Three Key focuses

Nidec today finds itself better able to use its motor technology to help solve global issues on a scale never achieved before. Aligning its business growth with new market dynamics, Nidec is poised to embrace reformatory changes to ensure sustainability over the next 100 years and beyond.

1. Achieving carbon neutrality

A complex interplay between the surging electricity demand, the increasingly volatile geopolitical and macroeconomic landscapes, and diversifying effects of climate change is causing a severe energy crisis worldwide. With countries returning to natural gas and coal-fired power to avoid further disruptions, the pace of global transition toward carbon neutrality appears to have slowed. However, the standstill will be only temporary. In our view, the crisis will give an even greater momentum, rather than a pause, to the global march toward net zero as the world’s energy order is profoundly reshaped.

We are committed to going carbon neutral by the fiscal 2040 as part of its mid-term strategic targets and has been working to cut greenhouse gas emissions (GHGs) from its operations through proactive measures including the use of renewable electricity. We put equal focus on helping reduce GHGs from society as a whole by providing emission-reducing solutions, such as Battery Energy Storage Systems (BESS) and the E-Axle EV traction motor system.

2. Adapting to the changing nature of raw material procurement

Prices of non-ferrous metals and rare metals, which are used in many of Nidec products, are likely to hover at high levels mainly due to expanding demand, diversifying uses, and geopolitical factors in major producer countries. Despite repeated shortfalls in demand during the height of the pandemic, the prices of these critical materials are quick to climb back up and are expected to remain high as new demand arises from the ongoing global electrification for the low-carbon transition, accompanied by the expanding reach of 5G networks.

Alongside addressing the complexity of the global metal market, we also seek to phase out of particular types of raw materials used in our products—the mining of which might involve a grave risk of environmental disruptions, human rights abuses, or geopolitical disputes. In addition, we are working to establish a resilient supply chain by driving forward strategic semiconductor procurement and flexible capacity management, as well as expanding in-house production of important parts.
Decarbonization, power saving, labor saving, 5G-driven technological advances and the resulting digital data explosion are key forces underpinning a significant part of the demand growth we are witnessing today. These new market opportunities, or Five Big Waves as we call them, have emerged from new challenges posed to global sustainability. One thing they have in common is the need for more compact, more energy efficient electric motors that power the very heart of industrial infrastructure.

Nidec’s new traction motor system for electric vehicles, otherwise known as the second generation model of E-Axle, has achieved a 20% size reduction from the previous generation model. Likewise, one of our flagship household refrigerator compressors have become as much as 41% smaller and 66% lighter since their release in 2010.

Sustainable business growth takes hold when strategies align closely with solutions to universal issues. That is a firm belief of mine and the common thread running through our growth-oriented thinking. We started issuing Nidec Integrated Report in fiscal 2021, reflecting our motivation to give a fresh insight into our historical, ongoing strengths and weaknesses in the context of the rapid paradigm shift now getting underway. We will have active dialogue with our shareholders, investors and all the other stakeholders on our mechanism of value creation and growth strategies presented in this Report, and reflect findings from the dialogue in our strategies. By repeating this process, we aim to become a company that will continue to enhance value creation regardless of environmental changes in the future, which is, “a global company that continues to grow for the next 100 years and beyond.”

In Integrated Report 2022, we have enhanced key contents such as the explanation about M&A and the value creation process by reviewing both what we have done so far and the current environment surrounding Nidec. Also contents such as the progress of various initiatives related to the ESG materiality issues identified last year, an outline of the new medium-term strategic goal “Vision 2025,” and our technology, human resources and financial strategies strongly help our stakeholders understand the sustainability of the Nidec Group. This report has been created with reference to the IFRS Foundation’s International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation. We declare that the preparation processes and the contents of this report are legitimate.

We hope this report gives you a good picture of our sustainability journey and look forward to receiving your valuable, candid feedback.

Shigenobu Nagamori
Founder, Representative Director and Chairman
Nidec’s founding mission is to provide comprehensive, top-quality motor solutions capable of making a globally meaningful difference.

Corporate Philosophies

Policy

The aim of Nidec Corporation is to contribute to the development of society and the welfare of the general public around the world. Nidec aims to do so by supplying the highest quality products. Our company is sincerely and enthusiastically dedicated to the trinity of technology, skillfulness, and modern science. Thereby, Nidec strives to promote the prosperity of our society, our company, and all our employees.

Mission

We contribute to the Earth by producing the highest quality motors in the world. All Nidec employees work to the very best of their ability to send motors into the world. It is with these motors and other products we make that we solve various issues such as the conservation of the global environment, and contribute to making better lives for people all over the world.

Value

Nidec is a global company that grows sustainably for the next 100 years and beyond.

Nidec is the world’s leading solution-providing business group that solves numerous problems for the people in the world.

“Nidec Way” “The Challenging Road”

- Three Corporate Policies: “Passion, Enthusiasm, and Tenacity,” “Work smart,” and “Do your work now; do it without hesitation; do it until completed.”
- “Creativity,” “Respect,” “Collaboration,” “Integrity,” “Decision Making,” “Team Building,” and “Grow Talent.”

Discipline & Code

- 3Q6S
- Seven Articles of Nidec Employees, 3Ps (Be proactive, productive, and professional), and eliminating six bad habits
- Three Management Principles
- Three Management Methods
- Three Conditions for Success
- CSR Charter (social responsibility, respect for diversity, etc.)

We support the UN Global Compact in August 2015 and officially announced its support for the 10 Principles.

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Nidec captured its strong growth momentum during the boom years for personal computers, which date back to the late 1990s. Today, we are looking at the next stage of growth amid the mounting global challenges facing the Earth’s environment and people’s lives.

Nidec’s mission calls on us to help sustain the global environment and address social issues through the creation of the highest quality motors. Our primary focus is on propelling decarbonization and growing solutions to digital data explosion and global labor shortage.

Reporting Period: April 1, 2021 - March 31, 2022

This report includes information before and after the reporting period.

Reporting Guidelines
- International Integrated Reporting Framework, IFRS Foundation
- GRI (Global Reporting Initiative) Sustainability Reporting Standards
- ISO (International Organization for Standardization) 26000 Guidance Standard on Social Responsibility

Disclaimer Regarding Forward-Looking Statements
The forecasts and forward-looking statements contained in this report are based on the information and forecasts available as of the date of publication of this report. Please be aware that actual performance may vary significantly due to various uncertainties, such as market price, conditions and exchange rate fluctuations. Nidec undertakes no obligation to update any information regarding the forward-looking statements contained in this report.
Message from the Chairman

Nidec’s Tasks
Starting from a small prefab hut, Nidec has grown into a company that recorded consolidated net sales of 1,918.2 billion yen with an operating profit of 170.4 billion yen in FY2021. The number of our colleagues has increased to a total of 114,371 in the entire group. I appreciate that it is the passion, enthusiasm and tenacity of all the Group’s employees that made such growth possible. In 2023, Nidec will celebrate its 50th anniversary. As announced in the new medium-term strategy goal Vision 2025, we aim to increase net sales to over 10 trillion yen in FY2030 through organic growth centered on growth fields in existing businesses and new M&A deals.

While aggressively aiming at further growth, I understand that the environment surrounding our businesses are becoming more and more severe. Various problems that affect our management decisions, such as the prolonged impact of the spread of COVID-19, soaring raw material prices, and an escalating energy crisis, have emerged. To overcome these problems, in addition to the ability to calmly analyze the international situation, I think it is most important that all the employees return to the starting point of Nidec and have a determination to “tackle challenges and do what others think they cannot do.”

Now, our internal issues are becoming apparent. In particular, finding the right personnel who will lead Nidec in the future in cooperation with all Nidec members is a crucial task for us.

Ensuring Awareness of Our Corporate Culture

To try to find my successor, I have brought in a variety of people over the past several years. All of those who came to us had excellent talent. However, I could not find the one who would succeed me and lead Nidec, because none of them seemed to truly understand and absorb Nidec’s unique corporate culture, as represented by the attitudes of “Do it now, do it without hesitation; do it until completed,” “Passion, enthusiasm and tenacity,” and “Working hard and smart.” For about 50 years since its foundation, Nidec has achieved growth thanks to this corporate culture. It is no exaggeration to say that this corporate culture is Nidec’s deeply rooted DNA. I overlooked the key point that Nidec’s future should be entrusted to someone who, above all else, embodies this corporate culture.

What we need more than anything else at the moment is to ensure that all the Group’s employees are fully aware of our corporate culture. Once again, we will work to instill in all Nidec members, from management executives to front-line employees, the spirit that forms our core, and reinforce the environment where they engage in any business with the pursuit of being No. 1 and speed.

Realizing the Vision

On September 2, 2022, Mr. Kobe was appointed President with approval of the Board of Directors. He has been my most trusted partner since the founding of Nidec. However, I do not intend to continue the management structure led by me and Mr. Kobe. For the moment, five Vice Presidents are scheduled to be appointed in April 2023, and a year later, one of them will be appointed as President after a formal consultation. The new President will spend about four years thoroughly learning Nidec’s management style before becoming the new Chairman.

Our reform is not just about the business management system. To achieve our goal of becoming “a global company that continues to grow for the next 100 years and beyond,” we must not hesitate to implement reforms in various fields, including development, procurement, manufacturing and control. Various reform initiatives that will dramatically change Nidec, such as the ESG materiality actions and the establishment of the Sustainability Committee, are already steadily under way. While maintaining our corporate culture, which gives us a competitive advantage, we will boldly advance the necessary reforms to achieve the Vision.

November 2022

Shigenobu Nagamori
Founder, Representative Director and Chairman
(Chief Executive Officer)
Message from the President

On Assuming the Position of COO

I was appointed Representative Director and President on September 2, 2022. I feel myself straightening up as our 50th anniversary is approaching.

Our lifestyles are changing exponentially. In response to the macro-level changes, such as worsening environmental problems and declining working-age population, the shift to environment-friendly means of transportation and digital transformation have been advancing. As the forms of communication among people will become more diversified, I believe that business opportunities will emerge in totally new fields, such as those represented by the development of virtual reality (metaverse). What is important here is the reform of human resources and organizations. The reform in human resources will be promoted by pursuing “proactive, professional and productive” work styles. In the aspect of organizations, I think it is necessary to establish a system to support such human resources.

Business Strategies for FY2022

Our EV traction motor system “E-Axle” has been making great progress. As of the first quarter of FY2022, we have received orders for over 4 million units of E-Axle for FY2025. Along with the declining prices of EVs, both the number of orders and sales volume are expected to continue to increase. In September 2022, we started mass production of the second-generation model, which has achieved a 20% size reduction and 30% cost reduction from the first-generation model. Development of the third and fourth-generation models is also underway. In preparation for the expected increase in demand, we are also working to expand our global production capacity.

Regarding M&A, a major move was the acquisition of Nidec Machine Tool Corporation and Nidec OKK Corporation to develop our machine tool business. Initially, the purpose of the acquisition of these two companies was to facilitate in-house production of key parts of E-Axle. Now, we have shifted the strategy to expanding the product lineup through the development of the machine tool business itself, thereby increasing profits.

The business environment surrounding us is continuing to be severe with factors such as signs of a slowdown in the global economy as a whole, as well as declining demand for PCs and HDDs in the Small Precision Motors segment, delays in recovery of global production volume in the Automotive Products segment, and the peaking out of demand for home appliances in the Appliances, Commercial and Industrial Products segment. However, we will not use external circumstances as an excuse but tirelessly take the necessary actions.

Sustainability Management

In FY2022, we set up a Sustainability Committee inside the Board of Directors. All five members of the Committee are members of the Board of Directors. I myself am one of the members. I will fulfill my responsibility as a member in the efforts of backcasting from the vision of “a global company that continues to grow for the next 100 years and beyond” to see our present status, and ensure that the necessary actions will be taken.

We will also continue to promote ongoing initiatives. For example, from the environmental aspect, to achieve the goal of carbon neutrality in FY2040, we have been promoting the introduction of renewable energy at our business sites. From the social aspect, we have been advancing reform in our human resources development and personnel system focusing on our corporate culture.

Renaming the Company

On April 1, 2023, the day marking our 50th anniversary, our company name in Japanese will be changed. To establish a new collective leadership system and become a 10 trillion yen company, and then to continue to grow for the next 100 years and beyond, I think all of the Nidec Group employees working in 43 countries around the world should take this opportunity to have active communication across the borders of countries and regions.

During the last fiscal year, I met over 300 employees in person to have discussions on the importance of understanding our corporate culture and the founder’s spirit. We will continue to implement these initiatives to lay the groundwork for becoming a truly global company.

November 2022

Hiroshi Kobe
Representative Director and President
(Chief Operating Officer)
History of Nidec Corporation

As the world’s leading comprehensive motor manufacturer, Nidec has achieved continuous growth through business diversification and by continuing to meet the needs of society.

1973

Nippon Densan Corporation (now Nidec) established.

On July 23, 1973, Shigenobu Nagamori, who was then 28 years old and who now serves as Representative Director and Chairman, established Nippon Densan Corporation (now Nidec Corporation) with three friends in Nishi-ku, Kyoto. With the aspiration of “becoming No. 1 in the world,” the four young men started to manufacture and sell small AC motors. Because it was difficult to find customers in Japan, Nagamori flew to the United States, where he visited potential customers without prior appointments.

Fascinated by brushless DC motors, which feature low noise, long life and compact size, Nagamori was immersed in its research in his school days. However, the brushless DC motor market was still small in those days, and brushless DC motors were used only for limited applications such as fish finders.

At the request of an electric equipment manufacturer in the United States, Nidec developed a direct-drive motor for hard disc drives (HDDs) using brushless DC technology, and successfully launched mass production in 1979. Direct-drive HDD motors contributed to the miniaturization and high storage capacity of HDDs, and HDDs rapidly became widespread as a computer storage device. Since then, brushless DC motors have been the pillar of Nidec’s business. As the world’s No. 1 manufacturer of brushless DC motors, Nidec has established a dominant position in a broad range of markets from IT and automotive devices to home appliances.

An encounter with the brushless DC motor

Nidec has developed a variety of motors, including belt drive motors and direct drive motors. In these days, AC motors were used to drive HDDs, and the belt drive method, which uses a belt to spin the spindle (precision rotating axis), was the mainstream. Belt drive motors were used mainly as storage devices for large computers. In order to spread computers to ordinary people, Nidec developed direct drive motors for HDDs.

For example, when the company started in 1973 and the demand for HDDs increased, Nidec had to develop and produce FDBs from scratch, which was a big challenge as the company had procured bearings from outside suppliers and assembled them into HDD motors. Therefore, Nidec acquired several companies that had the technologies necessary for the development and production of FDBs. For example, Tosok had advanced measuring technology while Kyoritsu and Copal had press technologies to punch motor cores. Sankyo Seiki was leading in FDB technology and had a plant in the Philippines, but mass production was not progressing as planned.

Nidec bought these companies through M&A, and succeeded in replacing ball bearings with FDBs and started full-scale mass production of HDD motors with FDBs in 2000, and has maintained a high market share since then.

M&A as the growth driver

Nidec has completed 68 M&A deals since its founding up to October 2022. In its 49-year history, the company concentrated investments in M&A in two specific periods. The first was between 1995 and 2003, when the bearings for HDD motors shifted to Fluid Dynamic Bearings (FDBs)*1. We obtained the necessary production technologies for the development and mass production of FDBs through 17 M&A deals. The second was between 2010 and 2020, when the HDD market was shrinking, we completed 39 M&A deals mainly in the fields of automotive products and appliances, commercial and industrial products, with the aim of moving beyond a business structure depending largely on HDD motors. Based on the idea of buying time to develop technologies and people, Nidec has utilized M&A and overcome changes in both technologies and markets.

1980s~90s

Nidec becomes the world’s top HDD motor manufacturer

In 1983, the first business-use personal computers (PCs) equipped with HDDs as memory were launched in the United States. HDDs became popular because of their high-speed processing capacity, leading to the expansion of demand for HDDs. Nidec, which had produced motors for 8-inch HDDs from 1979 and for 5.25-inch HDDs from 1981, launched the production of 3.5-inch and 2.5-inch HDD motors in 1984 and 1988, respectively, in response to the miniaturization of PCs.

In March 1989, Nidec acquired a competitor Shinano Tokki thereby capturing a 90% share of the global HDD motor market. In 1984, Nidec acquired the axial-flow fan business of US company Torin Corporation, and started the production of brushless DC fans for PCs and office equipment. In September 1998, Nidec was listed on the first section of the Tokyo Stock Exchange (now Prime Market).

Nidec’s initiatives

Table: History of growth through M&A

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Acquired companies/businesses</th>
<th>Specialized business/technology/products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>United States</td>
<td>Torin Corporation, Axial fan division</td>
<td>Small axial-flow fans</td>
</tr>
<tr>
<td>1985</td>
<td>Japan Shinano Tokki</td>
<td></td>
<td>HDD motors</td>
</tr>
<tr>
<td>1995</td>
<td>Japan Kyoritsu Machinery</td>
<td></td>
<td>Automatic motor assembly equipment, automatic inspection equipment</td>
</tr>
<tr>
<td>1995</td>
<td>Japan Shimpo Industries</td>
<td></td>
<td>Continuously variable transmissions</td>
</tr>
<tr>
<td>1997</td>
<td>Japan Tosok</td>
<td></td>
<td>Measuring instruments, semiconductor measuring equipment</td>
</tr>
<tr>
<td>1997</td>
<td>Japan Read Electronics</td>
<td></td>
<td>Industrial inspection devices</td>
</tr>
<tr>
<td>1997</td>
<td>Japan Kyoritsu Machinery</td>
<td></td>
<td>High-speed precision automatic press machines</td>
</tr>
<tr>
<td>1998</td>
<td>Japan Copal</td>
<td></td>
<td>Manufacturing of camera shutters</td>
</tr>
<tr>
<td>1998</td>
<td>Japan Shibaura Denso</td>
<td></td>
<td>Motors for HVAC, small and medium-sized industrial motors</td>
</tr>
</tbody>
</table>

Motor

Fluid Dynamic Bearings (FDBs)*2

*1 Belt drive method and direct drive method

*2 Fluid Dynamic Bearing (FDB)

In the FDB chamber there is a film such as oil between the bearings and the shaft. When the shaft rotates, the fluid’s dynamic pressure generated by the rotation lifts the shaft from the bearings and rotates it smoothly. Although ball bearings were used conventionally, low noise and low vibration have been achieved by shifting to FDBs.

Please refer to the URL below for details of Nidec’s history.
https://www.nidec.com/en/corporate/about/history/
History of Nidec Corporation

Sales Trend

2000s~

Strengthening the HDD motor business and promoting business diversification

In 2001, Nidec was listed on the New York Stock Exchange (now delisted). In 2003, the company’s Head Office and Central Technical Laboratory building was completed in Minami-ku in Kyoto City.

By starting mass production of HDD motors with FDBs replacing ball bearings in 2000 and maintaining a high market share, Nidec has firmly established its position as the top HDD motor manufacturer.

While engaging in the development of FBDS since around 1994, the company promoted diversification of its business portfolio in case FDB production failed. As part of this initiative, we started developing motors for automobile power steering in 1995 and launched mass production in 2000. We now hold the world’s top share in this field.

With the launch of the first smartphone in 2007 and the first tablet in 2010 by Apple, global shipments of PCs and HDDs thereafter declined.

...continue to grow.

History of growth through M&A

2010s~

Permeation of smart devices into people’s everyday lives and increased awareness of climate change

Nidec established Nidec Research and Development Center, Japan in 2014 and Nidec Center for Industrial Science in 2015 to promote basic research on motors and realize technological innovation in manufacturing.

After reaching a record high of approximately 650 million units in 2010, global shipments of HDDs declined around 60% to 260 million units in 2020. Against the background of decreased demand for HDD motors, Nidec aimed to shift its growth focus to the automotive and the appliance, commercial and industrial businesses by actively conducting M&A with companies that have strengths in these fields. As a result of the success in this transformation of the business portfolio, in FY2017, sales of the appliance, commercial and industrial products business exceeded those of the precision small motor business, which had been Nidec’s core business since its founding. Nidec has thus grown into a comprehensive motor manufacturer offering a wide variety of motors ranging from micro-size to large, which are used in various fields.

Looking ahead to the decarbonization trend, Nidec developed an EV traction motor system called E-Axle and launched its mass production in 2019.

Growing into a global comprehensive motor manufacturer through M&As

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Growing into a global comprehensive motor manufacturer through M&As

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In response to the shrinkage of the HDD market, Nidec promoted diversification of its business by leveraging the technologies it had developed until then and through M&A in the fields of automotive, appliance, commercial and industrial products, where further growth could be expected. In the automotive business, pursuing synergies between Nidec’s automotive motors and the technologies acquired through M&A, Nidec started developing high value-added products for modules and systems. For example, Nidec’s electric power steering (EPS) motor and an electronic control unit (ECU) of Nidec Elesys, which became a Nidec Group company in 2014, were integrated to develop a compact, light power pack with minimum noise.

