more factories/offices into the CSR management framework</li> </ul>
Social Action Program	<ul style="list-style-type: none"> <li>Launch biological diversity conservation programs at individual sites in collaboration with our stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 3,400 trees were planted in Thailand, the Philippines, and China, as part of our regional contribution activities.</li> <li>Employees in the Shiga branch joined hands with local communities for clean-up of Lake Biwa.</li> </ul>	<ul style="list-style-type: none"> <li>Driving forward biodiversity conservation activities</li> </ul>

## CSR Promotion Framework

Our ongoing CSR promotion framework took shape in April 2008, when we established the CSR Committee under the Board of Directors. Consisting of a Chairman and representative members of Nidec's major functions, the CSR Committee discusses and decides key issues, including policies and yearly action plans. Resolutions of the CSR Committee are brought into practice through active collaboration between the Committee's dedicated bureau, named the CSR Promotion Office, and designated departments, offices and operating units. In April 2012, Nidec reshaped itself to become more agile, better tailored to address a broader spectrum of regional markets over the world.

As we expand our geographic scope and increase new market entry opportunities, our CSR initiatives become more geographically diverse, encompassing Asia, Europe, North and South America.

### CSR Promotion System



## CSR Management System

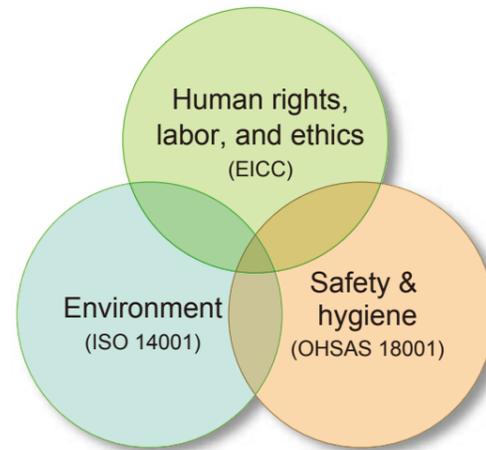
We employ an integrated management system (CSR Management System) designed in line with generally accepted international standards and roll it out to our operating units to establish and maintain an effective framework for CSR-oriented activities.

Each operating unit ensures its compliance with ISO 14001\*1, OHSAS 18001\*2 and EICC criteria and follows guidelines consistent with the respective national/regional regulatory requirements.

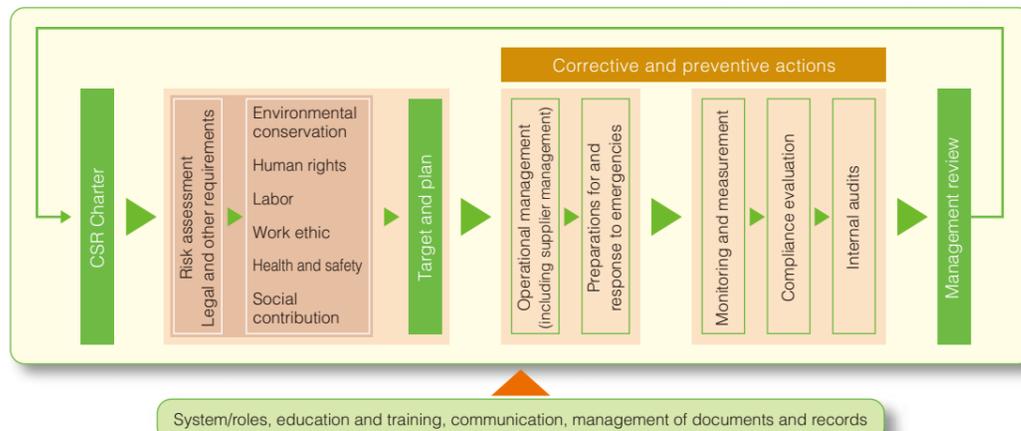
The entire managerial processes, ranging from target-setting and implementation planning to management review, run through a feedback loop called the PDCA (Plan-Do-Check-Act) cycle to ensure the continuous improvement of the CSR management system.

Currently, the CSR Management System is in operation at our main manufacturing factories in China, the Philippines, Thailand and Vietnam. Going forward, our CSR Management System is expanding its reach to a broader range of our operating locations through a phased implementation plan.

### CSR Management System



### CSR Management System



\*1 ISO 14001: An international standard on the requirements of environmental management systems.

\*2 OHSAS 18001: An international standard on the requirements of occupational health & safety management systems.

### Efforts in FY2011

## The "Conflict minerals" problem

In the Wall Street Reform and Consumer Protection Act, established in July 2011 in the U.S., a regulatory provision called "Conflict Minerals" is included. "Conflict minerals" refer to tin, tantalum, gold, tungsten, and other metals produced in the Democratic Republic of Congo, Africa, and adjoining countries (DRC\*). Dealing in these minerals has become a funding source for the conflict in the region, fomenting the victimization of the local population.