Moreover, for E-Axle, an EV traction motor system, Nidec Elesys was in charge of the development of the inverter. By shifting from production and sales of motors alone to production and sales of modules and systems, Nidec aimed at a transformation from a Tier 2 parts manufacturer to a Tier 1 manufacturer.

Without remaining dependent on HDD motors, whose market was shrinking, and by allocating resources to businesses for automotive, appliance, commercial and industrial products, Nidec was able to overcome its crisis and continue to grow.

Whether the development of HDD motors with FDBs would succeed was extremely important for Nidec, whose core business was HDD motors. Therefore, in case we failed in this big challenge, we conducted M&A in fields other than HDD motors to diversify our business portfolio. The acquisition of Shibaura Densan in 1998 and Y-E Drive in 2000 provided us with a foothold for advancing into the field of appliances, commercial and industrial products. For power steering motors, we faced difficulty in increasing the number of customers because of the high entry barriers. However, the acquisition of the motor division of Valeo S.A. in France in 2006 dramatically expanded our market.

...continue to grow.

History of growth through M&A

2020s~

Progress of decarbonization and aging population with a lower birthrate

Nidec is striving to provide solutions to common issues of human.kind in five areas that align with global mega trends: “automotive electrification,” “expansion of robot applications,” “home appliances driven by brushless DC motors,” “labor-saving in agriculture and logistics,” and “spread of next-generation technology stemming from 5G communications.” Nidec is committed to actively engaging with the Sustainable Development Goals (SDGs) and will contribute to building a sustainable and prosperous society through various initiatives including the “2040 Carbon Neutrality Declaration.”

Growing into a global comprehensive motor manufacturer through M&As

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Without remaining dependent on HDD motors, whose market was shrinking, and by allocating resources to businesses for automotive, appliance, commercial and industrial products, Nidec was able to overcome its crisis and continue to grow.

History of growth through M&A

FY2025 Consolidated sales target: 4 trillion yen

FY2030 Consolidated sales target: 10 trillion yen

FY2021 Consolidated sales exceed 1.9 trillion yen

FY2014 Consolidated sales exceed 1 trillion yen

FY2005 Consolidated sales exceed 500 billion yen

* Major companies are picked up and listed in this table.

In the table below, Nidec’s initiatives are picked up and listed.

In the following pages, we introduce Nidec’s initiatives.

History of growth through M&A

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Acquired companies/businesses</th>
<th>Specialized businesses/technologies/products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Japan</td>
<td>Y-E Drive</td>
<td>Subsidiary of Yasukawa Electric Corporation. DC servo motors for office automation</td>
</tr>
<tr>
<td>2000</td>
<td>Thailand</td>
<td>Seagate Corporation, Motor division of Rangsit Plant</td>
<td>HDD motor factory</td>
</tr>
<tr>
<td>2003</td>
<td>Japan</td>
<td>Sakuyo Seki Mfg.</td>
<td>HDD motors</td>
</tr>
<tr>
<td>2006</td>
<td>France</td>
<td>Valeo S.A., Motor &amp; actuator business division</td>
<td>Automobile motors</td>
</tr>
<tr>
<td>2007</td>
<td>Singapore</td>
<td>Brilliant Manufacturing Ltd.</td>
<td>HDD base covers</td>
</tr>
<tr>
<td>2007</td>
<td>Japan</td>
<td>Japan Serve</td>
<td>Subsidiary of Hitachi, Ltd. Manufacture of small motors, motors for plant control, etc.</td>
</tr>
<tr>
<td>2010</td>
<td>United States</td>
<td>Motors &amp; Controls business of Emerson Electric Co.</td>
<td>Motors for appliances and industrial machinery, large motors for plant control, etc.</td>
</tr>
<tr>
<td>2012</td>
<td>Italy</td>
<td>Arnoldo Sistemi Industriali S.p.A.</td>
<td>Motors for power generators for wind and hydroelectric power generation, and rolling mills, etc.</td>
</tr>
<tr>
<td>2012</td>
<td>United States</td>
<td>Atron Industrial Automation, Inc.</td>
<td>Control equipment for industrial motors</td>
</tr>
<tr>
<td>2012</td>
<td>United States</td>
<td>Kinetek Group Inc.</td>
<td>Commercial motors for elevators, escalators, etc.</td>
</tr>
<tr>
<td>2014</td>
<td>Japan</td>
<td>Honda Elesys</td>
<td>Automotive electronic control units (ECU)</td>
</tr>
<tr>
<td>2015</td>
<td>Germany</td>
<td>Gerate- und Pumpenbau GmbH Dr. Eugen Schmidt</td>
<td>Automotive pumps</td>
</tr>
</tbody>
</table>

* Major companies are picked up and listed in this table.

In the following pages, we introduce Nidec’s initiatives.
Nidec’s Competitive Advantages

Business Strategy

Business strategies that distinguish Nidec from other companies

Q. What is the core business strategy that has supported and will continue to support Nidec’s growth journey from its founding to the present, and from the present to the future?

1. Pursuit of No.1 global market share
   The most important pillar of Nidec's business strategy is "pursuit of No.1 global market share." This strategy consists of three elements: ① Be the first to market, ② Technological development ahead of competitors, and ③ Thorough pursuit of cost competitiveness. Specifically, we make advance investments before the occurrence of demand for a product and capture a majority market share when the demand occurs. After that, we drive down costs to keep our competitors at bay and create a situation where we have an advantage over our competitors. By using this strategy, Nidec has captured the world's top share for many products, including HDD motors. Given the fact that oligopolies involving a few big companies are found in many industries, the strategy of "pursuing No.1 global market share" is perfectly rational.

2. Speedy management
   Speed is Nidec’s greatest weapon. Make a decision and take action as quickly as possible—this is another pillar of Nidec’s business strategy. An order received from 3M in the United States for motors for cassette duplicators became the driving force behind Nidec’s growth during its founding years. It is no exaggeration to say that Nidec won this order because it had accepted on the spot 3M’s extremely difficult request to "reduce the size of the motor by 30%.” For automotive products, the lead time is usually three to four years, but we continue to work at the same speed as when we developed that motor for 3M. In the case of the E-Axle traction motor system for electric vehicles, for which we received orders from the Guangzhou Automobile Group in 2017, we commenced mass-production from zero—no plant, no facilities and no people—in only about one year. Nidec clearly practices speedy management.

3. Risk taking
   “Take a risk when needed.” This is another pillar of Nidec’s business strategy. Even though market expansion is expected in the future, if you hesitate to take risks and your market entry is delayed, then you will fall behind your competitors and will not be able to gain the benefits of market expansion. In the case of HDD motors, we made large-scale investments before full-fledged market expansion. We built production plants and secured the capacity to mass produce HDD motors on a large scale, ahead of our competitors. This led to us gaining an overwhelming position in the market. For the electric vehicle (EV) product business, we are making advance investments without hesitation and working to establish a production system for a traction motor system for EVs, whose demand is expected to grow rapidly in and after 2025.

Nidec’s DNA

Corporate culture that turns adversity into opportunity for growth

Q. What are the characteristics of Nidec’s corporate culture that sees adversity as an opportunity and takes on challenges for continuous growth?

1. The existence of a corporate culture that forms the basis of all business activities
   Nidec has embraced the following three essential attitudes since its founding: ① “Do it now; do it without hesitation; do it until it’s completed.” Do what you can do immediately now, instead of thinking you will do it tomorrow or sometime later, and do it until it’s completed. ② “Passion, enthusiasm and tenacity” Gushing passion, welling enthusiasm, and tenacity that fights against difficulties—these are the three core principles that form the foundation of everything we do at Nidec. ③ “Work hard and smart” Work hard and smart to produce output that cannot be achieved just by working in an ordinary way. Nidec has achieved continuous growth since its foundation on July 23, 1973. This has been possible only because of the existence of the three essential attitudes, which serve as the foundation for our daily business activities, and the corporate culture which we should go back to when we face difficulties.

2. Corporate culture instilled throughout the organization
   Nidec’s corporate culture is not just for the management. In the WPR** Project, which was launched in 2009, thousands of ideas have been submitted from frontline workers on the manufacturing floor for cost reduction and efficiency improvement. These ideas have become a big driving force for the progress of the project. Nidec’s growth is supported by the corporate culture instilled throughout the organization and “shop floor capability” that has been accumulated over the years.

* WPR=Double Profit Ratio. Focusing on cost reduction and improving efficiency, the WPR Project aims to secure a surplus even if sales decline by half, and when sales return to the original level, to double profitability from the previous level.

3. Corporate culture that views adversity as an opportunity
   “A problem is always accompanied by its solution.” Nidec has achieved continuous growth by turning obstacles into opportunities. When our major manufacturing plant for HDD motors was submerged by the floods that occurred in Thailand in 2011, thanks to local employees’ tireless efforts, the plant was able to resume normal operations very quickly, thus helping maintain its competitive advantage. Nidec Mobility Corporation (former OMBON Automotive Electronics Co., Ltd.), which joined the Nidec Group in 2019, has also been growing by transforming adversity into opportunity. When sales fell by half in the first quarter of FY2020 due to the suspension of operations of its customers’ plants, the company streamlined its business operations in every aspect. As a result, the company managed to maintain operating profit at around the break-even point in the fourth quarter of the same year, and during the subsequent period that saw a recovery in sales, the company witnessed a sharp increase in operating profit.

Abundant management resources that support the company’s business strategies

1. Numerous products with the largest market share in the industry
   (Financial foundation)

2. Over 110,000 employees around the world
   (Human resource foundation)

3. More than 200 production sites around the world
   (Production foundation)

4. Strong experience and expertise in M&As
   (Growth foundation)

Philosophy that lies at the root of the corporate culture: “Pursuit of the world’s No. 1 position for continuous growth”

As exemplified by Nagamori’s remarks such as “Anything but first is equivalent to last place,” and “A snake that doesn’t shed its skin will die,” pursuit of the world’s No.1 position for continuous growth has been upheld since Nidec’s founding and is built into the DNA of the company.

Only high-ranking companies have been able to survive in many industries, and there are some cases where a company’s growth is impeded by its dependence on existing businesses. Pursuit of the world’s No.1 position for continuous growth can be said to be perfectly rational as a business strategy.
Nidec offers a wide variety of motors ranging from precision small to super-large, as well as applied products and services in IT, office automation, home appliances, automobiles, commercial and industrial systems, environment and energy, and many other fields. We will contribute to the enhancement of people’s lives and the development of industries by continuing to deliver highest quality, indispensable, and widely desired products for the common good of all, through active M&As and organic growth.

**Consolidated Net Sales by Product Group**

- **Electronic & Optical Components**
  - HDD motors
  - High precision reduction gears for robots
  - Blade pitch control motors
  - Tactile devices
  - Driving motors
  - Electric power steering motors

- **Machinery**
  - Household refrigerator compressors
  - New-type sensor fusion units
  - An-conditioner motors
  - E-Regenerative vehicle traction power system

- **Appliance, and Commercial and Industrial Products**
  - Tactile devices
  - Driving motors
  - Electric power steering motors

- **Small Precision Motors**
  - Others

- **Automotive Products**
  - Others

**Consolidated Sales by Region***

- **Japan**
  - Consolidated net sales (for FY2021) 341.0 billion yen
  - 17.8%

- **China**
  - Consolidated net sales (for FY2021) 512.8 billion yen
  - 26.7%

- **United States**
  - Consolidated net sales (for FY2021) 414.9 billion yen
  - 21.6%

- **Europe**
  - Consolidated net sales (for FY2021) 342.3 billion yen
  - 17.9%

- **Other countries in Asia**
  - Consolidated net sales (for FY2021) 243.8 billion yen
  - 12.7%

- **Others**
  - Consolidated net sales (for FY2021) 63.3 billion yen
  - 3.3%

* Based on the countries where consolidated Group companies selling products to external customers are located (as of March 31, 2022)

**Business Sites**

Nidec Group operates globally with business sites in 43 countries/regions.

<table>
<thead>
<tr>
<th>Number of group companies</th>
<th>Number of employees</th>
<th>Number of countries/regions with business sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>345</td>
<td>114,371</td>
<td>45</td>
</tr>
</tbody>
</table>

Please refer to the URL below for detailed product information.
Value Creation Process

Nidec will fulfill its mission of “contributing to the world by producing the highest quality motors in the world” by providing solutions to the common issues of humankind through its business activities.

**INPUT**

- **Financial capital**
  - Consolidated total assets: 2,678,500 million yen
  - Shareholders’ equity ratio: 48.2%

- **Intellectual capital**
  - R&D expenses: 78,000 million yen

- **Human capital**
  - Number of employees: 114,371

- **Social capital**
  - Number of group companies: 345

- **Manufacturing capital**
  - More than 200 production bases
  - Capital investment: 98,600 million yen

- **Natural capital**
  - Total energy input: 11,553,416 GJ
  - Water resources input: 7,326,000 m³

**OUTPUT**

- **E-Axle / Automotive motors**
- **Reducer modules**
- **Brushless DC motors**
- **Fan motors, vapor chambers**
- **Nearline HDD motors**

**OUTCOME**

- **Financial capital**
  - Net sales: 1,918,100 million yen
  - Net profit: 170,400 million yen
  - Operating profit ratio: 8.9%

- **Intellectual capital**
  - Number of patents held*: (as of March 31, 2022) 10,631

- **Human capital**
  - Average length of service (non-consolidated): 10.8 years

- **Social capital**
  - Participation in national projects of industry-government-academia collaboration

- **Manufacturing capital**
  - Manufacturing high-quality products

- **Natural capital**
  - CO₂ emissions (Scope 1, Scope 2): 10% reduction

**IMPACT**

- Providing the E-Axle traction motor system for electric vehicles
  - Contributing to decarbonization

- Providing brushless DC motors for home appliances
  - Contributing to energy saving

- Providing reducers modules for cooperative robots
  - Contributing to meeting demand for manpower saving to cope with the labor shortage

- Providing heat management products for electronic devices such as smartphones and PCs
  - Contributing to the solution of issues relating to the large amount of heat generated by 5G devices

- Providing key components (spindle motors) for nearline HDDs for data centers
  - Contributing to addressing the explosive increase in digital data

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* Including those held by group companies in Japan and major overseas group companies in the appliance, commercial and industrial segment.

**NEDO**: New Energy and Industrial Technology Development Organization

**Green Innovation Fund**: established on December 25, 2020 in the Green Growth Strategy Through Achieving Carbon Neutrality in 2050 formulated by the Ministry of Economy, Trade and Industry with other relevant ministries and agencies to create a virtuous cycle of economy and the environment. 

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**Five Big Waves**

1. Carbon neutral society
2. Power saving and post-COVID-19 pandemic
3. Manpower saving
4. 5G & Thermal solutions
5. Digital data explosion

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**Social issues / Mega trends**

- Carbon neutral society
- Power saving and post-COVID-19 pandemic
- Manpower saving
- 5G & Thermal solutions
- Digital data explosion
Nidec’s Materiality

We have identified material issues (materiality) that we should prioritize to fulfill Nidec’s mission of “contributing to the Earth by producing the highest quality motors in the world” in the medium to long term and to continue to expand our corporate value, through the following process.

Steps to identify materiality (material issues) to be prioritized

**Step 1**
Understanding and organizing material issues
Based on the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) Standards, the items on which ESG evaluation institutions place importance, social issues, and our business environment, we have organized the items that we consider important in terms of both risks and opportunities in our business and have selected 44 candidate items for materiality (material issues) to be prioritized.

**Step 2**
Evaluating material issues from the perspective of stakeholders
For the 44 candidate items for material issues, we conducted a questionnaire survey targeting institutional investors in Japan, Asia, Europe, and the U.S. We asked investors who hold many shares of our company and investors who have experience in ESG engagement to evaluate the importance of each candidate item.

**Step 3**
Evaluating material issues from the perspective of our company
We conducted a similar questionnaire survey of Nidec’s directors, executive officers, and overseas management officers.

**Step 4**
Identifying material issues after evaluating their validity at the Management Committee and the Board of Directors’ meeting
Based on the results obtained in Steps 2 and 3, the management selected the material issues to be prioritized in terms of importance for both stakeholders and Nidec after repeated discussions. The extracted issues to be prioritized are classified into five materiality categories and 15 themes after the deliberation of the Board of Directors.

**Results of questionnaire survey of investors**
As a result of conducting a questionnaire survey targeting institutional investors in Japan, Asia, Europe, and the U.S. as part of the materiality identification process, we received the following opinions in addition to a quantitative evaluation for each candidate item. These opinions were referred to when identifying materiality.

**Examples of survey responses from investors**
- I believe that items that reflect the Creating Shared Value (CSV) perspective aimed at improving corporate value through the resolution of environmental and social issues and items that are attracting worldwide attention are the most important.
- I place great importance on enhancing corporate governance, and in particular, I consider it essential to introduce a succession plan for top management and appoint outside directors with management experience.
- I believe that the most important issues for a company like Nidec to tackle are climate change, fair remuneration for employees, support for diversity, and the creation of a workplace that respects work-life balance.
- I hope that Nidec will continue to communicate with investors after further promoting the dissemination of sustainability knowledge to its IR team.
- Nidec manufactures many products that provide solutions helpful in improving energy efficiency and reducing carbon emissions. To be a complete solution provider, Nidec needs to set a reduction target for GHG emissions from its business operations and work toward achieving the target.

**Identification of Materiality**
To ensure effective and steady implementation of our materiality initiatives, we have set 15 action themes in the five materiality categories. And, for each theme, we have set KPIs, which we intend to achieve by FY2025 and are classified into three phases according to the timing of implementation. We incorporate the KPIs into the new medium-term strategic goal Vision 2025, and work on them to enhance the sustainability of our business. We may change the materiality issues, action themes and KPIs taking into consideration their validity according to the business environment in the future.
### Phase2 (November 2021–March 2026)

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Theme to be addressed</th>
<th>Sub-theme</th>
<th>KPI (FY2025)</th>
<th>Progress in FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pursue product safety and quality</td>
<td>—</td>
<td>• Create a database for chemical substances contained in products to make it easier for the development department to determine the choice of materials, and shift to an environment-oriented development system</td>
<td>Completed construction of a database for material selection in the Small Precision Motor &amp; Solutions Business Unit. A global quality management system started working in the Automotive Motor &amp; Electronic Control Business Unit.</td>
</tr>
<tr>
<td>2</td>
<td>Respond to changes in the technological environment and the industrial structure</td>
<td>—</td>
<td>• Continuously launch new products that lead the Five Big Waves to resolve social issues • Continue to pursue the high efficiency and miniaturization of motors that contribute to energy and resource saving</td>
<td>Promoted quantification of the amount of environmental contribution. Also reviewed the R&amp;D domains in the product development roadmap.</td>
</tr>
<tr>
<td>3</td>
<td>Protect and utilize intellectual properties</td>
<td>—</td>
<td>• Transform our IP portfolio to one that responds to social and business changes, including decarbonization and power and manupower saving, and use the new IP portfolio</td>
<td>Promoted patent application and acquisition for mainly products related to the Five Big Waves. For existing businesses, promoted transformation of our IP portfolio.</td>
</tr>
<tr>
<td>4</td>
<td>Promote occupational safety and health, and health-oriented business management</td>
<td>—</td>
<td>• Ensure a safe and comfortable work environment • Reduce the number of serious accidents (those resulting in death or permanent disability) to zero • Improve the Lost-time injury frequency rate • Receive certification as a White 500 Company (in the large enterprise category under the 2023 Certified Health &amp; Productivity Management Outstanding Organizations Recognition Program</td>
<td>Checked safety activities at six production sites where the lost-time injury frequency exceeded the average BU rate. Also, carried out a remote safety check at 26 sites.</td>
</tr>
<tr>
<td>5</td>
<td>Follow thorough compliance with laws and regulations</td>
<td>—</td>
<td>• Expand the legal affairs and compliance system to all Group companies starting from Nidec Corporation and the regional management companies (China, the U.S. and Europe) • Identify serious non-compliance risks and take priority measures • Provide compliance education to all employees once a year</td>
<td>Unveiled high-risk group companies and implemented prevention measures in consultation with management of such companies and promoted other efforts to reduce risks.</td>
</tr>
<tr>
<td>6</td>
<td>Build a risk management system</td>
<td>—</td>
<td>• All risks disclosed in the securities reports are evaluated by the department in charge, and the risks to be addressed in priority are identified • Reduce the impact of the risks to be addressed in priority on our business. Manage the progress of reducing such impact and the residual risks</td>
<td>Reviewed the system to promote risks management activities, and established a framework to collect risk surveys are conducted on each organizational level, such as the operation site level, business unit level, and corporate level, and the survey results are mutually utilized.</td>
</tr>
<tr>
<td>7</td>
<td>Promote information security measures</td>
<td>—</td>
<td>• Reduce the number of serious information security incidents to zero</td>
<td>Introduced a function to detect intrusion of ransomware and other malicious programs and isolated networks within sites. Formulated an emergency manual and conducted training based thereon. For important technical information, introduced a dedicated delivering/receiving system that allows downloading of such information only with approval of the person in charge and records all the operations on it. Also, in accordance with ISO/SAE 21434, established processes to address vulnerabilities in stages from design, production to after shipment to reach product guarantee.</td>
</tr>
</tbody>
</table>

### Phase3 (April 2022–March 2026)

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Theme to be addressed</th>
<th>Sub-theme</th>
<th>KPI (FY2025)</th>
<th>Progress in FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Contribute to environmental sustainability</td>
<td>Manage waste and hazardous waste</td>
<td>—</td>
<td>• Reduce the volume of waste generated in intensity per unit sales by at least 3% from the level of FY2022</td>
</tr>
<tr>
<td>2</td>
<td>Maintain and foster globally competitive human resources</td>
<td>—</td>
<td>• Fully complete water risk assessments at all production sites</td>
<td>Develop and train global leaders: • Identify overseas local personnel to be candidates for executives in FY2022 • Start training of executives, including overseas personnel, from FY2023</td>
</tr>
<tr>
<td>3</td>
<td>Build an internationally competitive supply chain to solve social issues</td>
<td>—</td>
<td>• Achieve the targets below related to women’s empowerment (non-consolidated) in FY2022: • Ratio of female directors: 50% or higher • Executive officer or higher position, including outside directors: All managerial positions held by women 8% or higher • Ratio of female candidates for managerial positions: 15% or higher</td>
<td>Promote diversity</td>
</tr>
<tr>
<td>4</td>
<td>Create a solid governance system</td>
<td>—</td>
<td>• Manage working hours of employees, including those in managerial positions, from the perspective of occupational safety: • Reduce average overtime hours by improving productivity</td>
<td>Build a fair, transparent and highly effective governance system</td>
</tr>
<tr>
<td>5</td>
<td>Maintain and foster globally competitive human resources</td>
<td>—</td>
<td>• Conduct human rights due diligence on major suppliers: Implementation rate for high-risk suppliers by 2025: 100%</td>
<td>Management and enforcement of internal control</td>
</tr>
</tbody>
</table>

* Ratio of female candidates for managerial positions (non-consolidated): 15% or higher. * Recruiting to female employees in positions immediately prior to managerial positions. * Recruit non-Japanese directors. * Based on the assumption of 5 trillion yen for sales volume, enhance audit resources in both quality and quantity. * Executive officer or higher position, including outside directors.
Overview of the Medium-Term Strategic Goal

The new medium-term strategic goal Vision 2025 is a milestone for achieving consolidated net sales of 10 trillion yen by FY2030. In Vision 2025, we plan to increase consolidated net sales to two trillion yen by FY2022 and to four trillion yen by FY2025. We anticipate an increase in consolidated net sales through new M&A deals (by approximately one trillion yen) in addition to organic growth centered on growth fields in existing businesses.