In order to redress the situation, the new regulation requires companies listed in the U.S. to investigate whether their products use conflict minerals and if yes, whether the minerals are produced in DRC. The companies then have to disclose the results of their investigations.



Nidec produces motors and other electronic components, using solder made of tin and gold in electronic circuits, etc. Currently, the U.S. Securities and Exchange Commission (SEC) is in the process of developing detailed rules for the regulation; however, as a company listed in the U.S., Nidec supports this law and has decided not to buy materials using conflict minerals ahead of the establishment of rules by the SEC. This decision is made public on our website.

Basic purchasing policy - No conflict minerals  
<http://www.nidec.co.jp/procurement/basic/index.html>



### Details of conflict minerals subject to the regulation

Conflict minerals	DRC and adjoining countries output in relation to global production	Usage examples
Tin	Approx. 5%	Alloys for solder, etc. used to join electronic circuits and weld conducting pipes
Tantalum	Approx. 15%-20%	Alloys used to manufacture electronic components, such as capacitors used in mobile phones, computers, video games, digital cameras, etc., as well as carbide tool and jet engine components
Gold	Approx. 0.5%	Manufacturing of jewelry goods and equipment for the electronic, communication, and aerospace industry
Tungsten	Approx. 0.5%	Lighting equipment, electronic and electric devices, metal, electrodes, contacts

### Efforts in FY2011

## CSR procurement

A company does business by purchasing things and services from other companies. Therefore, in order to secure and maintain the social creditability of its own business activities, it is important that the company shares its CSR concept with all suppliers it does business with. Based on this way of thinking, we call our purchasing policy "CSR procurement" and, while taking account of the requirements of our customers, actively promote CSR-based purchasing throughout the supply chains of our main businesses.

Introduction into the supply chain is conducted in two stages. The first stage consists of a self-evaluation of the CSR management status conducted by the supplier, of which the results are reported to us regularly. Once this has taken root, we move on to the second stage where the person in charge at each

Nidec business site visits and audits the relevant site of the supplier. At the on-site audit, the results of the supplier self-evaluation are verified and support for improvements is given, as necessary. Currently, Nidec business sites in Japan, China, and Southeast Asia have implemented CSR procurement as the main actors so far; however, we will expand the scale in the future to include also sites located in the U.S., Europe, and other regions to build a global CSR management system.

### CSR on-site audit status - FY2011

Figures for FY2010 in parentheses

	Number of suppliers subject to CSR procurement	Number of suppliers where on-site audit has been conducted	On-site audit ratio
Thailand	37 (50)	32 (30)	86% (60%)
The Philippines	23 (13)	20 (3)	87% (23%)
China	372 (358)*	21 (9)	6% (3%)

Note: The number of suppliers subject to CSR procurement is the total number and includes cases where one supplier has transactions with several Nidec sites.

\* DRC: Collective term used for the Democratic Republic of Congo (DRC), Africa, and its adjoining countries (Dodd Frank Act Article 1502)



## Customer relations

### Basic idea

In order to accommodate the various requests and wishes of our customers, we have established QCDSSS as the basis of our business activities, and all R&D, production and sales departments work as one to further improve customer satisfaction and build a relationship of trust. Our customers are located all over the world, and to respond quickly to the demands and needs of these customers, we are implementing our "Made-in-the-Market-Strategy" with development, production, and sales activities all being conducted close to the customer, based on the creation of business sites not only in Japan but also in all regions of Asia, the Americas, and Europe. Staying in close contact with the market in each region, we respond to the needs of our customers in a speedy and fine-tuned way.

#### QCDSSS requirements



### Activities in FY2011 Participation in "EV JAPAN"

In January 2012, Nidec Corporation and its group company, Nidec Tosok Corporation, participated for the first time in the 3rd EV & HEV Drive System Technology Expo (EV JAPAN) held at Tokyo Big Sight. At the exhibition, the Nidec companies showcased under the motto "Nidec Green Technology" energy-saving, high-efficiency Nidec motors including the SR traction motor, which is receiving much attention due to the fact that permanent magnets are not used, and power steering motors for which a higher fuel mileage and a significant reduction of CO<sub>2</sub> emissions are expected. We are proud of the fact that more than 3,000 expo visitors showed interest in our products and visited the Nidec booth.

Building on the momentum created by this exhibition, we will intensify our efforts to make the world aware of the high environmental performance of Nidec Group products and technologies, thus responding to the energy-saving/eco-friendly orientation of the society.



SR traction motor

Electric power steering motor

### Activities in FY2011 Nidec receives "Excellent Supplier" awards from LG Electronics (Huizhou)

In January 2012, Nidec was honored twice by receiving both the "Excellent Supplier of the Year" and the "Excellent Quality Supplier of the Year" award from LG Electronics (Huizhou) located in China. Nidec supplies motors for optical disc drives to LG Electronics (Huizhou), and the high acclaim that Nidec service features, such as our quality, cost, delivery time, etc., receive led to the awards. Our development, production, and sales teams will continue to work as one to respond to the QCDSSS requirements of our customers in order to further improve customer satisfaction.



Mr. 許明九, President of LG Electronics (Huizhou) (left) and Mr. Kaichiro Oe, President of Nidec (Shenzhen) Co., Ltd. (right)

### Activities in FY2011 Nidec Group companies jointly participate in exhibitions in China and India

Nidec Group does not limit itself to Japan but also actively participates in exhibitions held in newly emerging economies such as China and India to approach new customers and new markets. The markets of newly emerging economies have become larger than those of developed nations in various product areas from IT equipment to cars and home appliances, and show with their huge potential demand significant growth possibilities. In recent years, Nidec has been making steady headway in building up a sales network in China and India with the purpose of increasing sales in newly emerging nations, and in order to further raise awareness of the Nidec brand, we actively participated in exhibitions in 2011.

To counter serious power shortages due to the rapid increase of demand for electrical power accompanying with the economic growth in China and India, regulations regarding energy saving are being implemented. Consumer interest in and demand for energy-saving products is also rising, and Nidec Group is making efforts to reduce possible environmental burden while responding to customer needs by providing our wide range of energy-saving and eco-friendly technology.



At the exhibition in India

## Supply chain relations

### Basic idea

#### Basic purchasing policy

Nidec aims to constantly grow and leap forward based on good quality, cost, delivery, speed, and service, provides all companies in the world with equal opportunities, and purchases materials and components based on a fair evaluation.

#### CSR-based procurement

Through collaboration with our business partners, we promote CSR-based activities not only within Nidec but also the entire supply chain. For our business partners to share our CSR Code of Conduct with us, we stipulate Nidec's CSR Charter in the Basic Business Agreement, and describe the Charter's standard in the "Nidec Supply Chain CSR Promotion Guidebook."

#### CSR-based procurement flow



### Activities in FY2011 CSR seminars for suppliers

As part of the CSR promotion activities, CSR seminars for suppliers are held at each production site. At the seminars, we give explanations regarding the purpose, significance, and content of our CSR activities and promote a better mutual understanding with suppliers about our corporate ethics and compliance with laws and regulations.

At our Philippine site, a large-scale seminar with 80 participating suppliers was held to share common perceptions about the maintenance of sound business methods and fair transactions as well as the supply of earth-conscious products.

As the seminars provide a valuable opportunity for the exchange of opinions and give us a multitude of hints and suggestions regarding the problems common to the whole supply chain, they have become one of the most important activities of the Nidec CSR promotion plan.

We will continue to use the seminars to deepen the mutual understanding with our suppliers and share our values and develop the Nidec CSR promotion activities further.



The CSR seminar at the Philippine site

### Activities in FY2011 Improvements of the supply chain

At our production sites, Nidec conducts together with our suppliers a Quarterly Business Review (QBR). The QBR are held as face-to-face meetings and serve to improve the quality, delivery time, and cost of purchased components by hearing directly about the quality improvement status at suppliers and their requests towards our company, making the further bolstering of our mutual QCDSSS the ultimate goal.

In FY2011, the Chinese Dongguan site started to directly visit plants of suppliers to investigate and conduct the QBR. By correctly assessing the quality level and other factors on-site without just relying on documents, it is possible to implement timely and effective improvements. In addition, as a result of the active introduction of the QBR system with new suppliers, the number of suppliers evaluated with the highest rank A increased in FY2011.

We will continue and further intensify the QBR activities in order to improve our QCDSSS and raise the level of all Nidec products.



QBR meeting at the Dongguan site, China

### Activities in FY2011 Flooding in Thailand - Cooperation with suppliers

The large-scale flooding that occurred in Thailand in October 2011 affected also the industrial complexes where Nidec production sites are located and the surrounding residential district, submerging nearly all of the areas with the water level reaching a height of close to two meters.

When the floods were coming close, each plant made efforts to obtain information on the status of the water exposure and secure safety while swiftly communicating with suppliers in the vicinage. At the same time, the plants also made available the maximum possible help for the sandbagging intended to prevent water submerging the industrial complex. Nidec employees conducted evacuation of residents in the area with boats provided by suppliers, and we cooperated to supply food, water, clothes and other necessities.

It is only because we received the help and cooperation of nearby suppliers that we were able to avoid human casualties despite a large-scale submerging; we even could move many machines to higher floors to protect them from the water.



Securing the evacuation route and material assistance for nearby residents

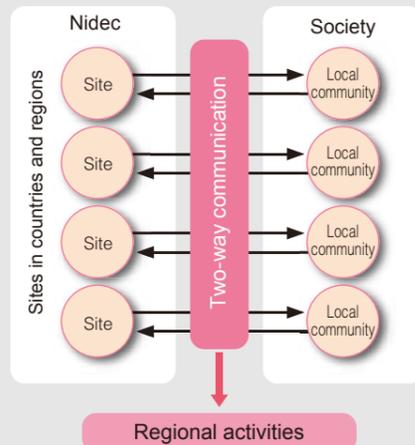
# Local community relations

## Basic idea

We respect the culture and customs of each country and region where we operate, and our business activities are launched based on our CSR Charter that also includes "Harmony with the society."