Business model transformation to become a company with consolidated net sales of over 10 trillion yen

2023

Consolidated net sales: 10 trillion yen

FY2022 to FY2025

Vision 2025

Candidate for the New Medium-Term Strategic Goal

Commitment to Profitable Small Precision Motor Department Growth

To achieve consolidated net sales of four trillion yen (including one trillion yen expected to be gained through new M&A deals) by FY2023, we are required to attain a high growth rate. We are committed not only to increasing sales but also to achieving profitable growth. Accordingly, we have adopted ROIC (return on invested capital) as a management index in Vision 2025 instead of ROE (return on equity) used as a management index in Vision 2025, an ROIC (return on invested capital) of over 15% has been set as the final target.

Setting of ESG goals: ESG-related items are incorporated as new goals. Initiatives to achieve carbon neutrality and strengthen governance have been expressly adopted as ESG goals.

Framework for the New Medium-Term Strategic Goal

Business Portfolio Management

In the small precision motor department, we cannot expect significant sales growth for HDD motors, which have been the driving force behind our business performance for many years. We will shift management resources to the mobility field, such as motors for small EVs, for which business opportunities are expected to expand due to automotive electrification, and motors for electric two-wheeled vehicles. Thus, we hope that these products in the mobility field will contribute to sales growth together with heat management systems, which is another growth field.

Achieve high growth with aggressive investment in key growth areas
Overview of the Medium-Term Strategic Goal

Framework for the New Medium-Term Strategic Goal

Measures for Boosting Top-Line Growth
To achieve consolidated net sales of 10 trillion yen by FY2025 and consolidated net sales of 10 trillion yen by FY2030, it will be necessary to shift to a business field with a larger market size. By not only shifting our business to growth fields but also providing products with a high level of integration for customers, we will be able to access larger markets and increase product unit prices. Taking the automotive business as an example, it will be possible to access higher value-added markets as the product integration level increases from the provision of motors alone (device alone) to the provision of power packs for electric power steering (EPS) systems and electric oil pump modules (module), E-Axles (system), and EV platforms (solution).

By advancing this transition process in each business department, we will secure the growth opportunities necessary to achieve consolidated net sales of 10 trillion yen by FY2030.

Aim to change business models and business areas to accomplish consolidated net sales of 10 trillion yen

Diagram of business model shift in the auto and robotic areas

Framework for the New Medium-Term Strategic Goal

Basic Policy for EV Traction Motors
The environment surrounding the EV industry is changing day by day, and major changes are occurring such as the promotion of automotive electrification due to the tightening of environmental regulations around the world; entry into the EV market from different industries, and the emergence of fabless manufacturers. We anticipate an explosive increase in the sales of EV traction motors after 2025 mainly due to a decline in EV prices caused by a decrease in battery prices. We have already secured forecasted orders for 4 million E-Axle units for FY2025, and we expect their sales to grow to 10 million units in FY2030.

Lead the EV era as a company that triggers creative disruption and goes beyond the automobile industry tradition

Nidec’s E-Axle shipment forecast

Turning point

Key action

Preparing for mass production for rapid growth of the market

All new vehicles sold in China will be eco-friendly in 2035. The EU proposes an effective ban on new ICEs, from 2035.

In Vision 2025, ROIC (return on invested capital) has been included as a new management index, and specific activities to improve ROIC will be implemented based on numerical targets in line with the strategy of each business department.

For instance, since the small precision motor department and the automotive department have different customer bases and different business lead times, there is a difference in the measures required to improve ROIC and in the timeline until the measures produce results. It is important to implement improvement activities based on the characteristics of each department.

To improve ROIC, it is necessary to increase profitability and optimize invested capital. Accordingly, we will take concrete measures for each business department. Specifically, we will improve the cost to sales ratio and the factory utilization ratio to increase profitability, and shorten the CCC (cash conversion cycle) and promote production automation to optimize invested capital.

Framework for the New Medium-Term Strategic Goal

ROIC Management

Set the ROIC target in line with each business unit’s strategy and conduct improvement activities

Implementation of activities for ROIC improvement

Framework for the New Medium-Term Strategic Goal

Pathways to Carbon Neutrality

Going carbon neutral by FY2040 (Scope 1 and 2)
Supply chain (Scope 3) action plans to be laid out by FY2025

Changes in CO2 emissions due to the introduction of renewable electricity

INTEGRATED REPORT 2022

Management Strategy
### Technology Strategy

**Executing the semiconductor strategy necessary to achieve the FY2030 target**

Ryuji Omura  
Senior Vice President  
Deputy CTO (Chief Technology Officer)  
Head of Nidec Semiconductor Solutions Center,  
General Manager of Business Planning and  
Strategy Department of Nidec Semiconductor Solutions Center

I joined Nidec in February 2022. I was appointed Senior Vice President in July 2022, serving also as Deputy Chief Technology Officer and the Head of Nidec Semiconductor Solutions Center. Here, I would like to explain about Nidec’s semiconductor strategy.

#### Establishing a sustainable semiconductor supply chain

Today, whether semiconductors can be procured stably significantly affects the production and sales of a company. As greening and DX (digital transformation) will continue to advance around the world, further growth is expected in the amount of semiconductors used.

When its consolidated net sales reach 10 trillion yen, Nidec will need to procure 1 trillion yen of semiconductors. This is almost equivalent to the annual sales of a major semiconductor manufacturer. Semiconductors are necessary parts of all of our products, including our EV traction motor system E-Axle. Regardless of the business segment or the product type, we cannot expand our business without stable procurement of semiconductors.

Therefore, securing semiconductors stably in the medium to long run is a key challenge that we must overcome to achieve the target of consolidated net sales of 10 trillion yen in FY2030.

Under these circumstances, Nidec established the Nidec Semiconductor Solutions Center in May 2022. The purpose of the Center is to build strategic partnerships with suppliers and establish a sustainable semiconductor supply chain capable of responding to any risk, thereby ensuring stable production and supply of our products. The mission is to follow up on issues related to semiconductors within the Group from all directions, not limited to specific segments or products. The specific actions planned in relation to the semiconductor strategy are as follows.

#### STEP 2: Move toward global RFQ (Request for Quotation)

**Content of RFQ**
- Technical (technical requirements and specifications)
- Commercial (prices, quantity), including LTA information

**2023**
- Issue RFQs to semiconductor suppliers (multiple companies)  
  «Work with expertise»

**2023-24**
- Semiconductor suppliers respond to (and negotiate on) RFQs  
  Communications several times in 2-3 months

**2024**
- Examine the RFQ responses received.  
  Select semiconductor suppliers and decide whether or not to accept development

**2024-25**
- Decide the semiconductor suppliers. Have 2 or 3 companies compete, and the one that has completed development in the shortest time will be the No. 1 supplier

**2026 and beyond**
- Build a stable supply system for semiconductors

#### STEP 3: The world of Intelligent Motor® in the Nidec insight

**STEP 1: Centralized purchasing from Nidec Group suppliers**

We will shift the method of semiconductor procurement, which is currently not consistent within the Nidec Group, to Group centralized purchasing so as to maximize economies of scale. We are promoting business expansion with a clear vision and expecting high sales growth. We will remind our suppliers of these advantages in delivering semiconductors to Nidec, and select the semiconductor suppliers that will be our strategic partners. Receiving a lot of reaction from our suppliers upon the establishment of the Semiconductor Solutions Center in May 2022, I think we were able to make a step forward in selecting our strategic partners.

**STEP 2: Move toward global RFQ (Request for Quotation)**

RFQ is a process in which, instead of purchasing the products offered by semiconductor suppliers, we define the specifications of the semiconductors that we need and select the supplier that submits the best quote. With this process, we aim to establish a stable supply system for semiconductors. The flow of semiconductor procurement, including issuing RFQs and receiving responses, and concluding a long-term contract as a result of subsequent negotiations, is a common practice for companies in Europe and the U.S. with their semiconductor suppliers, but I do not see this taking place in Japan. By carrying out the RFQ process to build good relationships with suppliers, we may reduce the time spent on price negotiations.

Also, as RFQ enables us to show a highly accurate demand forecast to the semiconductor suppliers, which will lead to reduction of investment burden on semiconductor manufacturers, in other words the reduction of semiconductor costs on us and other benefits, I believe we can establish a win-win relationship.

**STEP 3: Provide high value-added solutions through synergies between semiconductors and motors**

Once the stable procurement of semiconductors is enabled, we can see the possibility of providing solutions with Intelligent Motor®. Intelligent Motor® is a microcomputer-embedded motor developed by Nidec, which can be easily controlled via a wireless network and whose information the user can obtain, such as the location, speed, and torque. This enables us to offer a variety of solutions to customers, which was not possible with conventional products. For example, DX has dramatically increased the cloud storage capacity, but it is associated with the problem of large consumption of electricity. A solution to this problem is decentralization by edge computing. Our Intelligent Motor® is expected to make a significant contribution in this field. Not limited to this example, the trend of computing has been accelerating in a variety of fields, including automobiles and appliances. I believe Intelligent Motor® has great potential in expanding the solutions.

I myself feel the high expectations placed on semiconductor solutions within the Nidec Group, which gives me a great hope and a sense of mission. Under the Nidec’s spirit of “Do it now; do it without hesitation; do it until completed,” I will make my utmost efforts to fulfill my mission in promoting semiconductor solutions.
I serve as Vice President in charge of the Human Resources Department. I would like to mainly explain how we should build a HR platform that will support our rapid growth.

Grow talent
To develop human resources who are capable of flexibly adapting to a rapidly changing environment and continuing to grow, we are accelerating initiatives to support our employees in their autonomous career development efforts. The first step is to support employees’ thinking about their career. Interviews are held between employees and their supervisors twice a year where they can review their own experience and feelings and think about their future direction of their career. This gives every employee opportunities to think about their career while encouraging the entire department to continue to grow, we are accelerating initiatives to support our employees in their autonomous career development efforts. The first step is to support employees’ thinking about their career. Interviews are held between employees and their supervisors twice a year where they can review their own experience and feelings and think about their future direction of their career. This gives every employee opportunities to think about their career while encouraging the entire department to

Revitalizing organizations
We consider the revitalization of organizations as another important task. As a new measure to improve and revitalize organizational performance, the organizational performance survey has been conducted under the leadership of Human Resources Department since FY2021. This is a questionnaire survey designed to clarify the situation of each organization, identify its problems, and help improve performance. Based on the survey results, workplace workshops are held by each organizational unit, where employees discuss good points and problems of their organization, as well as the specific actions taken for the problems as opportunities for follow-up. Furthermore, for good examples of measures taken after a workshop that led to revitalization of the organization, we have a system to enable sharing of successful experience across departments.

Personnel system
The job ranking system (job-based personnel system) introduced in FY2021 is an important measure for achieving the growth of Nidec over the medium to long run. Before introducing the system, we interviewed directors and department heads regarding nearly 700 positions within Nidec they were in charge of. In the ranking system, the degree of duties and responsibility of each position is quantified by job appraisal, and the grades are determined based on the degree of responsibility of the position. So general managers may have different grades depending on the responsibility of their position. Compensation is also determined in the job-based personnel system. In order to view the standards in external market. This is expected to contribute to recruiting talented human resources and preventing their outflow. So far, the ranking and compensation systems have varied among the Nidec Group companies. By expanding the application of the new system to our group companies, smooth personnel relocation will be enabled. In-house disclosure of job descriptions started in July 2022, which is expected to contribute to recruiting talented personnel systematically. Meanwhile, at Nidec, a company led by its founder, development of personnel for future top executives is an urgent task. With the Human Resources Development Committee established in FY2020, we have discussed the appropriateness of the candidates for successors to the Group’s important positions, and formulated and implemented the development plan. Starting from FY2021, we will develop and train individuals who could be candidates for successors, we recruit talented individuals from younger generations and conduct training over the medium-to-long run.

Optimization of organizations, human resources, and treatment

Workplace workshop
Through survey feedback, holding workshops for each organization for its revitalization

Individual action plans
Selecting multiple departments to implement individual measures and having successful examples shared

Systematic rotations
A system to systematically allow employees to experience multiple jobs and expand their career range

In-house job posting
Open recruitment for in-house positions to achieve “right person in right position”

Career Plan Sheet
A tool to help employees autonomously think about their career and take action

Visualization of the situation of organizations
Organizational performance survey
Visualize the situation of the organization to help improve its performance

Measures to revitalize organizations
Workplace workshop
Through survey feedback, holding workshops for each organization for its revitalization

Overall image of HR development and organizational development

Framework to support autonomous career development
Active communication
Career Plan Sheet
1-on-1
Systematic rotations
In-house job posting
Open recruitment for in-house positions to achieve “right person in right position”

Framework to promote revitalization of organizations
Visualization of the situation of organizations
Organizational performance survey
Visualize the situation of the organization to help improve its performance

Measures to revitalize organizations
Workplace workshop
Through survey feedback, holding workshops for each organization for its revitalization

Individual action plans
Selecting multiple departments to implement individual measures and having successful examples shared

Concept of personnel system reform
Creating a strong company/organization
Right person in right position
Reasonably rewarding treatment
Mobility of human resources, strengthening of governance
Responsibility and duties of jobs based on job ranks (grades) are clarified throughout the Group to enable smooth personnel transfers in the job-based personnel system

Optimization of organizations, human resources, and treatment

Appraisal system
Individual action plans
Compensation system
While controlling total personnel expenses, individuals who lead the organization with high management and technological abilities are well-treasured.

to and from overseas group companies or overseas sites is another important task in human resources development and recruitment. Starting in FY2022, two non-Japanese executive officers have been appointed at the head office. As personnel transfers across countries and regions are expected to increase, it is necessary to build a personnel system that enables smooth transfers. As for the compensation level, we announced in FY2020 a 30% increase in compensation by FY2023, which should be implemented in combination with the improvement in productivity declared in Vision 2025. Aiming to be a highly productive organization with “a capable few,” we will set a compensation level competitive with other companies, thereby promoting recruitment of excellent human resources.

Other systems
Regarding other systems, we have integrated the retirement benefit programs within the group. Nidec had two types of retirement programs; defined benefit pension (DB) and defined contribution pension (DC). But they were integrated into the defined contribution pension program in October 2021. We will apply a similar program for our group companies, with the aim of facilitating smooth personnel transfers within the group. We will also review other systems as necessary with a view to establishing the basis for the growth of the Nidec Group in the future.

Finally
In line with its 50th anniversary on July 23, 2023, Nidec plans to change its company name in Japanese on April 1, 2023. All of our consolidated subsidiaries both inside and outside Japan will also be renamed to names starting with “Nidec,” which is our Group brand name. We will thus advance the integrated global group management of Nidec, which will soon celebrate its 50th anniversary. Aiming to establish a platform to this end, we will make daily efforts to advance our personnel-related measures.

Tomoko Hirata
Vice President
In charge of managing Secretarial Office, Human Resources Department
Financial Strategy

Promoting various measures to achieve the consolidated net sales target of 10 trillion yen by FY2030

The Chairman

Akinobu Samura
Senior Vice President
Chief Financial Officer

I was appointed Chief Financial Officer (CFO) on May 1, 2022. I served as the CFO of Mitsubishi Heavy Industries Machine Tool Co., Ltd. (currently Nidec Machine Tool Corporation), which Nidec acquired in August 2021, and now I have been appointed as Nidec’s CFO. I will cover the following three topics: 1. Nidec’s approach to financing, 2. Green bonds, and 3. Establishment of the Sustainability Committee.

Approach to financing

To achieve the consolidated net sales target of 10 trillion yen by FY2030, Nidec has set a sales target of 4 trillion yen at the time of financing while taking the financial market and our stock price and rating, the financial market, we will raise funds for medium- to long-term growth and increase corporate value over the medium-to-long term. In addition, in light of the importance of investing in human capital and intellectual property, the Board of Directors should supervise the allocation of management resources, including those mentioned above, and the execution of strategies related to business portfolios in an effective manner so that resource allocation and strategy execution can contribute to the sustainable growth of the company.

Status of green bond issuance

Uses of funds

- Capital investment and R&D expenses related to the manufacturing of traction motors for electric vehicles (EVs)

Date of issue

November 28, 2019

Term

3 years, 5 years, 7 years

Issue amount

50 billion yen, 30 billion yen, 20 billion yen

Annual interest rate

0.020%, 0.090%, 0.150%

Green bonds

To use for capital investment and R&D expenses related to the manufacturing of traction motors for electric vehicles (EVs), we issued 100 billion yen-denominated green bonds in November 2019. Moreover, in March 2021, we issued 500 million yen-denominated green bonds as the first business company in Japan. The global green bond market surpassed USD 500 billion in annual issuance in 2021 and is expected to continue to grow.

Nidec regards the issuance of green bonds as an important means of raising funds to support its mission of contributing to the Earth by producing the highest quality motors in the world. We will continue to raise funds in various ways, including issuing green bonds in the domestic and overseas financial markets.

Image diagram

Investor Relations & CSR Promotion Department: Quarterly

To discuss management issues related to sustainability and work to help Nidec achieve sustainable growth and increase corporate value over the medium-to-long term

Executive organization

Supervising the executive organization

Reflecting external opinions in management

ESG Materiality Steering Committee

To implement materiality-related initiatives and monitor their progress

Sustainability Committee

We have set the promotion of ESG management as one of our mid-term strategic targets. In FY2021, we launched the ESG Materiality Steering Committee, which is mainly comprised of executive officers, and built a system to manage progress and verify the results monthly based on KPIs. In addition, from the perspective of promoting sustainability management that aims to realize a future that coexists and prospers with the environment and society, namely, the foundations of our business, we newly established the Sustainability Committee within the Board of Directors in August 2022, and the Committee launched its activities in September. As stated in Supplementary Principle 4-2* of the Corporate Governance Code revised in June 2021, we are aware that promoting sustainability management is also essential for us.

The Sustainability Committee is made up of five directors (including three outside directors) to fulfill the role of monitoring the ESG Materiality Steering Committee and reflecting the opinions of various stakeholders in management. The Sustainability Committee is comprised of diverse members with experience and expertise in such areas as human resource development, legal affairs/compliance, finance/accounting, international operations/global business, environment/society, and governance/risk management. Therefore, discussions from a wide range of perspectives can be expected.