To contribute to each local community in a more committed and effective way, each of our sites has a secretariat for individual projects and engages in various activities proactively.

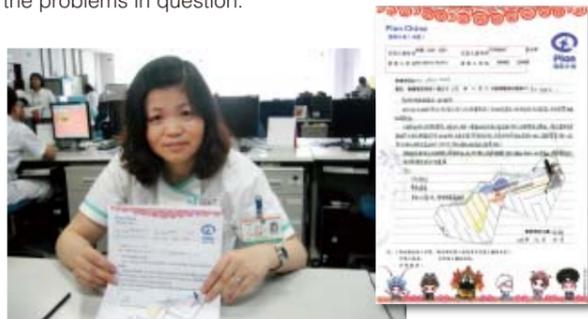
Anticipating the issues that each community faces, we understand what needs to be done on our part and launch activities that focus on two-way communication with the communities.



## Activities in FY2011 Participation in Plan Sponsorship

As part of our international social action program, we have been participating since 2008 in the Plan Sponsorship system promoted by the public interest incorporated association "Plan Japan." The activities aim to solve social problems related to education and health among others, the cause for which is poverty in developing countries.

Supporting the improvement of living conditions for children in developing countries through ongoing donations and exchanges, 40 children of the four countries in which Nidec has business sites (China, Vietnam, the Philippines, and Thailand) and employees of overseas and Japanese sites are interacting at least twice a year by writing letters and other methods. While interacting directly with the children in these countries, employees can get a close impression of their contribution to the community development, which raises their awareness of the problems in question.



A letter from the children and Ms. Hong Zhou, Zhejiang site (China)

## Activities in FY2011 Green campaign

Based on the Nidec Group Action Agenda for Biodiversity established in August 2010, we have been acting for forest preservation by planting trees and greening the site premises among other activities in- and outside of Japan.

Especially at overseas sites in Thailand and the Philippines, employees conduct every year tree-planting actions and follow and protect the growth of the planted trees. We will continue to promote at each site these community-based activities.

### Japanese sites

Head office/ Central Technical Laboratory	<ul style="list-style-type: none"> <li>Continuous fund-raising activities for Kyoto Modelforest Association (a public interest incorporated association) to contribute to forest preservation</li> <li>Use of green energy produced by the solar power generation system installed on company premises</li> </ul>
Shiga Technical Center	<ul style="list-style-type: none"> <li>Support of the local "Protecting-Lake-Biwa-With-Reed-Network" to contribute to CO<sub>2</sub> reduction</li> <li>On-site biotope and rooftop greenery maintenance and management that is sensitive to the flora and fauna ecosystem</li> </ul>
Nagano Technical Center	<ul style="list-style-type: none"> <li>Preservation of the mountain forests around the premises and on-site greening in cooperation with the local town, Komagane</li> <li>Preservation of approx. 25% of the site area as lush forest and reduction of environmental burden with the use of well water for air conditioning</li> </ul>

### Overseas sites

Thailand (six sites)	Targeting to plant a total of 5,000 mangroves by 2014, Nidec employees working at six sites in Thailand together with their families - approximately 300 persons - planted 1,300 mangroves at the shore of Chonburi province in FY2011. In the next three years, continuous activities are planned at this coast over an area of 5,000m <sup>2</sup> .
The Philippines (three sites)	As part of a plan to plant 10,000 trees in three years, Nidec employees planted a total of 1,500 trees in a nature reserve in Sariaya and donated 2,000 seeds to tree nurseries. Nidec employees also participated in local tree-planting activities.
China (Dalian)	88 Nidec employees planted 600 seedlings in the Jinzhou district.

## Activities in FY2011 Responding to requests for electricity saving

Nidec conducts its business in consideration of the global environment, pursuing energy-saving characteristics of our motors, our core products, and making all efforts to control the use of electrical energy at all sites in- and outside Japan.

Particularly in FY2011, with the tight power supply due to the Great East Japan Earthquake, we implemented electricity-saving measures stricter than usually mainly at our large R&D centers in Japan which consume especially much power, while continuing with our normal operations. Kansai Electric Power Co. Inc. (Kepeco), which is especially dependent on nuclear power generation, made specific electricity-saving requests for each summer and winter, and all employees of the affected sites made efforts to implement many small improvements, such as a review of the way air conditioning systems and other equipment are operated or moving a part of the equipment that uses especially much power overseas, etc.

### Ratio of power cutbacks FY2011 (compared to previous FY)

Main sites in Japan	Total power consumption
Head office/Central Technical Laboratory	▲4.0%
Shiga Technical Center	▲11.6%
Nagano Technical Center	▲20.1%
Precision Process Center	8.9%

# Employee relations

## Basic idea

In the course of developing a pool of challenge-seeking, globally competent human resources, Nidec is cultivating a diversity-rich work environment that brings out the best in every individual.