*1) The Board of Directors should formulate a basic policy for the company’s sustainability initiatives from the perspective of improving corporate value over the medium-to-long term. In addition, in light of the importance of investing in human capital and intellectual property, the Board of Directors should supervise the allocation of management resources, including those mentioned above, and the execution of strategies related to business portfolios in an effective manner so that resource allocation and strategy execution can contribute to the sustainable growth of the company.

*2) For details of our green bonds, please see below.
*3) For the annual sales volume of our manufactured traction motor system (E-Axle), please see below.
*4) For the indicators related to environmental improvement efforts, the reduced amount of CO2 emissions is calculated by taking the difference between the assumed amount of CO2 emitted by electric vehicles and that emitted by gas-powered vehicles.
*5) For the annual review by a third-party assessment organization, please see below.
Toward Achieving Sustainability

Basic stance

Our definition of “sustainable business management” is to ensure that the direction of business strategies that the company pursues conforms with the path the world seeks in order to solve social issues, and to continue the company’s robust, steady growth. While we recognize the need to review our overall management from a new perspective, the COVID-19 global pandemic has made us more strongly aware of the importance of being prepared for uncertainties. Thus, in order to ensure the sustainability of our businesses, we identified five issues of materiality based on the medium- to long-term visions of our stakeholders both inside and outside the company, and clarified 15 action themes, including “Realize a carbon-free society,” “Respect human rights and follow proper labor practices,” and “maintain and foster globally competitive human resources.” We have also established various systems to ensure the implementation of proactive and continuous improvement activities for each theme. For example, to check the progress of the improvement activities on a regular basis, the ESG Materiality Steering Committee was organized. We have also established a risk management system covering both financial and non-financial domains so as to promptly address risks that may arise in the future. Moreover, the CSR Charter, which was established in 2008 and has served as the most important guidelines for Nidec’s CSR to date, the CSR Declaration on the Conduct, which clarifies the actions that our employees should choose to take from the perspective of fulfilling their social responsibilities and all the other documents and regulations concerning CSR constitute the foundation for our materiality initiatives.

We will continue to launch effective sustainability strategies by leveraging all of our philosophies and experience, with the aim of making our businesses more sustainable.

Organization to promote materiality actions

The five materiality issues Nidec has identified are associated with a total of 15 action themes, which are classified into three phases according to the timing of the start of action.* As a structure to check that each activity is being conducted steadily and effectively, the ESG Materiality Steering Committee is held periodically. Placed directly under the Management Committee, the ESG Materiality Steering Committee meets every month, affording almost all officers an opportunity to report on the progress and problems of their action themes on a phase-by-phase basis. Reports are given directly by the officers in charge of each action theme. The matters discussed and decided at the Committee meetings are immediately reflected in the action plan.

Organization of the ESG Materiality Steering Committee

Our Vice Presidents assume the roles and responsibilities of managerial positions generally known as the Executive Officer.

Establishment of the Sustainability Committee

In FY2022, we established the Sustainability Committee within the Board of Directors as a meeting body to manage and supervise the ESG Materiality Steering Committee. The operation of the Sustainability Committee allows us to secure a longer-term and broader perspective, identify current issues by working backwards from our ideal future selves, or, “a global company that continues to grow for the next 100 years and beyond,” and promote initiatives. By doing so, we will enhance the sustainability of our management.

Significance of the Sustainability Committee

This committee is a new structure for Nidec to allow the Board of Directors to take ultimate responsibility for the sustainability of management. The five committee members are mainly composed of outside directors so that outside opinions can be reflected in management decisions. The members of the Sustainability Committee monitor the activities of the executive organization (ESG Materiality Steering Committee), thereby advancing Nidec’s sustainability management.

Messages from Sustainability Committee members

Of the five directors who have become members of the Sustainability Committee, the three outside directors share their aspirations.

Outside Director Takako Sakai, chairperson

Many of Nidec’s products are environmentally friendly, featuring, for example, energy-saving properties. In addition, many of Nidec’s business sites are actively introducing or launching the use of renewable electricity. Put another way, Nidec’s business activities themselves have mechanisms that lead to environmental conservation. In consideration of the influence that Nidec has, I am enthusiastic, as Chairperson, about playing an important role in passing on the global environment to future generations. As chair of the committee, I would like to create a path to improving corporate value while valuing the opinions of each committee member.

Outside Director Tamame Akamatsu, member

For the sake of society in 2030 and the Earth in 2050, I thought it was timely to establish a committee to address social issues. I have been involved in growing talent in the field of art, which has been rooted in all cultures around the world and passed down successively from generation to generation along with the history of mankind. From this standpoint, I would like to think about what is necessary and what can be done to create a future where the younger generation can have hope, regardless of market values such as production and consumption.

Outside Director Junko Watanabe, member

In the modern economy and society, corporate activities cause environmental problems and give rise to burdens on specific groups in terms of labor, human rights, and fair trade. To change this vicious cycle on a global scale, changing corporate activities is particularly important. I place great expectations on the transformative power of Nidec, which is expanding its business globally.

As a member of the Sustainability Committee, I would like to engage in discussions in a lively manner and steadily work on individual activities, including setting targets to be achieved, identifying specific issues to be addressed, drawing up guidelines, and considering schedules for achieving the targets.
Support for the TCFD Recommendations

In April 2022, the Nidec Group announced its support for the TCFD recommendations. Going forward, we will further enhance our efforts to realize a decarbonized society. Also, through scenario analysis, we will grasp the possible financial impact of climate-related risks and opportunities and incorporate the impact into our management strategies.

Goverance

In August 2022, we established the Sustainability Committee as an organization to supervise business execution related to sustainability and report to the Board of Directors. The Sustainability Committee meets quarterly, and the Investor Relations & CSR Promotion Department serves as the secretariat. In addition, the ESG Materiality Steering Committee meets monthly to report on the progress and challenges in terms of activity themes related to the five identified materiality issues on a phase-by-phase basis. The reports are made directly by the officers in charge of each activity theme, and the matters discussed and decided at the Committee meetings are immediately reflected in the action plan.

Strategy

One of the targets in our medium-term strategy goal, Vision 2025, is to promote ESG management centered on carbon neutrality. Our policy is to set targets for climate-related risks and opportunities and incorporate the impact into our management strategies. The main identified climate-related risks and opportunities are shown below.

Climate-related opportunities

• Increased demand for automotive products (E-Axle, EPS motors, brake motors, etc.) due to the expansion of the electric vehicle market and the like – Increase in heatstroke cases
– Shortage of factory water due to stricter water-use restrictions
– Inundation and power/gas supply network outages
– Increased speed of infection transmission
– Decreased productivity due to rising water prices (washing, cooking, domestic water for employees’ dormitories, etc.)
– Health damage due to temperature rise
– Increase in heatstroke cases
– Increased speed of infection transmission
– Supply chain disruption

Risk management

To establish a risk management system for the entire group, we have framed risk management regulations and set up the Risk Management Committee. The Risk Management Committee is placed under the Board of Directors and chaired by the officer in charge of risk management. The Committee decides risk management policies and measures and submits reports and proposals to the Board of Directors. It also monitors the status of company-wide risk management and constantly reviews the adequacy of allocation of resources necessary for risk management. Based on the annual policies established by the Risk Management Committee, department general managers in charge of risk management and the Group companies formulate and carry out their respective annual plans.

| Changes in CO2 emissions along with introduction of renewable energy-derived electricity |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| CO2 emissions derived from gas, petroleum, etc. | 1,000 t-CO2 | 1,000 t-CO2 | 1,000 t-CO2 | 1,000 t-CO2 | 1,000 t-CO2 |
| CO2 emissions reduction due to renewable energy-derived electricity | 1,000 t-CO2 | 1,000 t-CO2 | 1,000 t-CO2 | 1,000 t-CO2 | 1,000 t-CO2 |
| Total CO2 emissions | 2,000 t-CO2 | 2,000 t-CO2 | 2,000 t-CO2 | 2,000 t-CO2 | 2,000 t-CO2 |
| Renewable energy + energy saving effect (Renewable energy introduction rate: 40%) | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 |
| Renewable energy-oriented CO2 emissions reduction | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 |
| Renewable energy-oriented CO2 emissions reduction |
| Renewable energy-oriented CO2 emissions reduction | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 |
| Renewable energy-oriented CO2 emissions reduction |
| Renewable energy-oriented CO2 emissions reduction | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 |
| Renewable energy-oriented CO2 emissions reduction | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 |
| Renewable energy-oriented CO2 emissions reduction | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 | 800 t-CO2 |

In addition, as a major pillar of our medium-term strategic goal Vision 2025 and ESG materiality measures, we have set the target of achieving carbon neutrality by FY2040. To achieve this target, we first aim to substantially reduce the CO2 that Nidec emits directly through its business activities at present (Scope 1), and CO2 that is emitted in the production stage of heat or energy used in business activities (Scope 2), by making our businesses more energy efficient and proactively introducing renewable electricity. After building a solid foundation for renewable energy-oriented CO2 emissions reduction, we will promote a shift to energy-saving, low-carbon fuels and employ carbon offset investments and other measures, thereby achieving carbon neutrality in our business activities by FY2040. For CO2 emitted in the supply chain (Scope 3), we will decide a reduction plan by FY2025.
Realize a carbon-free society

Contributing to decarbonization through products

Basic stance
As global trends toward decarbonization are accelerating in response to intensifying climate change, Nidec, as a global business operator, is committed to the development and supply of products that will contribute to decarbonization. Specifically, focusing on products for automobiles, which are said to account for over 10% of CO₂ emissions around the world, we have decided to set as a KPI the sales volume of products that reflect the global automobile electrification trend by converting it into the volume of CO₂ emissions reduced.

While our contribution to decarbonization through our products has been recognized to some extent by our investors and other stakeholders, we are aware that the numerical data to support it is insufficient. In November 2020, we disclosed a reduction in CO₂ emissions due to the introduction of the E-Axle EV traction motor system. We will identify a further reduction in CO₂ emissions due to the introduction of electric power steering (EPS) motors, and further work to make visible our contribution to decarbonization through many other products.

Specific product example: Provision of high-efficiency, energy-saving motors
The key to reducing CO₂ emissions from automobiles is to reduce the load on the engine and improve fuel efficiency. From this perspective, many car manufacturers around the world are increasingly adopting electric power steering (EPS). The Nidec Group supplies EPS motors expected to improve fuel economy by about 5% compared to hydraulic motors. The Group also offers electric oil pump motors to enable the idling stop function, and many other products that will lead to the reduction of emissions of CO₂ and other air pollutants.

For other products, please see below: https://www.nidec.com/en/sustainability/environment/system/motor/

Initiatives in FY2021
The total number of units of our EV traction motor system “E-Axle” sold in FY2021 exceeded 370,000. The introduction of electric vehicles equipped with our motors into the market has helped reduce CO₂ emissions. We achieved a reduction of 155,000 tons of CO₂ emissions in FY2021. At the current pace, it is expected that we will be able to achieve our target of reducing CO₂ emissions by a cumulative total of 11,700,000 tons by FY2025.

Toward the future
We launched mass production of the second-generation E-Axle in September 2022. Not to mention its high performance, the second-generation model is characterized by its reduced usage of materials and rare-earth elements through full use of our long-cultivated technologies to make products lighter, thinner, shorter, and smaller. We will contribute to the accelerating movement toward decarbonization through the enhanced provision of smaller, high-performance products with less environmental impact by replacing the product with its second-generation model, and even with its third- and fourth-generation models, which are still at the conceptual stage.

Reducing CO₂ emitted in business activities

Basic stance
In addition to contributing to decarbonization through products, we are also committed to reducing CO₂ emissions in business activities. As the Nidec Group’s energy use is expected to continue to increase due to the expansion of its production scale, including through M&A, we must establish a system whereby CO₂ emissions can be reduced despite an increase in the total amount of energy used. Since electricity from thermal power generation accounts for over 80% of the total consolidated energy consumption of the Nidec Group, we have decided to achieve a dynamic shift to renewable electricity as our goal for the moment and set a KPI for it.

Materiality Phase 1 KPI
• By FY2025, increase the introduction ratio of renewable energy to 40% on a consolidated basis.
• Annually disclose a climate change scenario in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

Specific action example
As an initiative to reduce CO₂ emissions, we are advancing such measures as improving the efficiency of air conditioning systems, introducing energy-saving equipment, and switching to electricity generated entirely from renewable energy sources.

Initiatives in FY2021
In FY2021, we focused on introducing renewable electricity and worked to reduce CO₂ emissions. The introduction ratio of renewable electricity in FY2021 was 10.5%, more than 3.5 times the FY2018 level, and total CO₂ emissions from business activities (Scopes 1 and 2) were reduced by 23% from the FY2018 level to 513,000 tons. As for the TCFD, we have been preparing to express our support for its recommendations.

Toward the future
We will make these two efforts as a complementary pair: to improve the energy efficiency of our business and to introduce renewable electricity. First, by utilizing a tool to check the company’s energy efficiency and sharing best practices, we will improve the energy efficiency of facilities and equipment at each business site. Next, we will improve the total consolidated introduction ratio of renewable electricity by combining the introduction of renewable electricity at each business site and comprehensive renewable electricity procurement at the regional level. As for the TCFD, the Nidec Group announced its support for the TCFD recommendations in April 2022. Going forward, through scenario analysis, we will grasp the possible financial impact of climate-related risks and opportunities and incorporate the impact into our management strategies.

Nidec: Research & Development Center using electricity generated entirely from renewable energy sources.
Manage waste and hazardous waste

Basic stance
As increasing waste has been a global social problem in recent years, Nidec is working to establish a business system to help realize the effective use of raw materials. We have been making efforts not only to eliminate waste in manufacturing processes, but also to minimize the use of containers and packaging materials. Besides these, we are making continuous efforts to promote the recycling of waste by encouraging thorough sorting.

The Nidec Group pays sufficient attention to the use and storage of chemical substances at its business sites to prevent leakage thereof, while striving to reduce the use and emissions of chemical substances as far as possible as part of the initiative to improve and innovate production processes. The Group also utilizes its information systems and analysis techniques to satisfy international regulations concerning hazardous chemical substances contained in products.

We will continue to work on careful management of waste and hazardous waste in response to rising social demands.

Specific actions

Waste management
The amount of waste and valuable resources generated in FY2021 increased by 116% compared to the FY2020 level due to the increase in production volume. Even if the waste and valuated generated by plants can be sold, we believe that it is important to make efforts to reduce waste generation itself from the perspective of effective use of resources. We are committed to making effective use of raw materials through waste reduction in manufacturing processes and improvement in material yields by ascertaining the amount of generated waste on an individual main raw material basis.

Monitoring and disclosing the amounts of released and transferred chemical substances
In accordance with the PRTR system* based on Japanese law, the Nidec Group monitors and discloses the amounts of released and transferred chemical substances that are designated under the system and used at the Nidec Group’s sites in Japan.

* Pollutant Release and Transfer Register

Handle water risks

Basic stance
Water is the most important resource and is indispensable for people’s lives and industries. It is said that excluding seawater, icebergs and glaciers, only around 1% of water resources on the Earth are actually utilisable. Nidec recognizes the significant impact that depletion of water resources may have on its business continuation, such as identifying risks in water intake and discharge for the continuation of business activities, and determining the impact of our water intake/discharge on peripheral areas and the water source areas.

Specific actions

Recycling of water
As demonstrated by Nidec Copal (Zhejiang) Co., Ltd., where reused/recycled water exceeded 50% of total water use in FY2021, active efforts have been made to promote the reuse and recycling of water at some of our business sites. However, looking at all the business sites covered in the Sixth Medium-term Environmental Conservation Plan,* the water reuse/recycling rate in FY2021 remained as low as 3.6%. With reference to the practices of business sites where water reuse/recycling has been promoted, we will work to encourage the other business sites to follow their excellent examples.

Meanwhile, the total volume of effluent water in FY2021 reduced by approximately 1% at non-production sites compared to the FY2020 level, as a result of efforts to use water more efficiently at each site. We will continue to be thorough in carrying out improvement activities and conduct further water risk assessments.

* For details of the Sixth Medium-term Environmental Conservation Plan, please see below https://www.nidec.com/en/sustainability/environment/system/overview/

Materiality Phase 3 KPI
- Reduce waste generation per unit of sales by 3% compared to FY2022.

Materiality Phase 3 KPI
- Fully complete water risk assessments at all production sites.

Provide products and services adapted to social change

Pursue product safety and quality

Basic stance
As the world’s leading comprehensive motor manufacturer featuring an extensive product line-up and large supply volume, Nidec has a duty besides simply providing products; we must ensure safety in every aspect, from the selection of parts in light of environmental friendliness to the safety of products, as well as disposal and recycling. We believe that we can help create sustainable social infrastructure by providing our customers with products that can be used in a safe and dependable manner.

To realize this idea, it is necessary to maintain a high level of product performance in terms of environmental friendliness. In addition to a database that serves as a guide to selecting materials at the time of component design, in FY2021, the Small Precision Motor & Solutions Business Unit built such a material selection database. From now on, we will actively carry out activities to spread the use of this database.

Moreover, now that the automotive products business has developed into a major segment accounting for over 20% of our consolidated net sales, in order to satisfy all the quality needs of car manufacturers, it is important to have globally uniform methods of quality management and quality assurance. To strengthen the cross-departmental management of the automotive business covering all automotive products, we plan to establish an overall quality control organization and system by FY2025.

Meanwhile, risks associated with our automotive-related products have been increasing in line with the expansion of our market presence. The safety of automotive products is a matter of the highest priority with respect to human lives. We will conduct strict safety assessments of both finished and in-process products (mainly newly developed products) to prevent the quality failure of any of the automotive products Nidec provides from having a significant impact on driving safety.

Materiality Phase 2 KPI
- Create a database for chemical substances contained in products to make it easier for the development department to determine the choice of materials, and shift to an environment-friendly design system.
- Implement quality management reforms in the automotive-related business, and establish an overall quality control organization and system by FY2025.
- Conduct assessment of all newly developed products and all products during the manufacturing process to reduce product safety risks.

Materiality Phase 3 KPI
- Set up a database for chemical substances contained in products to make it easier for the development department to determine the choice of materials, and shift to an environment-friendly design system.

Initiatives in FY2021
The Small Precision Motor & Solutions Business Unit has completed the creation of a material selection database in order to take environmental friendliness and safety into consideration from the component design phase. We have also started working toward formulating a roadmap for activities to halve environmentally hazardous substances (compared to the FY2021 level) while deepening employees’ understanding of ESG materiality by conducting education using e-learning within our business units.

Meanwhile, for the pursuit of safety and quality related to our automotive products, the Automotive Motor & Electronic Control Business Unit has begun examining specific global management methods in order to establish a methodology for evaluating product safety risks according to the severity and degree of the impact of each product. For example, as a first step toward establishing an overall quality management organization and system by 2025, we have started building a global quality control system. To ensure that assessments are carried out with regard to all newly developed products and all products in the manufacturing process, we have begun examining evaluation items and methods according to the severity and degree of the impact of product-specific defects.

Toward the future
The Small Precision Motor & Solutions Business Unit aims to actually use the material selection database mentioned above in FY2022. We will continue to actively replace substances and materials that are not environmentally friendly.

The Automotive Motor & Electronic Control Business Unit will proceed with information analysis using data from past product development and data at overseas bases, so as to monitor and judge, within FY2022, the validity of each KPI that has been selected as an index for product safety risk assessment. From FY2023 onwards, we will apply this initiative to not only automotive products but also Nidec’s other products in order to promote initiatives to strengthen our quality control system.
Respond to changes in the technological environment and the industrial structure

Basic stance
Towards the realization of a sustainable society, Nidec regards global social issues, including environmental problems caused by global warming and declining working-age population due to the declining birthrate and aging population, as critical social issues. To solve these issues through our products and business services, we are committed to enhancing product development and technological research.

Materiality Phase 2 KPI
- Continuously launch new products that lead the Five Big Waves to resolve social issues.
- Continue to pursue the high efficiency and miniaturization of motors that contribute to energy and resource saving.

Initiatives in FY2021
To promote activities to reduce CO₂ emissions through product development and business services, we have endeavored to ascertain the amount of contribution to reducing CO₂ emissions and worked to quantify the amount of our environmental contribution. Furthermore, to enhance sustainability-conscious product development, we once again reviewed the research and development domain in the product-development roadmap, strengthened the environmental contribution guidelines, and worked to foster and spread awareness.

Toward the future
In technology and product development, we will strive to develop technology that helps society and customers reduce environmental impact while pursuing environmental value in line with customer needs, in order to achieve greater proliferation of our products. With regard to the pursuit of environmental value, we will promote research and development that enable energy saving, resource saving, and recycling (use of recycled materials) by encouraging the group-wide application of the group companies’ technologies conducive to environmental conservation and the effective use of resources.