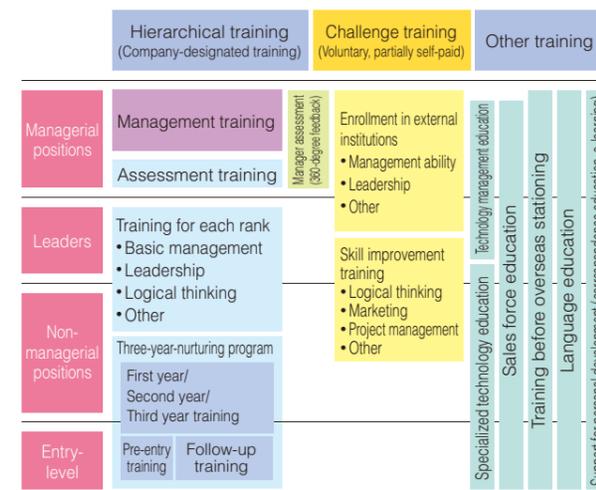
## Activities in FY2011 Nurturing employees who can survive and win in the global competition

We believe that is essential to create a workforce that can fight globally in order to win in the global competition and achieve further growth.

For this purpose, Nidec employs various educational and training measures and policies. For instance, we conduct a TOEIC test for all employees to raise the level of English abilities and give opportunity and incentive to improve language capabilities. There is also a training for employees in managerial positions to give guidance on how to play a leadership role in formulating and implementing growth strategies, and a training for junior and mid-level employees is conducted with the aim of fostering logical thinking.

2012 in particular saw the start of the "Challenge Training," which introduces an education and training system that powerfully supports employees who want to change and improve themselves, to strengthen our "employee power" (i.e. abilities and mind-set of employees) and cause nothing less than a revolutionary change in the way employees think.

### Overview of the training system



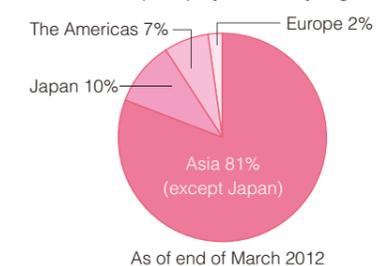
## Activities in FY2011 Recruitment of increasingly diversifying human resources

Nidec Group, which has development, production, and sales sites in 25 countries, aims to become a truly global company by recruiting local staff on a global scale, based on our management creed "The largest contribution a company can make to society is the generation of employment opportunities."

Local staff overseas are actively made executive managers or given responsibility to advance the localization of management. In Japan, we are recruiting every year new graduates and mid-career employees, accepting a great number of new personnel that includes non-Japanese as well, while also welcoming among us employees from governmental institutions by utilizing the public-private HR exchange system.



Nidec Group employee ratio by region



The diversification of our workforce is further advanced with the recruitment of certified specialists (attorneys, certified public accountants, certified tax accountants, etc.).

Through an intensified globalization and the strengthening of the Nidec "Employee Power," we will further improve our ability to grow and generate new employment opportunities.

## Activities in FY2011 Employee satisfaction survey

In June 2011, the Employee Association, as organization representative of the employees, and the Human Resources Department jointly conducted a survey of the employee satisfaction level (ES survey) in order to obtain statistic information on the thoughts and wishes with which employees work at Nidec.

All regular employees working overseas and in Japan were subject to the survey, and with 86% a very high reply rate was achieved. The results were reported back and shared with all employees, and the company utilized the data in various HR measures.

We will continue regularly measuring employee satisfaction with the continuous use of ES surveys and aim to create a company where it is comfortable and stimulating to work and employees' voices are heard.

### Employee's VOICE

In the Employee Association, we base our activities on the question "what is necessary to make the company better for both the company and employees," as seen from the employee standpoint.

For the employee satisfaction survey, we cooperated with the HR Department to formulate the survey details, successfully collecting many valuable opinions and comments from employees. The results of the survey were utilized for Positive Action activities and support of employee personal development among others, contributing to the creation of a comfortable and stimulating workplace where employees can grow and work ambitiously and motivated.



Yoko Morimoto, Chairwoman of the Employee Association head chapter of FY2011

## Shareholder relations

### Basic idea

Nidec wishes to achieve long-term high-level growth, profit, and stock prices to maximize the company's shareholder value, and satisfy its shareholders' mandate. To promote the understanding of our shareholders, investors, and other stakeholders with regards to our company, enable a fair assessment of it, and also make its business management more open and achieve full accountability, we will disclose information fairly, timely, and properly and engage in IR activities actively. Specifically, our company executives, headed by the President, will promote face-to-face communications with institutional investors, securities analysts, and individual investors through IR interviews, presentations, and other opportunities.

#### Activities during FY2011

Financial result presentation	Presentation for individual investors	Facility tour	Contacts made by institutional investors
Four times	Five times	Twice	2,568 times

### Activities in FY2011 Ten years on the NYSE

On September 27, 2011, Nidec celebrated the 10th anniversary of the company's listing on the New York Stock Exchange (NYSE). In commemoration of this event, President Nagamori rang the closing bell at the Exchange that signals the end of the day's trading. The following reception was also hosted by Mr. Nagamori, and he reminisced about the time ten years ago, when Nidec was first listed:

"Only a little more than two weeks after 9.11, many companies chose to postpone or even cancel their planned listing on the NYSE. But that was not an option for Nidec. I jumped on board a near-empty, U.S.-bound flight, just as initially scheduled, to attend the listing ceremony held right here ten years ago. Looking back, it was like an irresistible urge to do something that might help bring some sense of normality to the chaotic environment back then. As a result, on September 27, 2001, we became the first company to list on the NYSE after 9.11. The NYSE listing and its strict accounting requirements contributed largely to Nidec's business development over the past ten years."



At the closing bell ceremony

### Activities in FY2011 Presentation for individual investors

In November 2011, President Nagamori held a presentation meeting for individual investors in Osaka, Japan. Based on the topic "A management that gives shape to dreams," he gave explanations on Nidec's management philosophy, business, and mid-term growth strategy, etc. Extra time was taken for a Q&A, and the meeting became a fruitful opportunity for the manager to directly talk with individual investors. Nidec motors, which are used on a wide scale from computers to home appliances and cars, were showcased and well received at the meeting. We will continue to organize all kinds of IR events to realize close communication with shareholders and investors.



### Activities in FY2011 Disclosure award

In October 2011, Nidec was for the fifth year in a row selected as excellent company in the "Disclosure to Retail Investors" category of the "2011 Awards for Excellence in Corporate Disclosure" sponsored by The Securities Analysts Association of Japan Disclosure Study Group.

In the area of disclosure to retail (individual) investors, three companies of the 201 enterprises subject to the evaluation for all business sectors were selected as excellent companies. In case of Nidec, the company website and the communication with shareholders were highly evaluated. The website received praise because the top page of the shareholder/investor information is categorized and can be searched easily, and the posted annual financial statements do not only include financial data but also mid-term business targets, information on the according progress, and explanations regarding the focus of the company strategy, etc.

In the selection by business sector, Nidec came in second in the Electrical/Precision equipment category. Here, the active IR approach of the management and the helpful information provided on the company website were valued.

We will continue to pursue active disclosure of information beneficial for all shareholders and investors based on the fair disclosure principle.



Nidec Executive Vice President, Koichi Maeda (left), receiving the award

# Environmental Report

## Environmental Philosophy

We realize that the perpetual protection of the global environment is an important issue common to all mankind, and aim to minimize environmental burden through environmentally friendly business activities to carry out our social responsibilities.

## Environmental Policy

We conduct our business activities in accordance with the foregoing Environmental Philosophy to minimize our effects on the environment. Under the slogan "Take the first step in passing on the beauty of the Earth to future generations," we set the following guidelines to promote environment-conscious business operations:

- 1 Place a strong focus on "environmental friendliness," "efficiency improvement," and "waste reduction/recycling" in the design development and production of motors and related components;
- 2 Recognize the environmental aspects of our products and operations and implement appropriate pollution-prevention practices for the maintenance and sustainable improvement of our environmental performance;
- 3 Ensure compliance with applicable environmental regulations and other agreed-upon requirements;
- 4 Set specific environmental objectives and periodically review the effectiveness and adequacy of the environmental management system;
- 5 Identify all the tasks required to meet the objectives of the environmental management system and provide each task in the form of documented manuals, rules and procedures. The Environmental Policy is communicated to all company personnel and accompanied with appropriate training programs for implementation team members.
- 6 This Environmental Policy must be disclosed to third parties upon request.

\* The above Environmental Policy forms the basis of Nidec's subsidiary-specific (or business unit-specific) environmental policy making.

## Nidec Group Biodiversity Guidelines

As residents of Earth, we all derive immeasurable benefits from the bounty of ecosystems with abundant living species. Respecting and living in harmony with diverse life forms is the common issue for the entire human race.

Based on our environmental vision and principles, we have the following action guidelines for addressing biodiversity conservation.

- 1 Recognize the importance of biodiversity conservation and build an appropriate implementation framework;
- 2 Consistently assess and reduce our effects on biodiversity;
- 3 Contribute to global ecosystem protection by supplying environment-friendly products;
- 4 Encourage green supply chain initiatives towards biodiversity conservation;
- 5 Enhance communication with stakeholders (e.g. shareholders, customers, suppliers, local community, employees, etc.) regarding our approach towards biodiversity conservation;
- 6 Disclose this Biodiversity Guidelines to third parties upon request.

## Environmental Management System

### Promotion of ISO14001

We have established the international standard ISO14001, related to environmental management, as the central principle of our environmental management system, and each business site promotes obtaining and maintaining an ISO14001 certification.

We have also set up an "Environmental Management (EM) Committee" to decide the overall direction of our environmental conservation activities and implement further improvements. The "EM Committee" consists of the Officer responsible for CSR (Committee chairman) and the persons responsible for environmental management at each site (EM Committee members); its task is to relay to and implement in all business sites environment-related information, such as substances that are under environmental restrictions, trends and developments of laws and regulations, etc., shared by the EM Committee members.