Research and development to support the sustainable growth of the company
As the world’s leading comprehensive motor manufacturer, the Nidec Group has established R&D facilities that collaborate globally with the aim of contributing to a wide range of industrial fields. The missions of the facilities are: to develop innovative products that accelerate the growth of the Nidec Group, to advance and upgrade production technology to strengthen the foundation of manufacturing, and to create and disseminate technologies conducive to solving social issues. Nidec regards business fields to which higher priority is assigned in terms of problem solving due to changes in the social environment as promising growth markets, namely, “Five Big Waves.” The Nidec Group companies are making a concerted effort to strengthen technology development and intellectual property strategies, and advance initiatives to accelerate product development.

With its eyes focused on the needs of future society, the Nidec Research and Development Center puts its energies into research and development to create new products and technologies that will realize a sustainable society, as well as integrating the research in the motor application field that will lead the growth of the Nidec Group. Meanwhile, the Nidec Center for Industrial Science is working to evolve our production sites in a unified manner by incorporating cutting-edge production technology that utilizes digital transformation and AI so that we can achieve more efficient manufacturing. In addition, the Global Production Engineering Division develops production methods that accompany technological innovation and supports the implementation of such methods, providing a cooperative system aimed at rapid and flexible development within the Group.

In 2021, we launched the Platform Development Center as a laboratory responsible for advanced development in specific fields, with the aim of standardizing the E-Axle and strengthening competitiveness in the development of next-generation models. Furthermore, the Nidec Semiconductor Solutions Center, which was established in May 2022, is looking ahead to smartification in the motor business by means of semiconductors. We are confident that we will continue to contribute to the development of society by providing solutions through our products and technological development.

Nidec has more than 330 business companies in and outside Japan, featuring the accumulation of diverse technologies. Bringing together the knowledge and technology that each company has cultivated individually, we will work toward accelerating development and creating innovation.

Protect and utilize intellectual properties
Basic stance
Aiming to contribute to the growth of its business through the creation of intellectual added value, Nidec endeavors to improve the value of its intellectual properties by establishing and reinforcing a professional IP organization and an internationally competitive IP portfolio. Specifically, our activities include portfolio management and rights utilization suited to each stage of the product lifecycle. Meanwhile, Nidec respects the intellectual property rights of other companies, receiving licenses or technologies from them as necessary or allowing them to use our intellectual property rights, thereby promoting multiple utilizations of intellectual properties. Within the company, to encourage one of our Three Essential Attitudes, “working hard and smart,” in which engineers actively create ideas and know-how for new technologies, Nidec has an award system to recognize efforts to develop inventions and contributions to business.

To promote the realization of a sustainable society, we are working on developing products to solve social issues, focusing mainly on the Five Big Waves. To protect such products and secure competitive advantages, we will develop an IP portfolio and advance the IP portfolio transformation in line with our business portfolio. Based on this approach, we will set KPIs and conduct IP-related activities.

Initiatives in FY2021
We are actively promoting patent application and acquisition mainly for products related to the Five Big Waves. Meanwhile, in existing businesses, we proceeded with IP portfolio transformation, for example, streamlining the portfolio according to the stage of the product lifecycle. The ratio of products related to the Five Big Waves among all Nidec Group products has increased from 51% in 2017 to 53% in 2021 (see the figure below). In the middle of the worlds move to decarbonization, we commenced volume production of our EV traction motor system “E-Axle” in 2019, and that of its second-generation model in September 2022. Furthermore, we are currently developing its third-generation model and expanding our intellectual property portfolio. The number of valid patents related to the E-Axle in 2021 was approximately 5.8 times the number in 2017. For robot-related products, we are stepping up patent applications for reduction gears that help us make more compact and lighter products. In this regard, the number of valid patents* in 2021 was approximately 1.2 times the number in 2017.

* Number of valid patents: Number of patents both in force and pending

Toward the future
We will continue to apply for and acquire patents mainly in terms of product groups related to the Five Big Waves. Meanwhile, in our existing businesses, we will proceed with IP portfolio transformation while evaluating the patent value.

For the E-Axle in particular, we participate in the Green Innovation Fund*1 project publicly offered by the NEDO,*2 and have launched the development of magnet-free motors with a strong awareness of resource risk and sustainability. We will continue to reinforce our IP portfolio.

*1 Green Innovation Fund: a fund established by NEDO to create a virtuous cycle of economy and the environment, which is espoused in the Green Growth Strategy Through Achieving Carbon Neutrality in 2050 formulated by Ministry of Economy, Trade and Industry with other relevant ministries and agencies on December 25, 2020
*2 NEDO: New Energy and Industrial Technology Development Organization

Intellectual property activities in line with the product lifecycle

<table>
<thead>
<tr>
<th>Market size</th>
<th>Development policy strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP licensing strategy</td>
<td>Business alliance strategy</td>
</tr>
<tr>
<td>IP enhancement strategy</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time</th>
<th>Introduction</th>
<th>First-half growth</th>
<th>Second-half growth</th>
<th>Maturity</th>
<th>Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Decarbonization
- Power saving
- Manpower saving
- 5G & thermal solutions
- Field related to digital data
- Other fields

| Percentage of products related to the Five Big Waves in the IP portfolio |
|-----------------|-----------------|-----------------|-----------------|
| FY2021 |  |  |  |  |
| FY2017 |  |  |  |  |
Retain and develop diverse talent

Maintain and foster globally competitive human resources

Basic stance
To achieve consolidated net sales of 10 trillion yen by FY2030 and realize the Vision to become a global company that grows sustainably for the next 100 years and beyond and the world’s leading solution-providing business group that solves numerous problems for the people of the world, the Nidec Group believes that it is crucial to maintain and foster globally competitive talent, in other words, human resources capable of actively working globally. Defining those who have high abilities in the 3P attitudes (Proactive, Productive, Professional), problem solving, and cross-cultural communication as global human resources, we develop talent who can exercise such abilities at a high level.

Nidec currently focuses on talent management aimed at identifying and developing talented human resources, including local personnel at overseas sites and Group companies in Japan. We plan to introduce a talent management system for the integrated management of talented human resources. Furthermore, to create human resources who will be motivated to play an active role in achieving the target of 10 trillion yen of consolidated net sales in FY2030, we are determined to implement various measures to maintain and foster globally competitive human resources, including introducing a new personnel system based on global standards to properly evaluate the work results.

Developing global human resources
Aiming to develop human resources who will take the initiative in realizing the Vision, Nidec opened the Nidec Global Business School in FY2016 and started the Next-Generation Global Business Leader Training Program in FY2017 to train candidates for the school at a sufficiently early stage. So far, trainees selected from 14 countries around the world (Japan, the U.S., Canada, Mexico, China, Thailand, the Philippines, Singapore, India, Italy, Germany, France, the UK, and Poland) have completed the program and are working as global leaders in their respective countries and regions.

Nidec is also working to establish a human resources pipeline as a system to constantly generate global human resources in a stable manner. Starting from FY2020, we have the Human Resources Development Committee as a forum to discuss succession plans for key positions of the Nidec Group, including those overseas. The Human Resources Development Committee meets four times annually to hold discussions among top management members on the adequacy of the succession plans, and identify employees with the potential to become candidates for next-generation leaders and enhance strategic training for the early development of such human resources.

Maturity Phase 3 KPI

Develop and train global leaders:
- Identify overseas local personnel to be candidates for executives in FY2022.
- Start training of executives, including overseas personnel, from FY2023.

Effects to promote female empowerment

Support work-life balance
- 2005
  Started efforts to promote female empowerment
- 2007
  Launched measures to support work-life balance
- 2008
  Established a system to promote activities at each business site
- 2015
  Proposed measures to top executives

Support active participation
- 2015
  Organized study sessions for self-improvement and skill development, publication of a journal, various gatherings, internal surveys, follow-up for employees on childcare & maternity and childcare leave, lectures by guests from outside, etc.
- 2016
  Poster for the Positive Action campaign
- 2017
  Established a Diversity Promotion Office (now Diversity & Inclusion Office, Human Resources Department)

Active participation
- 2015
  Recruited non-Japanese directors.
- 2016
  Organized lectures for career advancement, workplace gatherings, and a role-model development project.
- 2017
  Proposed measures to top executives

Basic stance
The Nidec Group recognizes diversity as a source of competitiveness. In conducting business globally, we believe that we can effectively respond to a rapidly changing business environment and customer needs by respecting and accepting the differences among individuals and making the best use of such differences.

Nidec Group has its development, production, sales, and research sites all over the world, where diverse human resources are actively working. We are committed to hiring talented, motivated individuals regardless of their personal characteristics and values, while working to establish systems for developing talent and opening career paths to them and to create a better working environment so that employees can fully exercise their abilities. As for workstyles, in FY2021, we permanently abolished restrictions on who can work from home and the number of telecommuting days, whereby the relevant system has been upgraded to allow all employees to work remotely on an as-needed basis. We are also working to raise the ratio of women on the Board of Directors and the number of non-Japanese officers. For example, in April 2022, we appointed two non-Japanese persons as officers. We will continue to strive to ensure and enhance diversity throughout the company, from management to on-site employees.

Maturity Phase 3 KPI

- Achieve the targets below related to women’s empowerment (non-consolidated) in FY2022:
  - Ratio of female directors*1: 10% or higher
  - All managerial positions held by women: 8% or higher
  - Ratio of female candidates for managerial positions*2: 15% or higher
- Recruit non-Japanese directors.

*1 Includes officer or higher position, including outside directors.
*2 Referring to female employees in positions immediately prior to managerial positions.

Promote diversity

Nudamori Business School

Next Generation Global Business Leader Training Program

Nudamori Business School

Phase 1
- Training programs
  - 2017
    - Next-Generation Global Business Leader Training Program started.
    - Overseas trainee program started.
  - 2016
    - Nidec Global Business School opened.
  - 2015
    - Nagamori Business School established.
    - Nidec Motor College started.
  - 2013
    - Internal language school opened with English lessons at various levels started.
    - Training programs expanded to Group companies.
  - 2012
    - Professional skills training programs for engineers, sales staff, etc. started.
    - Challenge seminars, online education programs, etc. started.
    - (Training themes: strategic thinking, leadership, negotiation skills, etc.)
  - 2010
    - Company-wide TODEC test started for all employees (twice a year).
    - English study seminars held at each business site.
Promote occupational safety and health, and health-oriented business management

Basic stance
The declining working population is a social challenge for the world, including Japan. Companies are required to take good care of their limited labor resources by supporting the health management of individuals, and thereby help to maximize the value of their human resources. To this end, it is crucial to create a working environment where employees can be motivated and productive.

The Nidec Group declares in its CSR Charter, “Based on cooperation between our management and employees, we strive to ensure workplace safety and good health to establish a work environment that brings out the best in each individual.” Nidec’s health-oriented business management is based on the premise of making a safe and comfortable work environment, and securing the safety and good health of its employees.

Nidec released the Declaration on Promoting Good Health in June 2020 to announce its determination to enhance “health and productivity management,” and the company was certified for the second year in a row as an Outstanding Health and Productivity Management Organization 2022 (in the large enterprise category) by the Ministry of Economy, Trade and Industry (METI) in March 2022. In addition, Nidec has set up a cross-departmental Health Promotion Committee to enhance systems for health management and promotion, while organizing health seminars by industrial doctors and conducting a health awareness survey on all employees, with the aim of improving the health literacy of employees. Furthermore, in FY2021, we set a smoking cessation period in three-month units and gradually expanded the period to achieve a total smoking ban on the premises of domestic business sites based on understanding the importance of health and productivity management. By promoting health and productivity management, we will improve our competitiveness and corporate value.

Materiaility Phase 2 KPI
• Ensure a safe and comfortable work environment.
• Reduce the number of serious accidents (those resulting in death or permanent disability) to zero.
• Improve the Lost-time injury frequency rate.
• Receive certification as a White 500 Company (in the large enterprise category) under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program.

Safety
Ensuring the safety of employees is assigned the highest priority in all group companies’ business sites, including those newly established and those joined through M&A. Nidec’s health-oriented business management is based on the premise of making a safe and comfortable work environment, and aiming for zero serious accidents.

Initiatives in FY2021
We achieved our initial targets for KPIs related to both safety activity check and remote safety check.

<table>
<thead>
<tr>
<th>Safety activity check</th>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 sites or more (per year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remote safety check</td>
<td>6 sites or more (per quarter)</td>
<td>25 sites (per year)</td>
</tr>
</tbody>
</table>

Toward the future
Although the impact of COVID-19 is still lingering, we will continue to work to prevent occupational accidents by remotely checking the safety of manufacturing processes and facilities more frequently than before using webcams.

Lost-time injury frequency rate

<table>
<thead>
<tr>
<th>(Frequency rate)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole Nidec</td>
<td>0.66</td>
<td>0.66</td>
<td>0.66</td>
<td>0.73</td>
<td>0.73</td>
</tr>
<tr>
<td>Non-consolidated Manufacturing industry in Japan (average)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.02</td>
<td>1.20</td>
<td>1.20</td>
<td>1.21</td>
<td>1.31</td>
</tr>
</tbody>
</table>

Response to COVID-19
Nidec considers ensuring the safety of its employees and business partners as its highest priority, and is committed to the continuous provision of products and services, while striving to prevent the transmission of COVID-19 inside and outside of the company. In January 2020, Nidec set up a crisis management headquarters to organize the procedure in the event that infection occurs, formulate and implement measures to prevent infection within its business sites, and establish policies according to the medical system and infection status of each country. The company encouraged employees to make full use of the work-from-home and staggered work shift systems as measures to prevent infection. To minimize the impact in the case of infection, zoning of business sites, temporary closure of several plants, and strict control of individuals who may have contact with an infected person and other measures are also employed according to the situation. Also, workplace vaccination is provided for employees in Japan and their family members, thereby ensuring a workplace environment where employees can feel safe in fulfilling their duties. Amid the expected “with COVID” environment, the Nidec Group will continue to take concerted action promptly and appropriately in cooperation with all relevant parties.

Health
Aiming to create a work environment that promotes employees’ mental and physical health and help them shine at Nidec to the greatest extent possible, we have a Health Promotion Committee in place. Each business base has health promotion personnel to launch measures tailored to its workplace, while working in collaboration with industrial doctors, i.e., health experts, and a health insurance union for the entire company to promote health-oriented business management.

Health management promotion system

<table>
<thead>
<tr>
<th>Management (Health Promotion Meeting, etc.)</th>
<th>Collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Promotion Leader: Director in charge of human resources</td>
<td>Industrial doctors Occupational health &amp; safety staff</td>
</tr>
<tr>
<td>Business sites and employees</td>
<td>Employees’ association (representing employees)</td>
</tr>
</tbody>
</table>

Respect human rights and follow proper labor practices

Basic stance
Recognizing the importance of considering human rights in global business activities, Nidec upholds international guidelines such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the UN Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work in response to diversifying human rights-related issues. The Nidec Group CSR Charter provides for respect for human rights, while the Nidec Group Declaration on CSR Conduct, which complements the CSR Charter, prohibits forced labor, child labor, and discrimination and inhumane treatment, and guarantees proper wages, work hours, non-work days, leaves, freedom of association, and the right to collective bargaining.

At present, the Nidec Group has over 300 operation sites in 43 countries and regions, as well as several times that number of business partners supporting our business activities in each country/region. Many of the key plants and their supplier plants are operating in countries where the legal systems to protect human rights are said to be insufficient. Most of the labor and ethical problems arising at workplaces these days are said to be attributable to inadequate management of human rights. We are aware that we are responsible for not only human rights issues inside our business sites but also labor and ethical issues arising in our supply chains. In November 2021, in response to one of the ESG materiality initiative themes, “Clarify human rights policies for workers including those in the supply chain, and spread them among employees,” we organized our stance and initiatives regarding respect for human rights and established the Nidec Group’s Basic Policy on Human Rights. Based on this policy, we will fulfill our responsibility to respect human rights, and advance efforts to create safe and secure workplaces where diverse human resources can play an active role.

Materiaility Phase 3 KPI
• Clarify human rights policies for workers including those in the supply chain, and spread them among employees.

Specific actions
The Nidec Group’s human rights-related risk assessment is focused primarily on Asia, where more than 70% of its employees operate. In partnership with a third-party certification organization, we regularly implement audits at our major factories in Asia, using the set of standards substantially equivalent to the RBA® Code of Conduct. The audit encompasses the seven essential dimensions of human rights, including at work, employment, child/young labor, and work hours.

Materiaility Phase 3 KPI
• Manage employee working hours, including managers, from an occupational safety perspective.
• Reduce average overtime hours by improving productivity.

Initiatives in FY2021
We closely managed the work hours of employees, which is one of our KPIs, and properly reported to and coordinated with the relevant parties. In addition, with regard to the management of overtime work, we made it known to employees once again that overtime work should not be carried out without communication between superiors and subordinates by, for example, making awareness-raising voice announcements on a daily basis.

Toward the future
We will fulfill our social responsibility as a company with sales exceeding one trillion yen by thoroughly monitoring work hours and preventing occupational accidents.
**Supply Chain**

Build an internationally competitive supply chain to solve social issues

**Sustainable procurement considering environmental and social aspects**

**Basic stance**

Working in collaboration with its business partners, the Nidec Group promotes CSR activities throughout the entire supply chain. To ensure that our business partners fulfill their corporate social responsibility, we require them to comply with the Nidec Group CSR Charter in basic business contracts with them. Additionally, in the Nidec Group Supply Chain CSR Promotion Guidebook and Company-wide Basic Policy on Human Rights, we describe specific standards based on the pillars of the CSR Charter. Also we share them with our business partners.

We set sustainable procurement considering environmental and social aspects as a new materiality theme. Through the procurement activities considering social aspects, such as prohibiting child labor and forced labor and eliminating long working hours, and environmental aspects, such as energy consumption by suppliers, bio diversity, and utilization of waste/resources, we ask business partners for their further cooperation.

**CSR audit of business partners**

Since FY2010, the Nidec Group has been auditing its main supply chain partners* on-site. During FY2021, the Nidec Group audited 132 of its supply chain partners onsite in Asia and other regions.

<table>
<thead>
<tr>
<th>Number of suppliers that conducted a Nidec supplier CSR self-assessment</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>672</td>
<td>698</td>
<td>667</td>
</tr>
</tbody>
</table>

* Refers to suppliers and other business partners who frequently go in and out of the premises of our group companies, including dealers in indirect materials (plasterboard, adhesives, grease, packaging tape, pallets, etc.), equipment manufacturers, dormitory operations (food manufacturers, security guards, etc.), and temporary staffing agencies.

**CSR procurement flow**

- Work sincerely and honestly
- Respect human rights and labor
- Coexist harmoniously with the environment
- Ensure occupational safety and hygiene
- Maintain good relations with society
- Management system
- Purchase materials and components
- Business partners
- Nidec

**Holding CSR seminars at major sites**

As Nidec promotes CSR activities throughout its supply chain, it is important that our procurement personnel first understand Nidec’s CSR policies. Since FY2018, Nidec Corporation and Nidec Group companies in Japan have conducted CSR seminars for purchasing personnel based on the Nidec Group Supply-Chain CSR Promotion Guidebook. In FY2021, as with FY2020, to prevent COVID-19 infections, lectures were held in the forms of e-learning and remote classes, attended by 250 people.

<table>
<thead>
<tr>
<th>Number of participants in the CSR seminar for purchasing personnel</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>308</td>
<td>169</td>
<td>250</td>
</tr>
</tbody>
</table>

Nidec Electronics (Thailand) Co., Ltd. held a session to explain the Responsible Business Alliance (RBA)* to ensure that all of its business partners understand Nidec’s CSR.

Nidec Electronics (Thailand) also held presentation meetings on CSR procurement for its major business partners, and audits them on-site based on the results of advance survey sheets. Since FY2013, our CSR audit standard has been based on the RBA, and companies to be audited, mainly new supply chain partners, are selected based on the standard. We selected 37 companies for the audit in the first year. In FY2021, we launched activities with the target of requesting 53 of our supply chain partners to comply with the CSR audit standard. Nidec Electronics (Thailand) Co., Ltd. thus supports and instructs its supply chain partners to enable them to engage in CSR activities based on their circumstances.

* RBA (Responsible Business Alliance) is an organization established for the purpose of solving social, environmental and ethical issues in the supply chain of the electronics industry.

**Corporate Governance**

Create a solid governance system

**Build a fair, transparent and highly effective governance system**

**Basic stance**

The purpose of the corporate governance of the Nidec Group is to become a conscientious and principled company that earns society’s trust, and to increase our corporate value sustainably based on the motto, “High growth, high profit, and high share price.” To this end, we maintain and enhance our internal control, thereby running our business more healthily and efficiently. Furthermore, we disclose information appropriately to increase the transparency of the company’s business operations.

For example, Nidec became a company with an Audit and Supervisory Committee in 2020, and has been working to enhance the supervisory function of the Board of Directors by setting up a Remuneration Committee. For the effectiveness evaluation of the Board of Directors in FY2021, we have introduced an evaluation by a third-party organization for the purpose of objective evaluation and analysis. To further improve the effectiveness of the Board of Directors, we will continue the third-party evaluation system.