### ISO14001 monitoring

At each business site, an internal and external audit is conducted at least once per year. The results of the audits indicate our great challenge: To understand the burden that our business puts on the environment more precisely and minimize this burden as much as possible by adapting the environmental management system to the rapid changes of the business environment that come with the extension of our business areas.

### Response to environmental emergencies and compliance with related laws and regulations

Throughout the fiscal year 2011, no environmental accident that required an emergency response occurred in a domestic or overseas business site. In one incident, the legal standard for water discharge was exceeded by a small margin at a Chinese site; however, after reporting to the responsible regulatory authority, the occurrence was adequately dealt with. Environmental damage due to this incident did not occur, and no fines were levied. There were no violations of legal restrictions and regulations at a domestic business site.

## Mid-term Environmental Conservation Plan and Results

Nidec has been implementing a voluntary five-item-program since FY2004. A mid-term plan is established in intervals of three years, and the first (FY2004-FY2006) and second (FY2007-FY2009) were completed with results that exceeded the original plan. The third mid-term plan (FY2010-FY2012) is currently in process.

Activity	Third mid-term plan (FY2010 - FY2012)	
	FY2010 - FY2012 Targets	FY2011 Results
<b>Reduction of greenhouse gas (CO<sub>2</sub>) emission</b>	For both domestic and overseas sites, reduce the greenhouse gas emission by 3% on average in the period of three years on the basic unit basis*1 starting from the FY2009 figures.	Domestic: Reduced the greenhouse gas emissions by 20.0% from the FY2009 level on the basic unit basis. Overseas: Reduced the greenhouse gas emissions by 6.3% from the FY2009 level on the basic unit basis.
<b>Reduction of final waste disposal volume</b>	For both domestic and overseas sites, reduce the greenhouse gas emission by 3% on average in the period of three years on the basic unit basis starting from the FY2009 figures.	Domestic: Reduced the waste disposal volume by 7.1% from the FY2009 level on the basic unit basis. Overseas: Reduced the waste disposal volume by 6.4% from the FY2009 level on the basic unit basis.
<b>Environmental management</b>	Based on the ISO audit, establish a comprehensive product quality and environmental assessment system for domestic sites.	Unified the external ISO audit institutions for domestic sites. Standardize audit levels.
<b>Product-based environmental contribution</b>	Promote the development and widespread use of products that will contribute to the global environment conservation.	Development of high-efficiency industrial, home appliance, and automotive motors that contribute to energy-saving and CO <sub>2</sub> reduction
<b>Environmental communication</b>	In association with external organizations, promote volunteer activities for biodiversity conservation.	Sites voluntarily participated in forest improvement, tree-planting, and other activities for biodiversity conservation.
	Contribute to the environmental education of local communities.	Held an environmental class for elementary school children five times in Japan and three times in the Philippines.

### Greenhouse gas emission

A large reduction was achieved domestically with continuous energy-saving efforts. Overseas, a reduction on a basic unit basis was accomplished; however, mainly due to the increase of employee numbers, produced quantities, used fuel, etc., the total emission substantially exceeded the standard fiscal year. We are continuing our efforts to reduce emissions on a basic unit basis by improving energy efficiency or products while at the same time striving to reduce the total emission quantity.

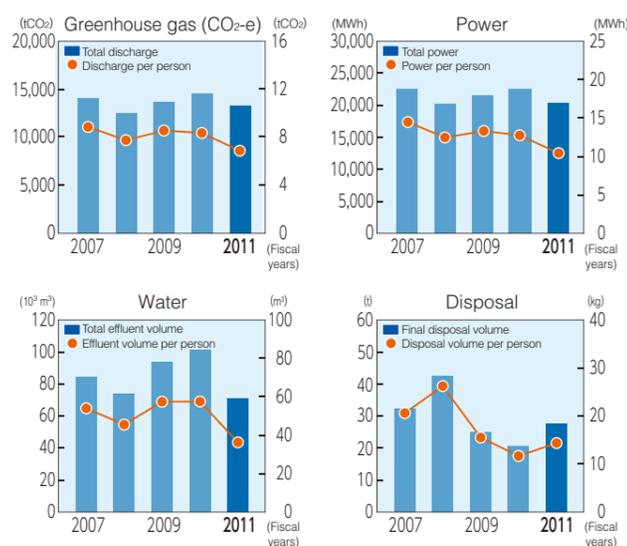
### Final waste disposal

In Japan, both on a basic unit basis as well as the total disposed quantity exceeded the standard fiscal year, mainly because of the increase of disposed machinery due to equipment renewal. Overseas sites achieved a reduction on a basic unit basis, but the total disposal quantity increased because of a production increase, the promotion of in-house production of components, and equipment damages due to the flooding in Thailand. We are continuing with our efforts to reduce waste disposal, both on a basic unit basis and in total, using ways to control the occurrence of waste.