Nidec is also committed to ensuring the independence and diversity of the Board of Directors. The Board of Directors of Nidec comprises ten members, including six outside members. All ten members are individually selected with a good balance, based on their knowledge, experience and qualifications in a diversity of areas, as well as on Nidec’s businesses, business environment and the like. The members include those with broad business experience of working overseas, as well as women, in order to secure diversity. Going forward, when selecting candidates for the Board of Directors, Nidec will continue to take into account, among others, the balance of the knowledge, experience and qualifications of the Board of Directors as a whole, and the number of its members based on its diversity in gender, career history, age, etc. and on Nidec’s business scale.

Based on the understanding that corporate governance is one of the highest-priority issues for our sustainable growth and medium- to long-term improvement in corporate value, we will make persistent efforts to enhance and improve the relevant systems.

**Materiality Phase 1 KPI**

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of suppliers that conducted a Nidec supplier CSR self-assessment</td>
<td>672</td>
<td>698</td>
<td>667</td>
</tr>
</tbody>
</table>

**Board of Directors**

* Continue to have the effectiveness of the Board of Directors evaluated by a third party.
* Always maintain the ratio of outside directors in the Board of Directors at 50% or more, and the ratio of female directors at 20% or more.

**Nominating Committee / Remuneration Committee**

* Increase transparency and fairness in the appointment and removal process of directors.
* Improve the effectiveness of the Remuneration Committee, and ensure the objectivity and transparency of remuneration decisions for directors.

**Initiatives in FY2021**

To ensure the effectiveness of the Board of Directors, Nidec annually sends out questionnaires to all members of the Board of Directors, including Outside Members. Based on the results, the Board of Directors holds discussions to analyze and evaluate its effectiveness and current issues. In FY2021, we introduced a third-party (external law firm) evaluation system for objective evaluation and analysis. The third party has evaluated the effectiveness of the Board of Directors as follows:

- In consideration of the composition, frequency and length of the Board of Directors’ meetings and the quality of information, the Board of Directors’ meetings functioned sufficiently on the whole, and the discussions at and operation of the Board of Directors’ meetings have been improved.
- The effectiveness has also been evaluated appropriate in that the Board of Directors has an atmosphere in which Outside Members can speak freely.
- Based on the results of the questionnaires, we will continue to formulate measures for constant improvement.

With regard to executive remuneration, Nidec has redesigned its executive remuneration system to improve the objectivity and transparency of procedures.

With regard to executive remuneration for FY2022, the Remuneration Committee submitted a report to the Board of Directors after deliberations in order to ensure the appropriateness of remuneration levels, business result evaluations, and performance evaluations of executives.
**Governance**

**History of Nidec’s corporate governance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>Company with an Audit &amp; Supervisory Board</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>Executive officer system introduced</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>Outside members of the Board of Directors appointed</td>
<td>Male: 3 Female: 4</td>
</tr>
<tr>
<td>2011</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 2 Female: 1</td>
</tr>
<tr>
<td>2012</td>
<td>Outside members of the Board of Directors increased further</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2013</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2014</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2015</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2016</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2017</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2018</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2019</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2020</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2021</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
<tr>
<td>2022</td>
<td>Outside members of the Board of Directors increased</td>
<td>Male: 3 Female: 3</td>
</tr>
</tbody>
</table>

**Corporate governance structure**

**Shareholders’ Meeting**
- Remuneration Committee
- Audit & Supervisory Committee
- Corporate Governance Committee
- Information Security Committee
- Compliance Committee
- Risk Management Committee
- CSR Committee

**Execution of business operations**
- CEO
- CDO
- CBO
- CFO
- CSO
- CCSO
- CFMO
- CTO
- CDO
- CPO

**Corporate Philosophy and Action Principles**
- Mission Statement
- Governance Policy

**Advisory committee for the Board of Directors**
- Remuneration Committee

**Board of Directors’ Effectiveness evaluation**

**Toward the future**

To ensure the effectiveness of the Board of Directors, we will implement ongoing measures, such as providing sufficient information and securing opportunities for discussion on each item of the agenda, promoting understanding of our business by non-executive directors (providing an explanation of business by executive directors, conducting online plant tours), and examining information provided by stakeholders.

Important matters, such as the selection of candidates for directors, are discussed and resolved at a meeting of the Board of Directors attended by independent outside directors. So far, independent outside directors have properly participated in the meetings to give advice. We will continue to take necessary measures taking into consideration the social situation and requests from our stakeholders. We will also continue efforts to improve the effectiveness of the Remuneration Committee.
Board of Directors

Status of operation

The Board of Directors makes material management decisions and oversees the Group's business operations as a whole. The Board of Directors includes highly independent Outside Members, to enhance the supervisory function of the company's business operation and improve management transparency and objectivity.

Themes of deliberations at the Board of Directors meetings

Themes of deliberations/reports at the Board of Directors meetings (FY2021)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial results</td>
<td>30.0%</td>
</tr>
<tr>
<td>Individual matters</td>
<td>26.5%</td>
</tr>
<tr>
<td>Human resources</td>
<td>25.0%</td>
</tr>
<tr>
<td>Compliance, risk management, internal control</td>
<td>7.0%</td>
</tr>
<tr>
<td>Business strategies, sustainability, governance</td>
<td>6.3%</td>
</tr>
<tr>
<td>Shareholders’ meeting, shareholders</td>
<td>3.1%</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Questionnaire survey on the effectiveness of the Board of Directors (efforts and evaluation)

Efforts made in FY2021

- Continued to provide explanation for Outside Members of the Board of Directors prior to Board meetings so that they can be provided with sufficient information on each item of the agenda and opportunities for discussion.
- Promoted understanding of our business by non-executive directors at informal meetings (explanation of business and online plant tours) and examined information provided by various stakeholders.
- Explained the career background, skills, etc. of the persons appointed as executive directors or other responsible executive positions upon appointment.
- Provided active feedback to departments where issues related to risk management had been pointed out.
- Problems found included insufficiency of efforts to realize the medium- to long-term plan and analysis of the cause of failure to achieve targets, insufficient time and resources secured for discussions of issues related to management strategies and the systematic development of successors to management positions, and insufficient volume of the reference materials (explanatory materials) provided.

Summary of FY2021 evaluation results

- Evaluated as appropriate in that the Board of Directors’ meetings on the whole functioned sufficiently, that discussions and operation of the Board of Directors’ meetings have been improved, and that the meetings had an atmosphere in which outside members felt free to voice their opinions, in addition to the composition, frequency and length of the Board of Directors’ meetings and the quality of information and explanation provided at them.
- Highly appreciated also by the third-party evaluation in that discussions and the operation/supervision function of the Board of Directors on the whole have been improved, confirming that our Board of Directors’ meetings are functioning properly.

Skills matrix

<table>
<thead>
<tr>
<th>Professional skills and experience required of members of the Board of Directors</th>
<th>* Maximum of three</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Business strategy</td>
</tr>
<tr>
<td>------</td>
<td>------------------</td>
</tr>
<tr>
<td>Shigenobu Nagamori</td>
<td>〇</td>
</tr>
<tr>
<td>Hiroshi Kobe</td>
<td>〇</td>
</tr>
<tr>
<td>Kazuaki Murakami</td>
<td>〇</td>
</tr>
<tr>
<td>Hiroyuki Ochiai</td>
<td>〇</td>
</tr>
<tr>
<td>Shinichi Sato</td>
<td>〇</td>
</tr>
<tr>
<td>Yugo Komatsu</td>
<td>〇</td>
</tr>
<tr>
<td>Takako Sakai</td>
<td>〇</td>
</tr>
<tr>
<td>Aya Yamada</td>
<td>〇</td>
</tr>
<tr>
<td>Tamame Akamatsu</td>
<td>〇</td>
</tr>
<tr>
<td>Junko Watanabe</td>
<td>〇</td>
</tr>
</tbody>
</table>

Audit and Supervisory Committee

The Audit and Supervisory Committee audits the execution of duties by the Board of Directors’ members, and receives audit reports from the Accounting Auditor.

Composition of members and the chairperson

<table>
<thead>
<tr>
<th>Composition</th>
<th>Full-time members</th>
<th>Internal Members of the Board of Directors</th>
<th>Outside Members of the Board of Directors</th>
<th>Chairperson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total committee</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Cooperation between the Audit and Supervisory Committee and accounting auditors

In addition to quarterly meetings, the Audit and Supervisory Committee and the accounting auditors meet about two or three times a year whenever necessary. In these meetings, they exchange information and opinions on audit results, audit systems, audit plans, audit implementation status and the like.

Cooperation between the Audit and Supervisory Committee and the internal audit department

The Corporate Administration & Internal Audit Department, Nidec’s internal audit department, regularly hold meetings with the Audit and Supervisory Committee to report on the results of the Nidec Group’s internal audits. In addition, the Audit and Supervisory Committee exchanges opinions and shares information with the Corporate Administration & Internal Audit Department as necessary, and requests the Corporate Administration & Internal Audit Department to conduct on-site audits.
Executive Management Meeting

The Executive Management Meeting convenes once a month to assess the present state of business and determine the next course of action, based on the monthly performance data and outcome of discussions at respective meetings where important group-wide concerns are shared among administrative departments, subsidiaries, and business units.

Management Committee

The Management Committee, the consultative body to the Representative Director and Chairman, is held and chaired by the President and Chief Executive Officer twice a month in principle to discuss overall operational directions, plans and other important considerations in the execution of business.

Various committees

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability Committee</td>
<td>The Sustainability Committee is headed by Takakazu Sakai, Outside Member of the Board of Directors and consists of two internal members and three outside members of the Board of Directors. It oversees business operations related to sustainability and reports to the Board of Directors. The Sustainability Committee meets once every quarter.</td>
</tr>
<tr>
<td>Remuneration Committee</td>
<td>The Remuneration Committee consists of two internal members and three outside members of the Board of Directors, headed by Hiroshi Kato, Representative Director and President (Chief Operating Officer) as the chairperson. The Committee members discuss basic policies and systems for remunerations of directors in response to consultation from the Board of Directors, and reports the results back to the Board of Directors.</td>
</tr>
<tr>
<td>Risk Management Committee</td>
<td>The Risk Management Committee is placed under the Board of Directors and is headed by the person appointed by the Board of Directors as the chairperson, to decide risk management policies and measures, and submit reports and proposals to the Board of Directors. It also monitors the company’s risk management status and constantly reviews the adequacy of allocation of resources necessary for risk management. Based on the annual policies established by the Risk Management Committee, department general managers and Group companies formulate and carry out their respective annual risk management plans.</td>
</tr>
<tr>
<td>Compliance Committee</td>
<td>The Compliance Committee is placed under the Board of Directors to discuss and decide basic compliance policies and measures, as well as to monitor the status of implementation of various compliance measures and provide instructions for improvement. The Compliance Committee meets once every two months.</td>
</tr>
<tr>
<td>Information Security Committee</td>
<td>The Information Security Committee is placed under the Board of Directors to formulate basic policies for information security and to provide instructions.</td>
</tr>
<tr>
<td>CSR Committee</td>
<td>The CSR Committee is placed under the Board of Directors and is headed by Akio Sasaki, Senior Vice President (Chief Financial Officer) in charge of CSR, who has been appointed by the Board of Directors as the chairperson. The chairperson and the committee members appointed at each site discuss and make decisions on CSR activity policies and annual plans and other important matters. Matters decided at the CSR Committee meetings are reported, or discussed if necessary, at the Board of Directors’ meetings, and are put into action by the Investor Relations &amp; CSR Promotion Department, which serves as the dedicated secretariat, in cooperation with business sites inside and outside of Japan.</td>
</tr>
</tbody>
</table>

Reasons for appointment and major activities of Outside Members of the Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Reasons for appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yuko Kitahara</td>
<td>Ms. Kitahara has held prominent posts at the Ministry of Finance and other organizations, and we provide her with advice on such matters based on her high-level expertise as an economist, and thereby strengthen the function of management. Since she meets all the requirements for independent directors from the standpoint of determining the adequacy of their remuneration, as a member of the Remuneration Committee, she plays an important role in ensuring transparency of the process to decide on remunerations of directors.</td>
</tr>
<tr>
<td>Hiroshi Sakai</td>
<td>Mr. Sakai has held prominent posts at the Ministry of Finance and other organizations, and we provide him with advice on such matters based on his high-level expertise, which will further enhance the company’s corporate governance function. Since he meets all the requirements for independent directors from the standpoint of determining the adequacy of their remuneration, as a member of the Remuneration Committee, he plays an important role in ensuring transparency of the process to decide on remunerations of directors.</td>
</tr>
<tr>
<td>Takakazu Sasaki</td>
<td>Ms. Sasaki is currently a professor at the Graduate School of Law, Osaka University. She will provide Nidec with advice on its overall business operations based on her high-level expertise as an university professor, which will further enhance the company’s corporate governance function. She actively provides opinions at the meetings of the Board of Directors, the Audit and Supervisory Committee, the Executive Management Meeting, and the CSR Committee, and thereby strengthens the decision-making and audit and supervisory functions.</td>
</tr>
<tr>
<td>Ayako Watanabe</td>
<td>Ms. Watanabe is currently a professor from an independent position, and will help the Board of Directors strengthen its decision-making and audit and supervisory functions. Since she meets all the requirements for independent directors from the standpoint of determining the adequacy of their remuneration, as a member of the Remuneration Committee, she plays an important role in ensuring transparency of the process to decide on remunerations of directors.</td>
</tr>
<tr>
<td>Tsunehisa Akahata</td>
<td>Mr. Akahata currently serves as President of the Graduate School of Economics, Kyoto University. He advises, based on his high-level expertise as a university chairperson from an independent position, will help the Board of Directors strengthen its decision-making and audit and supervisory functions. Since he meets all the requirements for independent directors from the standpoint of determining the adequacy of their remuneration, as a member of the Remuneration Committee, he plays an important role in ensuring transparency of the process to decide on remunerations of directors.</td>
</tr>
<tr>
<td>Jun-ichi Watanabe</td>
<td>Mr. Watanabe is currently a professor from an independent position, and will help the Board of Directors strengthen its decision-making and audit and supervisory functions. Since he meets all the requirements for independent directors from the standpoint of determining the adequacy of their remuneration, as a member of the Remuneration Committee, he plays an important role in ensuring transparency of the process to decide on remunerations of directors.</td>
</tr>
</tbody>
</table>

Activities

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Audit &amp; Supervisory Committee</th>
<th>Remuneration Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>15</td>
</tr>
</tbody>
</table>

* During the fiscal year under review, the Board of Directors held 22 meetings, the Audit and Supervisory Committee held 15 meetings, and the Remuneration Committee met twice.
Support systems for Outside Members of the Board of Directors

The General Affairs Department, which acts as the secretariat for the Board of Directors, supports the Outside Members of the Board of Directors. The General Affairs Department provides the outside directors with the company’s information in a timely manner, and corresponds to their inquiries through day-to-day communication. With regard to the meetings of the Board of Directors, the General Affairs Department provides all members of the Board of Directors with materials related to the proposals for the meetings and accounting information, at the latest one day before the day of the meeting. In addition, assistance is provided by the Corporate Administration & Internal Audit Department, Nidec’s internal audit department, to Outside Members of the Board of Directors who are Audit and Supervisory Committee Members. When a meeting of the Audit and Supervisory Committee is held, meeting notices are sent out to all the Audit and Supervisory Committee Members by three days prior to the day of the meeting, while documents related to the proposals to be deliberated in the meeting of the Audit and Supervisory Committee are sent to the members, at the latest one day before the meeting. After a meeting of the Audit and Supervisory Committee, meeting minutes are sent to all Audit and Supervisory Committee Members. Furthermore, for Outside Members of the Board of Directors who are Audit and Supervisory Committee Members, various information is reported and provided as necessary by full-time Audit and Supervisory Committee Members and Nidec’s executive officers.

Outside Members of the Board of Directors who are not members of the Audit and Supervisory Committee have informal meetings with the Audit and Supervisory Committee members, where various information is provided by Nidec’s executive officers. They also inspect the field sites of subsidiaries using the Web.

Executive remuneration
1. Policies on remuneration for Members of the Board of Directors

Basic policy
The remuneration for Nidec’s directors is determined based on the following policy, to enhance the company’s global competitiveness and secure the sustainable growth of its businesses.
- Increase motivation toward improving corporate value;
- Contribute to securing talented managerial human resources; and
- Ensure that the level of the remuneration is appropriate for the scale and area of Nidec’s businesses.

Composition of the remuneration
Outside Members of the Board of Directors (excluding those who are members of the Audit and Supervisory Committee) have a fixed remuneration and a variable remuneration.

Remuneration type

<table>
<thead>
<tr>
<th>Remuneration type</th>
<th>Description</th>
<th>Payment method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration</td>
<td>Determined based on job rank</td>
<td>Monthly in cash</td>
</tr>
<tr>
<td>Variable remuneration (bonuses)</td>
<td>Degree of achievement of the target consolidated net sales and consolidated operating profit of the previous fiscal year; Taking into consideration the performance of the directors</td>
<td>Monthly in cash</td>
</tr>
<tr>
<td>Performance-linked share-based remuneration</td>
<td>Standard amount for each job rank x Degree of achievement of the target consolidated net sales and consolidated operating profit; Points are provided within a range from 0 to 200; After three fiscal years, the company’s shares equivalent to the accumulated points and the amount of money equivalent to the shares converted into cash are paid and provided</td>
<td>After three fiscal years (shares and money)</td>
</tr>
</tbody>
</table>

2. Total amount of consolidated remuneration, etc. of each director

<table>
<thead>
<tr>
<th>Name</th>
<th>Total amount of remuneration (million yen)</th>
<th>Director category</th>
<th>Company category</th>
<th>Total amount by type of remuneration (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shigenobu Nagamori</td>
<td>103</td>
<td>Representative Director</td>
<td>Company subject to submission</td>
<td>55</td>
</tr>
<tr>
<td>Jun Saki</td>
<td>117</td>
<td>Representative Director</td>
<td>Company subject to submission</td>
<td>74</td>
</tr>
</tbody>
</table>

* Only directors whose total amount of remuneration is 100 million yen or more are presented.

3. Total amount of consolidated remuneration, etc. of each director

<table>
<thead>
<tr>
<th>Category</th>
<th>Total amount of remuneration (million yen)</th>
<th>Total amount by type of remuneration (million yen)</th>
<th>Number of eligible persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the Board of Directors (excluding those who are members of the Audit and Supervisory Committee and outside members of the Board of Directors)</td>
<td>215 129 59</td>
<td>Performance-linked remuneration</td>
<td>7</td>
</tr>
<tr>
<td>Audit and Supervisory Committee members (excluding outside members of the Board of Directors)</td>
<td>34 34</td>
<td>Retirement benefits</td>
<td>2</td>
</tr>
<tr>
<td>Outside directors</td>
<td>35 35</td>
<td>—</td>
<td>5</td>
</tr>
</tbody>
</table>

*1 The above performance-linked remuneration includes the amount paid to the members of the Board of Directors who resigned during the 48th period.

*2 The introduction of the performance-linked share-based remuneration system was resolved at the 45th Annual General Meeting of Shareholders held on June 20, 2018. The amounts of expenses recorded for the fiscal year under review according to the Japanese standard are provided above. Outside members of the Board of Directors are not covered by the system.

Internal control

The Nidec Group commits itself to enhancing its management soundness and transparency by establishing a compliance system generally required of a listed company in Japan, and clarifying its risk management responsibilities. Specifically, through auditing activities of the Corporate Administration & Internal Audit Department, the Group aims to maintain and improve the effectiveness of its internal control over financial reporting required by Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act. In addition, the Legal & Compliance Department, the Risk Management Committee, the Information Security Committee and the

Corporate governance of Group companies

The Nidec Group companies operate under Nidec’s mission statement and policies, and therefore they are incorporated in Nidec’s internal control system. The Group companies, to which Nidec sends some directors and employees, have sufficient discussions before making decisions on business execution that correspond to the circumstances of each company, based on specialists’ opinions as necessary, thereby endeavoring to assure their independence.
Cross-shareholding

Policy for cross-shareholding
Nidec holds shares in the companies that Nidec has relationships with in terms of trading and cooperation in its business and other areas, when it judges that such shareholding contributes to the company's corporate value expansion through stabilization of its business from a medium-tolong-term perspective by maintaining and strengthening its relationship with those companies. Nidec assesses its cross-held shares individually at the Board of Directors meeting every year, on not only qualitative aspects such as the purpose of the shareholding, but also on quantitative aspects such as the benefits that can accrue through the shareholding from the perspective of economic rationality. According to the results of the assessment, Nidec intends to reduce the number of shares it holds if the cross-held shares are not expected to bring significant benefits.

Criteria for exercising voting rights for cross-shareholding
With regard to the exercise of voting rights in relation to cross-shareholdings, Nidec makes comprehensive decisions to vote for or against individual proposals to serve the investors' sustainable growth from the perspective of whether appropriate governance and compliance structures are in place at investee companies.

Follow thorough compliance with laws and regulations

Basic stance
The Nidec Group sees non-compliance as a material risk that may lead to a loss of social trust and economic damage. Therefore, the Nidec Group comprehensively follows applicable laws, regulations, internal rules and standards, social ethical standards, etc. to raise executives' and regular employees' ethical awareness, develop conscience as a company, and win society's trust as we continue our compliance activities. At present, we are working to establish and enhance a global compliance system that will enable us to address individual issues and cases arising in different regions more promptly and appropriately. We will also strengthen compliance education for employees to further raise their compliance awareness, thereby reducing compliance-related risks.

Materiality Phase 2 KPI
- Expand the legal affairs and compliance system to all Group companies starting from Nidec Corporation and regional management companies (China, the U.S. and Europe).
- Identify serious non-compliance risks and take priority measures.
- Provide compliance education to all employees once a year.

Efforts made in FY2021
The Nidec Group currently has 345 group companies in 43 countries around the world. We recognize that building a governance system for these globally distributed group companies is a crucial task in ensuring compliance. In particular, based on our past experience, we see difficulty in identifying the risks of small companies located far from major bases. Therefore, we launched a hazard map project in FY2021 with the aim of preventing compliance risks from arising at these remote small sites. In this project, we identified high-risk group companies based on their distance from major sites and the information on the risk of corruption in countries where they are operating and implemented specific prevention measures in consultation with the management of such companies and other risk reduction activities.

Toward the future
We will continue the hazard map project for a certain period of time to identify high-risk companies in order from those with the highest risk and implement necessary measures, thereby reducing the governance risk at remote small sites.

Organization
Nidec's Legal & Compliance Department, working in partnership with Regional Compliance Officers of the individual regions where the Nidec Group's business bases operate (the Americas, China, Europe, and Southeast Asia) and Compliance Managers and Promoters of individual business departments and group companies, builds and operates a global compliance system. Compliance Managers implement and operate compliance-related measures to raise the compliance awareness of the organizations under their supervision, and bear responsibility for preventing compliance violations. Compliance Promoters promote the specific compliance measures of such organizations, while serving as a liaison with the Legal & Compliance Department and Regional Compliance Officers, who provide support for individual regions’ Compliance Managers and accept whistleblowing cases.

Internal reporting system
As part of the comprehensive, group-wide compliance system, we have established an internal reporting section (the Nidec Global Compliance Hotline) available for all board members, executives and employees (including regular and part-time employees, those dispatched from outside agencies, limited-term employees, and those who have retired from the Nidec Group within a year), and a third-party contact point outside the company. Fiscal 2021 saw a total of 1,24 cases of whistleblowing and consultations made on suspected misconduct and harassment, among others, an increase of 8 cases from the previous fiscal year. The status of internal reports is reported to the Board of Directors and the Audit and Supervisory Committee on a regular basis.

Compliance seminars
As part of the compliance promotion activities, we hold compliance seminars for our group's executives and employees to maintain and improve their level of compliance awareness. For example, seminars and discussions are held on such topics as cartels, bribery and human rights issues, with the Regional Compliance Officers serving as lecturers using the Nidec Compliance Handbook as teaching material. The compliance seminar for board members and executives is also held once a year, with the invitation of an outside lecturer.

The Nidec Group's global compliance system

<table>
<thead>
<tr>
<th>Shareholders' Meeting</th>
<th>Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and Supervisory Committee</td>
<td></td>
</tr>
<tr>
<td>Compliance Committee</td>
<td></td>
</tr>
<tr>
<td>[Members: Chair: Chief Compliance Officer; Members: Management Committee members, Secretariat, Legal &amp; Compliance Department]</td>
<td></td>
</tr>
<tr>
<td>Compliance Promoters are placed in individual organizations under the supervision of the Compliance Managers.</td>
<td></td>
</tr>
<tr>
<td>Compliance Managers and Promoters</td>
<td></td>
</tr>
<tr>
<td>Business units</td>
<td>Administrative department</td>
</tr>
<tr>
<td>Managers</td>
<td>Head of each business unit</td>
</tr>
<tr>
<td>Promoters</td>
<td>GM of each organization/department</td>
</tr>
</tbody>
</table>
Build a risk management system

Basic stance
It is necessary and important to identify and manage risks for the purpose of preventing the expansion of losses due to lack of readiness for possible risks, loss of business opportunities, decline of ratings, and other negative impacts. Nidec has identified risks facing the Nidec Group, clarified the relevant departments, and determined the risks that should be reduced in order of priority.

The company manages the progress of reducing the impact of such risks on our business, while working to enhance its initiatives to identify signs of risks.

Efforts made in FY2021
We reviewed our risk management system and established a framework in which risk surveys are conducted for each of the levels illustrated below and the survey results are shared and mutually used. In FY2021, we conducted risk assessment of the head offices of the group companies positioned in the Business Unit level (L2), and identified their priority risks and considered risk reduction activities. The identified risks were also examined for the corporate level (L3), and the company-wide issues that should be addressed in L3 were reflected in the risk management activities for L3 as necessary.

Corporate level
(Department in charge of the risk)

Business Unit level

Business site level

L3

L2

L2

L1

L = Level

Toward the future
In FY2022, we will start operating a new risk management system at all Business Units. For serious contingent risks that may lead to business interruption, the Business Unit level (L2) organizations will periodically check the status of the formulation of BCPs (Business Continuity Plans) of the major business site* level (L1) organizations under their control, thereby ensuring that improvement activities are continuously conducted for risk reduction.

* Major business sites: Business operation sites that make up 80% of sales of the Business Unit or Group company they belong to

Risk management system
The Nidec Group uses a medium-term business plan, which is designed to realize the group's long-term vision that is defined as a set of specific numerical and qualitative targets, as a basis of the group's business plan for each fiscal year. The medium-term plan is formulated based on discussions on its feasibility as a medium-term goal, consistency with the long-term vision, and issues and risks to overcome for its achievement. The plan may be revised (rolled) during its execution phase according to changes in the market and the status of progress.

We have also formulated the Risk Management Regulations to establish a risk management system for the entire Nidec Group, and have in place a Risk Management Committee under the Board of Directors. Important information is promptly reported and shared in the risk management meeting held every morning, so that the information can be utilized in our daily operations. It is also discussed and shared in the Management Meeting as necessary.

BCP (Business Continuity Plan)
Starting from March 2014, the Nidec Group has conducted BCP simulation training assuming such risks as an earthquake, flooding, drought, outbreak of an infectious disease, and fire, at its sites both inside and outside Japan. As of March 31, 2021, over 3,100 employees had participated in the training. At the end of January 2020, we set up a COVID-19 Crisis Management Headquarters, working to revamp the company's BCP based on the assumption that the pandemic would be prolonged.

Risk Management Committee
The Risk Management Committee is placed under the Board of Directors and chaired by the executive officer in charge of risk management. The Committee decides risk management policies and measures and submits reports and proposals to the Board of Directors. It also monitors the company-wide risk management status and constantly reviews the adequacy of allocation of resources necessary for risk management. Based on the annual policies established by the Risk Management Committee, department general managers in charge of risk management and Group companies formulate and carry out their respective annual risk management plans.

Promote information security measures

Basic stance
The Nidec Group possesses information that is necessary for conducting its business activities, including not only the information produced or gathered within the Group but also information provided by its business partners. We understand that it is very important to protect and use these information assets properly and appropriately.

Information that should be protected includes management information, technical information, financial information and personal information, which are extremely important. Deterioration or leakage of any such information may lead to loss of trust in us from our customers or the market, as well as a decline in our competitiveness. It may also result in a legal penalty.

Based on this understanding, in 2019, Nidec appointed a Chief Information Security Officer and set up an Information Security Management Office, under which an Information Security Committee, under which an Information Security Management Office was placed as a department dedicated to information security. Also, each organization of the Group has an information security manager and an information security promoter in place to support the Group's information security management. Since FY2019, information security training has been continuously provided for directors and employees. During the information security enhancement month each year, information on the theme for the year is communicated to raise the awareness of information security of directors and employees.

We will continue to identify and assess rapidly changing and increasing information security risks, and make efforts to ensure the proper protection and use of our information assets by operating effective systems appropriate for individual risks under the Group’s information security structure, with the aim of achieving the target of zero serious security incidents.

Efforts made in FY2021
We introduced a function for detecting intrusion of ransomware and other malicious programs to prevent them from interrupting our corporate activities, separated networks within sites, and formulated an emergency manual and conducted training based on it.

To prevent important technical information from leaking, we also introduced a dedicated receiving system that allows downloading of such information only with approval of the person in charge and records all the operations on it.

Furthermore, to make the cyber security measures on our automotive products more secure, we have established processes and systems to manage the cyber security risks of the products at all stages from development to production, and after shipment, based on ISO/SAE 21434, an international standard for this field.

Information security structure

Information Security Committee

Board of Directors

CSO
Chief Information Security Officer

Information Security Management Office

Information Security Manager
Each business unit, Group company

Information Security Promoter
Each business unit, group company

Information Security

Toward the future

• Enhancing information security for the entire Nidec Group

Seeing cyber attacks becoming an everyday event, increasing the associated information security risks, we will work to reduce our vulnerabilities by enhancing and improving the information security of the entire Nidec Group, including companies that joined the Group through M&A.

We will reinforce the information security measures for email, internet access, and storage media, through which intrusion of malicious programs or leakage of information may occur, and install functions to detect signs of malicious programs at end points, control Web access and restrict external storage media at all sites of the Nidec Group.

By installing these functions, we aim to ensure that security measures are implemented evenly at a high level.

• Cyber security measures for automotive products

Today, automobiles are expected to evolve significantly. By being connected to society through the Internet, they will be equipped with the ability to grasp accurate traffic information and utilize autonomous driving technology.

On the other hand, the risk of information leakage or malicious cyber attacks is also foreseen. Therefore, we are making efforts to enhance our security technologies.

Nidec’s Intelligent Motor for automobiles incorporates technologies not only to make the system smaller and more efficient but also to protect the system from cyber attacks. We will continue to monitor cyber risks in the market, which are expected to change in the future, and deliver safe and reliable products to customers by implementing necessary measures, such as updating software if any risk arises.
Shigenobu Nagamori
Representative Director and Chairman
Chief Executive Officer (CEO)
Remuneration Committee Member
(Born on August 28, 1944)
Number of the Company’s shares possessed: 49,473,000

Hiroshi Kobe
Representative Director and President
Chief Operating Officer (COO)
Remuneration Committee Member
(Born on March 24, 1946)
Number of the Company’s shares possessed: 948,000

Hiroyuki Ochiai
Member of the Board of Directors
Audit and Supervisory Committee Member
Sustainability Committee Member
(Born on July 3, 1959)
Number of the Company’s shares possessed: 1,000

Takako Sakai
Outside Member of the Board of Directors
Remuneration Committee Member
Sustainability Committee Member
(Born on August 28, 1972)
Number of the Company’s shares possessed: 0

Hiroyuki Fujita
Outside Member of the Board of Directors
(Born on March 29, 1941)
Number of the Company’s shares possessed: —

Shinshiro Satō
Outside Member of the Board of Directors
Remuneration Committee Member
(Born on November 4, 1964)
Number of the Company’s shares possessed: —

Yasuhiro Kitao
Senior Vice President
Toshikazu Kohno
Senior Vice President
Ryuji Omura
Outside Member of the Board of Directors
Takeshi Horie
Vice President
Takamitsu Araki
Vice President
Maki Okajima
Vice President
Hiroyuki Fujita
Outside Member of the Board of Directors
Messages from Outside Members of the Board of Directors

Nidec Corporation is committed to enhancing its governance for the purpose of achieving its sustainable growth and improved corporate value. The following are messages from our six Outside Members of the Board of Directors, describing their evaluation of our Board of Directors and its future challenges, as well as their expectations of Nidec.

Shinichi Sato
Remuneration Committee Member

I expect Nidec will evolve into a world-leading global company looking further ahead into the future

Yayoi Komatsu
Sustainability Committee Member

With technological innovation advancing, I expect Nidec will respond to future needs of society and the market

Takako Sakai
Remuneration Committee Member, Sustainability Committee Member

Overcoming difficulties and advancing toward achieving consolidated net sales of 10 trillion yen

Today, drastic changes are taking place in our business environment, such as the COVID-19 pandemic and the Russian invasion of Ukraine. With global warming and DX (digital transformation) accelerating, it is predicted that the era of hyper globalization will soon end and decoupling will progress in each economic sector, indicating that we have entered an era of paradigm shift.

Nidec has been swiftly reforming its governance system under the management policy and philosophy that Chairman Nagamori has fostered over a long time. I see it is also a company a step ahead of others in such aspects as corporate management, working environment, and product safety and quality standards. Now that a global paradigm shift is taking place, it will be crucial to properly respond to changes with “animal spirits” and move ahead of the times. I expect that Nidec will evolve into a world-leading global company looking further ahead into the future to achieve sustainable growth by seriously facing various social issues, including environmental challenges.

To this end, the Board of Directors should play a more important role than ever. It is necessary to have an overview of the trends of the world from a multifaceted and broad perspective, and energetically discuss and examine at the Board of Directors’ meetings the issues that should not be overlooked. I appreciate the intense but fruitful discussions taking place at the Board of Directors meetings. One of Nidec’s strengths is that its efforts to refine the quality of motors, the core of its business, will directly lead to the realization of a carbon-free society. I expect that ongoing efforts to achieve the targets announced in Vision 2025 will be steadily made. Regardless of diversity, I see particular emphasis has been placed on the empowerment of non-Japanese and female employees in recent years. Aiming to achieve the company’s target of raising the percentage of women in leadership positions to around 30% as soon as possible in the 2020s, Nidec has been making efforts to promote more women to managerial and executive positions, which I expect will show results in specific figures.

In the future, it is predicted that technological innovation will advance in all fields. Nidec has been working to optimize existing technologies while engaging in developing new technologies, which makes me confident that the company will be able to respond to the future needs of society and the market. To continue to respond to needs, I think it is necessary to promote active industry-academia collaborations and proper intellectual property management. I will do my best to gather information related to technological innovation and thereby fulfill my role as an outside member of the Board of Directors.

I appreciate the active discussions held at Nidec’s Board of Directors’ meetings, as outside members of the Board are allowed to actively give their opinions and ask questions on explanations by the directors in charge. With new female members appointed to the Board of Directors in FY2022, I think the company has been steadily building an appropriate governance structure as a company engaging in global business activities.

Looking back on FY2021, the first year of the medium-term strategic goal Vision 2025, I think a significant achievement was that the company incorporated Nidec Machine Tool Corporation and Nidec OKK Corporation into the Group to expand the machine tool business as an important segment of the Group. I also highly appreciate the measures to ensure stable procurement of semiconductors and the allocation of specialized personnel to the automotive business, a pillar of Nidec, to execute strategic efforts boldly and steadily. In order to capture what Nidec sees as Big Waves, advanced technology development is necessary over the medium to long term.

Going forward, I think Nidec should make strategic efforts to enhance its human resources with specialized knowledge particularly in the semiconductor field. To this end, I will carefully examine every proposal submitted to the Board of Directors while paying attention to Vision 2025.

Today, in the so-called era of VuCA (volatility, uncertainty, complexity and ambiguity), the economic environment has been continuing to be uncertain. Nidec is also in an unprecedentedly difficult phase as the timing of the transformation of its business portfolio and that of the generation change in management are coming at the same time. However, the goal to be aimed at is determined, and I feel that all employees share the same perspective. Nidec is still a young, and very hungry company. Toward achieving the goal of consolidated net sales of 10 trillion yen, Nidec is passionately developing technologies while carefully formulating management strategies, thereby overcoming difficulties and tirelessly advancing. I will strive in my daily work while calmly focusing on the goal.
At Nidec, frequent information sharing and strategy formulation by the Executive Management Meeting and the Management Committee and timely examination and decision making at the Board of Directors’ meetings work in coordination and enable Nidec’s governance structure to meet the requirements of global information sharing and speedy strategy formulation/decision making, which are tasks difficult to achieve at the same time. Preparations for the Board of Directors’ meetings are sufficiently made and discussions at the meetings are reflected in management policies. Thus, I consider that the Board of Directors is functioning effectively. On the other hand, regarding the diversity of members of the Board of Directors, I expect more diversity will be ensured by appointing members who have management experience at global enterprises, including non-Japanese people, and young entrepreneurs.

Nidec is now promoting its medium-term strategic goal Vision 2025. How the company can motivate the next-generation employees is the key to its future growth. At R&D presentations and other opportunities, I have seen many talented people making great efforts. To maintain and enhance these talents, it is necessary to strengthen cooperation with universities and research institutions both inside and outside Japan and improve their treatment. For administrative departments, which will play a more important role than before in global business expansion, achieving ESG-related targets, and expanding Investor Relations activities, I think it is important to further enhance the quality of human resources and provide advanced post-recruitment education.

As for global business expansion, greater consideration for each local country/region will be required. It is not simply adapting to local customs and practices, but the situation, culture, working conditions, and the social/environmental impacts associated with the Nidec’s operations in each country/region should be thoroughly analyzed, based on which the company should fulfill its social responsibility required as a global company, before advancing business development. As an outside member of the Board, I will continue to focus efforts on the realization of global-level governance.

Today, the trend of accepting and respecting diversity is accelerating in society. We are now in an era where we should pay attention not only to women’s participation but to all types of differences, such as people with disabilities, different nationalities, and LGBTQ, and try to find possibilities in them. I am specialized in human resources development in the field of art and therefore have experience different from Nidec’s business field. Despite such background, I have had in-depth and thorough explanations on the Corporate Philosophy and policies, and discussions at the Board of Directors’ meetings. This makes me feel that Nidec already has a culture of trying to embrace diverse values. In order for Nidec to further promote diversity, I think the company should try to recruit more executives who are well-versed in the history and culture of various foreign countries.

Besides the diversity issue, the global environment is not an issue for the future but has become a real challenge today. As a member of the Sustainability Committee, I will think along with Nidec what is necessary to create a future full of hope for younger generations. And I think these initiatives should be made open to both inside and outside the company. This will help demonstrate the presence of Nidec as a desirable place to work at or a company to be chosen for those who are feeling uncertain about the future when the labor force will shrink further because of falling birthrate and the aging population.

Improving corporate value means not only improving productivity or expanding business performance, but also continuing to be a company of which its employees around the world and people in local communities are proud. If Nidec is able to establish a workplace environment where all Nidec employees around the world understand the direction to aim for and engage in their respective duties, I believe it will lead to effective contribution to solving global environmental and social issues.
Review of FY2021

Net sales decreased 4.2% from the previous year to 424,907 million yen (including the increase of approx. 28,500 million yen due to the impact of foreign exchange rates). Net sales of HDD motors decreased by 31.4% year on year to 98,783 million yen mainly due to a decrease in the sales volume. Net sales of other small motors increased 8.9% from the previous year to 326,124 million yen as a result of the market launch of many new products. Operating profit decreased 36.6% from the previous year to 42,438 million yen (including an increase of approx. 8,800 million yen due to the impact of foreign exchange rates) mainly due to a decrease in sales.

In FY2021, both net sales and profit of the Small Precision Motors segment were significantly affected by the decline in the operation rate of our plants and the temporary increase in expenses due to the impact of a long lockdown in Vietnam in the second quarter, and a decrease in production of our customers due to disruption in supply chains and logistics. In addition, in the fourth quarter, production of our customers decreased due to lockdowns in China, which, along with disruption in the supply chain, affected our business performance.

In FY2022, we see signs of a decline in demand for PCs and smartphones, while global shipments of HDDs are expected to decrease significantly from the result of FY2021. Therefore, attention should be paid to moves in the IT industry, the main customer of the segment.

Growth strategies in Vision 2025

To achieve the net sales target of 800 billion yen (sales of 600 billion yen by organic growth and sales of 200 billion yen through M&A) for the Small Precision Motors segment, since the sales volume of IT devices such as PCs and smartphones is leveling off as described above, it is necessary to transform our business portfolio and place greater focus on high-growth areas.

As an initiative to this end, in addition to thermal management product (invested in Chaun-Choung Technology Corporation (CCI), Taiwan in 2018), we have been focusing on motors for small EVs and electric two-wheeled vehicles. As for small EVs, a low-price EV at around the 400,000 yen level released in China in 2020 (the price has been rising in 2022 due to soaring raw material prices and the weak yen) became the top seller in the EV market in China in 2021, leading the expansion of the EV market. Not only in China, export to Europe and emerging countries has begun, which is expected to further expand the market scale. We have received orders for and inquiries about motors for small EVs, and mass production for customers is scheduled to begin in FY2022. We estimate the potential demand for low-price EVs to be in the hundreds of millions units, and we thus expect further business expansion in this field.

As for two-wheeled vehicles, the wave of electrification is surging as it has for four-wheeled vehicles. We recognize that it is a market in which demand for motors for drive units is expected to increase significantly. The existing market scale of two-wheeled vehicles is about 60 million units globally, of which India with around 25 million units and China with around 15 million units (a part of them are for exports) are the largest markets. Nidec is conducting its sales activities mainly in these two countries and has obtained orders from several top manufacturers. Specifically, Nidec’s first in-wheel motor for electric motorcycles was adopted for Huan Dian Shou 01, an electric motorcycle released by Yadea Group Holdings Ltd. in October 2021. The motor boasts the world’s top-level torque characteristics and utilizes Nidec’s single-micron-scale magnetic circuit design technology cultivated in making compact and fast rotating HDDs.