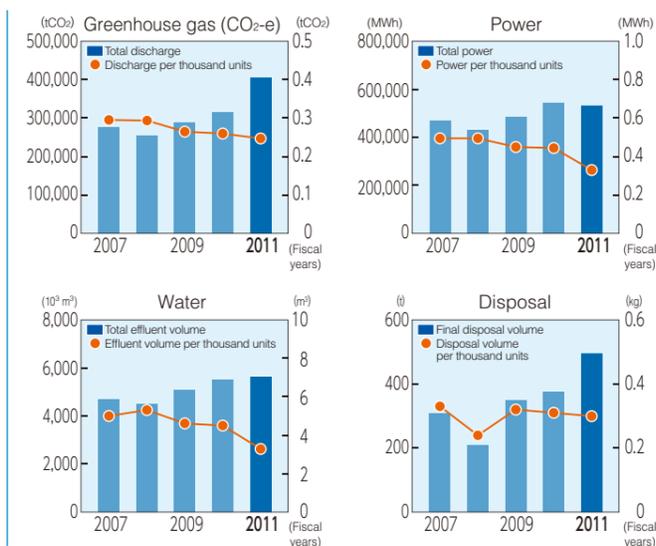
## Environmental Performance



### Domestic sites\*2



### Overseas sites\*3



\*1 Basic unit: Domestic business sites: Per employee Overseas business sites: Per 1,000 units of real produced product

\*2 Domestic sites: FY2007-FY2011: Data collected from four sites

\*3 Overseas sites: FY2007-FY2009: Data collected from eight sites FY2010 and FY2011: Data collected from seven sites

### Activities in FY2011

## Reduced size and higher efficiency of automotive motors

### Contributing to resource-saving and the reduction of CO<sub>2</sub> emissions

It is estimated that motors consume about half of the total electrical power supply of the world. Improving energy efficiency of motors is essential for controlling power consumption on a global scale. Additionally, by using efficient motors instead of gasoline-powered engines in various machines, devices and equipment, carbon dioxide (CO<sub>2</sub>) emissions can be drastically reduced. Among the machines used in everyday life, the automobile belongs to a category that places an especially heavy burden on the environment.



Weight reduction process applying to Nidec power steering motors



Power steering motors

Nidec offers motors for power steering that replace hydraulic power steering that is powered by the engine and, at the same time, continues to develop high-efficiency, light-weight motors that have an excellent environmental performance. We have reduced energy loss during high-speed rotation by creating the optimal magnetic field through the improvement of shape and layout of magnets, which are the main components

of motors, and made motors lighter while keeping their output by reducing the weight of the materials used. As car weight reduction is directly connected with the reduction of gasoline consumption, weight minimization of automotive motors is fulfilling an increasingly important role for energy-saving and CO<sub>2</sub> reduction. If calculated based on the results of an investigation conducted by the Japanese Forestry Agency, which state that the yearly CO<sub>2</sub> emission of one car is equivalent to the CO<sub>2</sub> absorbed by 160 30-year-old cedars in one year, the power steering motors supplied by Nidec in FY2011 had a CO<sub>2</sub> reduction effect equal to the planting of cedars in an area 20,000 times larger than Tokyo Dome.

### Activities in FY2011

## Conservation of biodiversity

### Current situation of Lake Biwa mirrored in the biotope

Lake Biwa in Shiga Prefecture, called the water jar of the Kieihanshin-region (Kyoto, Osaka, Kobe), is said to be home to more than 50 indigenous species. However, there is concern that its ecosystem might suffer a breakdown due to the drastic increase of waterweed in recent years. Normally, waterweed has an important role as water purifier and provides fishes with a place to spawn, grow, and live, but if there is rampant growth, sunlight is blocked, and the plants become cause for a deterioration of water quality, rapidly changing the former well-balanced habitat.

their habitat coexist. Unfortunately, here also the trend to overgrowth of waterweed, similar to Lake Biwa, can be found.

In Shiga Technical Center, one of the main Nidec R&D centers, a biotope, covering an area of 750m<sup>2</sup>, with a waterway area of 250m<sup>2</sup>, has been created. In this pond, aquatic organisms that make Lake Biwa and its water system

At Shiga Technical Center, the pond in the biotope is viewed as a miniaturized model of Lake Biwa, and in April 2004, with the support of the Lake Biwa Museum, 20 Wataka carps (Ischikauia steenackeri), a freshwater fish endemic to Japan that feeds mainly on waterweed, were released to observe changes of the water quality. The Wataka carp grows to a length of 20-25cm within two years after hatching and feeds not only on waterweed but also on harmful plankton; the experimental results obtained at Shiga Technical Center are therefore expected to be of great assistance to the Lake Biwa environmental preservation efforts.



Rampantly growing waterweed on the surface of Lake Biwa



Wataka released into the biotope (Mr. Yoshida, Director, Shiga Technical Center)



Wataka carps (from the Lake Biwa Museum "Electronic Picture Book")