In India, Nidec built a plant in Neemrana, Rajasthan and has established a system capable of responding to the Make in India policy. We will expand this plant to establish a system to supply motors for electric two-wheeled vehicles in India.

Net sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (Millions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>432,176</td>
</tr>
<tr>
<td>2018</td>
<td>441,467</td>
</tr>
<tr>
<td>2019</td>
<td>424,288</td>
</tr>
<tr>
<td>2020</td>
<td>444,118</td>
</tr>
<tr>
<td>2021</td>
<td>424,907</td>
</tr>
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</table>

Operating profit / Operating profit ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating profit (Millions of Yen)</th>
<th>Operating profit ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>22,716</td>
<td>5.2</td>
</tr>
<tr>
<td>2018</td>
<td>24,056</td>
<td>5.4</td>
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<tr>
<td>2019</td>
<td>45,116</td>
<td>10.4</td>
</tr>
<tr>
<td>2020</td>
<td>42,438</td>
<td>9.5</td>
</tr>
<tr>
<td>2021</td>
<td>46,923</td>
<td>11.5</td>
</tr>
</tbody>
</table>
Review of FY2021

Net sales recovered slightly from the previous year and increased 16.1% to 417,643 million yen (including the increase of approx. 19,300 million yen due to the impact of foreign exchange rates). The global production volume in 2021 of automobile manufacturers, the main customers of this segment, recovered slightly from the previous year but did not reach 80 million units, lower than the level before the outbreak of COVID-19. Accordingly, demand for our products has not recovered yet. Operating profit decreased by 45.3% from the previous year to 10,675 million yen (including the increase of approx. 300 million yen due to the impact of foreign exchange rates) due to the decrease in the production volumes of automobile manufacturers, as well as the impact of the cost of structural reform of around 2,500 million yen recorded in Europe, etc., and recording of the development cost, etc. for EV traction motor system E-Axle, for which inquiries and orders are rapidly increasing.

Growth strategies in Vision 2025

The net sales target for the Automotive Products segment in FY2025 is 1,300 billion yen (sales of 1,000 billion yen by organic growth and sales of 300 billion yen through M&A) with a CAGR (compound annual growth rate) of 29% between FY2020 and FY2025, the highest growth rate expected among all segments. In particular, the E-Axle EV traction motor system is expected to have high growth potential. We have already received orders for 4 million units for FY2025. Taking into consideration the recent rise in the unit price of the E-Axle, net sales are likely to exceed the initial estimate and reach over 500 billion yen in FY2025. As for the breakdown of the estimated sales volume, orders for FY2025 are composed of 2.65 million units for China and 1.35 million units for Europe as the number of customers in China is expected to increase from two to five and the joint venture with the Stellantis (former PSA) Group in Europe started mass production of E-Axle in September 2022. With orders from the U.S. and Asian countries other than China likely in the future, the sales volume estimate is expected to increase.

We have been making steady preparations to secure an overwhelming competitive advantage, including establishing production facilities capable of responding to a rapid increase in EVs.

As for the next-generation model of the E-Axle, Nidec started production of the second-generation model, which achieved a cost reduction of 30 to 35% from the first-generation model, in September 2022. This is expected to substantially improve the profitability of E-Axle. The switch to the second-generation model is scheduled to be completed by the end of FY2023. Moreover, we have started developing the models of third and subsequent generations.

As we are promoting the E-Axle business in a development system based on a medium- to long-term vision. Incidentally, Nidec’s development of E-Axle has been chosen as a Next-generation Storage Battery and Motor Development project*1 of the Green Innovation Fund*2 by NEDO (New Energy and Industrial Technology Development Organization).

As for the production system, under the belief that in a rapidly expanding market, the player with a superior supply capacity will win, we have set the basic policy of preparing a production system for double the number of units demanded so as to be ready to respond to incoming demand, and are working to establish a production system with the capacity for double the planned sales volume by FY2025. Specifically, we are planning to expand the Pinghu Factory in China, which has an annual production capacity of 1 million units, to be the fourth E-Axle assembly plant in China. With a view to further increasing orders in the future, we are planning to further enhance the production capacity in China and establish production capacity in North America. Along with the plants of our joint venture with the Stellantis Group and the Serbia Plant in Europe, we will work to establish a global production system.

For production of E-Axle, we pursue in-hous manufacturing of all necessary components, including equipment. We pursue in-house manufacturing of parts and even equipment because we believe that it is necessary, in order to secure a competitive advantage in a rapidly expanding market, to 1) reduce costs by eliminating extra functions included in externally manufactured parts and 2) have a supply system that will not be affected by the external environment. In particular, 2) is a principle determined based on the experience when demand for HDD motors rapidly increased and caused tightening of supply and demand of manufacturing devices.

In addition to E-Axle, for existing automotive motors, such as electric power steering (EPS) motors, we expect also a significant increase of CAGR 13% in sales between FY2020 and FY2025. In particular, for EPS motors, Nidec’s production volume is expected to increase due to two factors: 1) a rise in the rate of vehicle models using electric power steering, and 2) a rise in our market share of motors for EPS. Regarding factor 2), the reasons for the rise in our market share are that automobile manufacturers have been increasingly choosing to outsource non-core activities as a result of the streamlining of their businesses, and that our competitors are withdrawing from the market.

Plan to increase E-Axle production capacity

The E-Axle flagship factory aims for EV-dedicated integrated production covering assembly and the parts business.

Example in China

In China, production at five factories, including those in Pinghu and Dalian, is planned. The E-Axle flagship factory aims for EV-dedicated integrated production covering assembly and the parts business.

Example in Europe

In Europe, E-Axle is also scheduled to be manufactured by the joint venture with the Stellantis Group.

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Plan to increase E-Axle production capacity

The E-Axle flagship factory aims for EV-dedicated integrated production covering assembly and the parts business.

Example in China

In China, production at five factories, including those in Pinghu and Dalian, is planned.
### Review of FY2021

Net sales increased 30.7% from the previous year to 786,588 million yen (including an increase of approx. 44,000 million yen due to the impact of foreign exchange rates) mainly due to increases in revenue from household refrigerator compressors and motors for air-conditioners, as well as motors and gears for transfer robots used at distribution centers of E-commerce companies. This significant increase in revenue was attributed to the strong performance of existing businesses due to booming global demand for home appliances and the steady increase in housing construction in the U.S., along with active capital investment made by E-commerce companies. Operating profit increased substantially by 47.4% from the previous year to 30,000 million yen (including an increase of approx. 4,200 million yen due to the impact of foreign exchange rates), as a result of the ongoing efforts made against soaring raw material prices to reduce costs, optimize fixed costs and reflect them in selling prices, in addition to the effect of the increase in revenue.

### Growth strategies in Vision 2025

The net sales target for the Appliance, Commercial and Industrial Products segment in Vision 2025 is 1.3 trillion yen (sales of 1 trillion yen by organic growth and sales of 300 billion yen through M&A). The increase in both sales and profit in FY2021 is mainly attributable to the growth of businesses producing household refrigerator compressors and motors for air-conditioners, as well as motors and gears for transfer robots used at distribution centers of E-commerce companies. Meanwhile, however, signs of peaking out are beginning to be seen in global demand for home appliances, housing construction in the U.S., and capital investment by E-commerce companies. We therefore believe that the growth strategies below are necessary.

1. **Growth through expansion of area and customers of existing businesses**

   Demand for compressors for refrigerators and motors for air-conditioners has been supported mainly by advanced countries. Now we can expect expansion of demand in emerging countries along with an increase in people’s income. It is also predicted that in advanced countries, housing-related demand will further expand while the demand for appliances will increase along with the end of the spread of COVID-19. In addition to the expansion of regional demand and a shift to commercial demand, expansion of the customer base is expected for motors and gears for transfer robots used at distribution centers of E-commerce companies. We thus expect growth through the expansion of the area and the customer base of existing businesses.

2. **Growth under medium- to long-term themes**

   **1. Solution to labor shortage**

   As labor shortage is an urgent issue mainly in advanced countries, the factory automation (FA) products such as servomotors business is likely to become a growth driver over the medium to long term, and shipments to robot manufacturers are expected to increase along with the advancement of factory automation. The business of power generators for construction machines is expected to expand as demand for mining has been increasing due to soaring raw material prices.

   **2. Solution related to renewable energy**

   The battery energy storage system (BESS) of Nidec Industrial Solutions provides the power transmission utilities of each country with the ability to store and stably supply the electric power generated with renewable energy, thereby contributing to the realization of a carbon-neutral society. To date, we have provided BESS for a total of 1.3 GW. In March 2022, we received an order for BESS for 129.8 MW in Scotland, UK. We are planning to further expand the business.

### Growth driver

**Battery Energy Storage System**

In this field, Nidec announced on August 30, 2022 that it had concluded a joint venture agreement with FREYR Battery (hereinafter, “FREYR”), a Norwegian semi-solid lithium-ion battery manufacturer. FREYR will enter into a power purchase agreement with a renewable energy producer for the supply of 100% renewable energy and plans to manufacture semi-solid lithium-ion batteries that do not emit CO2 in the manufacturing process.

With this partnership, our BESS solutions using lithium-ion batteries of FREYR can be provided for customers, which will enable Nidec to establish a leading position in the field of BESS for power transmission utilities and also to significantly reduce CO2 emissions in all processes from manufacturing of batteries through the use of our BESS solutions by customers.

Through the strategic partnership with FREYR, we will provide innovative power storage technology and electric power management technology for society, thereby promoting the spread of renewable energy and contributing to the realization of a carbon-neutral society.
Review of FY2021

Net sales of the Machinery segment increased by 43.2% from the previous year to 215,588 million yen (including an increase of approx. 7,500 million yen due to the impact of foreign exchange rates) due to a significant increase in revenue from semiconductor inspection equipment, transfer robots, reduction gears, etc., and the effect of acquisition of Nidec Machine Tool Corporation (former Mitsubishi Heavy Industries Machine Tool Co., Ltd.) and Nidec OKK Corporation. Operating profit substantially increased by 56.4% from the previous year to 41,232 million yen (including an increase of approx. 800 million yen due to foreign exchange rates) due to a significant increase in the revenue from semiconductor inspection equipment, reduction gears and transfer robots.

Growth strategies in Vision 2025

The net sales target for the Other Products segment in Vision 2025 is 600 billion yen (sales of 400 billion yen by organic growth and sales of 200 billion yen through M&As). The machine tool and reduction gear business in the Machinery segment is expected to become a major driver for achieving the targets of Vision 2025. Especially, the business of Nidec Shimp Corporation, our subsidiary, will be the key. Nidec Shimp used to engage in mainly the reducer and press business. With the acquisition of Nidec Machine Tool Corporation and Nidec OKK Corporation in 2021, the machine tool business was added to the lineup. Initially, the acquisition of Nidec Machine Tool Corporation was aimed at obtaining synergistic effects such as securing in-house manufacturing capacity for the gears necessary to promote the E-Axle EV traction motor system business. However, in working to improve business management after the acquisition, we have shifted to a strategy in which we not only pursue synergy within the Group but also promote the expansion of the machine tool business itself. Nidec Machine Tool Corporation, which was in the red at the time of the acquisition, improved its quarterly operating profit ratio to over 10% in a short period of time as a result of the post merger integration (PMI). The company demonstrated that a machine tool manufacturer with excellent products/technologies can be turned into a profitable company by introducing Nidec-style management. In the past, as we saw in the press business, new acquisitions led to the expansion of product lineups and helped reduce fluctuations in business performance. Similarly, for the machine tool business, we aim to expand profits by enhancing the product lineup, including the possibility of business expansion through M&A in the future, and to stabilize the segment performance.

Nidec will need to make a large-scale investment mainly in the automotive field. As sales of the HDD motor business is on a declining trend, we aim to make the machine tool business a cash cow to replace HDD motors business. Another growth business is the reducer business. Behind the wave of manpower saving, which Nidec has identified as one of the Five Big Waves, is labor shortage, which is spreading mainly in advanced countries. Declining birthrates and an aging population are causing the working-age population (15 to 64) to shrink in high GDP economies, including the U.S., China, Europe and Japan, which makes automation at factories an urgent task. It is therefore expected that the use of cooperative robots in production processes will accelerate. FLEXWAVE®, our high-accuracy reduction gear for precision control, has already shipped mainly for cooperative robots, and a production system has been established in Japan and the Philippines. In the future, in order to respond to market expansion, we plan to raise the monthly production capacity, which was 20,000 units in FY2020, to 100,000 units in FY2023, and establish a production system capable of winning the top share in the industry. We are also developing Smart-FLEXWAVE, a new product incorporating multiple sensors (torque sensor, temperature sensor, angle sensor), which is expected to contribute to reducing the size and weight of cooperative robots and introducing IoT in various machine equipment.

We have received many inquiries from customers. Furthermore, we are planning to enter the medium-sized robot market, with the aim of expanding the business area from the one mainly for small robots. We aim to achieve net sales of 500 billion yen in FY2025 in the reducer business, press business and machine tool business in total.

<table>
<thead>
<tr>
<th>Major products</th>
<th>Nidec Machine Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gear machine tools</td>
<td>Double-column 5-face processing machines</td>
</tr>
<tr>
<td>Nidec OKK</td>
<td>Vertical machining center</td>
</tr>
<tr>
<td></td>
<td>Grinding center</td>
</tr>
<tr>
<td></td>
<td>Horizontal machining center</td>
</tr>
</tbody>
</table>

FLEXWAVE® Establish a monthly 100,000 units structure in FY2023

Following the success formula of the press business, develop a global market through organic growth and M&A

**Succeed in sales expansion in overseas market through global M&A strategy**

- **2012** Acquired MINSTER (U.S.)
  - Started selling FY2015 products in U.S. and Mexico.
- **2015** Acquired ARISA (Spain)
  - Started selling ARISA products in Japan and China.
- **2017** Acquired VAMCO (U.S.)
  - Started selling VAMCO products in Japan and China.
  - Developed an integrated product of VAMCO's feeder and press.
- **2019** Acquired SYS (Germany)
  - Started selling KYOC products in Europe.
- **2020** Acquired CHS (U.S.)
  - Strengthened service in North America for press, machines as a whole.

**Operating profit / Operating profit ratio (million yen)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Machinery</th>
<th>Electronic and Optical Components</th>
<th>Operating profit</th>
<th>Operating profit ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>146,151</td>
<td>162,966</td>
<td>27,224</td>
<td>18.5</td>
</tr>
<tr>
<td>2018</td>
<td>144,740</td>
<td>150,075</td>
<td>22,329</td>
<td>16.7</td>
</tr>
<tr>
<td>2019</td>
<td>80,924</td>
<td>94,889</td>
<td>11,987</td>
<td>13.6</td>
</tr>
<tr>
<td>2020</td>
<td>80,396</td>
<td>93,879</td>
<td>9,720</td>
<td>13.7</td>
</tr>
<tr>
<td>2021</td>
<td>9,125</td>
<td>10,402</td>
<td>6,315</td>
<td>10.4</td>
</tr>
</tbody>
</table>

**Net sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Machinery</th>
<th>Electronic and Optical Components</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>146,151</td>
<td>162,966</td>
<td>215,588</td>
</tr>
<tr>
<td>2018</td>
<td>144,740</td>
<td>150,075</td>
<td>294,815</td>
</tr>
<tr>
<td>2019</td>
<td>80,924</td>
<td>94,889</td>
<td>175,813</td>
</tr>
<tr>
<td>2020</td>
<td>80,396</td>
<td>93,879</td>
<td>174,275</td>
</tr>
<tr>
<td>2021</td>
<td>9,125</td>
<td>10,402</td>
<td>20,027</td>
</tr>
</tbody>
</table>
## Financial/Non-financial Data

### Financial Data

<table>
<thead>
<tr>
<th></th>
<th>U.S. GAAP</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>709,270</td>
<td>875,109</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>17,598</td>
<td>84,864</td>
</tr>
<tr>
<td><strong>Profit before income taxes</strong></td>
<td>13,398</td>
<td>84,460</td>
</tr>
<tr>
<td><strong>Profit attributable to owners of the parent</strong></td>
<td>7,986</td>
<td>56,272</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>61,368</td>
<td>40,036</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>38,255</td>
<td>44,413</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>34,278</td>
<td>37,808</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,005,417</td>
<td>1,166,938</td>
</tr>
<tr>
<td><strong>Shareholders' equity</strong></td>
<td>415,653</td>
<td>517,971</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td>110,286</td>
<td>87,219</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>-23,568</td>
<td>24,041</td>
</tr>
<tr>
<td><strong>Financial cash flow</strong></td>
<td>61,117</td>
<td>13,471</td>
</tr>
</tbody>
</table>

### Per-share information**2**

<table>
<thead>
<tr>
<th></th>
<th>(Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit (EPS)</strong></td>
<td>14.82</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>21.25</td>
</tr>
</tbody>
</table>

### Major financial indicators

<table>
<thead>
<tr>
<th></th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating profit ratio</strong></td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Shareholders' equity ratio</strong></td>
<td>41.3</td>
</tr>
</tbody>
</table>

---

**1** Adjusted based on the 2-for-1 split implemented as of April 1, 2014 and April 1, 2020. EPS and Dividends are expressed assuming that the stock split occurred at the beginning of FY2012.

**2** Starting from the first quarter of FY2016, the International Financial Reporting Standards (IFRS) have been applied to the consolidated financial statements. Therefore, the figures presented are based on the International Financial Reporting Standards (IFRS) for FY2015 and later, and on the U.S. accounting standards for FY2014 and before.
Non-financial Data

Environmental performance indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY2021</th>
<th>FY2020</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy input (net)</td>
<td>12,621,908</td>
<td>12,933,175</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Electric power (KWH)</td>
<td>1,161</td>
<td>1,147</td>
<td>1.1%</td>
</tr>
<tr>
<td>Gas (m³)</td>
<td>12,474</td>
<td>12,487</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Heat (KWH)</td>
<td>10,752</td>
<td>10,767</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Water (kWh)</td>
<td>0.7</td>
<td>0.7</td>
<td>0.0%</td>
</tr>
<tr>
<td>Air emissions (Ton)</td>
<td>2,320</td>
<td>2,320</td>
<td>0.0%</td>
</tr>
<tr>
<td>Surface water (m³)</td>
<td>6</td>
<td>6</td>
<td>0.0%</td>
</tr>
<tr>
<td>Radioactive waste (m³)</td>
<td>0.7</td>
<td>0.7</td>
<td>0.0%</td>
</tr>
<tr>
<td>Water recycling rate (solid only) (%)</td>
<td>94.4</td>
<td>94.4</td>
<td>0.0%</td>
</tr>
<tr>
<td>Environment conservation cost (million yen)</td>
<td>2,511</td>
<td>2,511</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

* Percentage change is calculated as ((FY2021 - FY2020) / FY2020) * 100.


Group Companies

<table>
<thead>
<tr>
<th>Company name</th>
<th>Business activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nidec-Read Corporation</td>
<td>Development, manufacture and sales of inspection systems for semiconductor packages and printed circuit boards, optical inspection systems, and other automatic measurement and control systems and inspection tools.</td>
</tr>
<tr>
<td>Nidec-Sankyo Corporation</td>
<td>Development, manufacture and sales of motors, motor drive units, card readers, industrial robots, plastic mold parts, musk boxes, etc.</td>
</tr>
<tr>
<td>Nidec-Shimpo Corporation</td>
<td>Manufacturer of variable-speed drive, manufacturer and sales of gearboxes, manufacturer of ceramic art equipment, manufacturer of various measuring instruments, manufacturer and sales of forge rolling machines and precise preforming machines, manufacturer and sales of other machinery, sales of maintenance, engineering, and technology related to above.</td>
</tr>
<tr>
<td>Nidec Techno Motor Corporation</td>
<td>Development, manufacture and sales of small and medium-sized wind motors for HVAC, home appliances and industrial machinery, electric tools, motor-based equipment and others.</td>
</tr>
<tr>
<td>Nidec Mobility Corporation</td>
<td>Marketing, development, manufacture and sales of automotive electric components.</td>
</tr>
<tr>
<td>Nidec TوكイCorporation</td>
<td>Development, manufacture and sales of automatic parts and measuring instruments.</td>
</tr>
<tr>
<td>Nidec Copal Electronics Corp.</td>
<td>Development, manufacture and sales of electronic circuit parts, pressure sensors, actuators, potentiometers, and encoders.</td>
</tr>
<tr>
<td>Nidec Copal Corporation</td>
<td>Development, manufacture and sales of optical devices, electronic devices, precision parts and dies, image devices, FA and industrial devices.</td>
</tr>
<tr>
<td>Nidec Elecsys Corporation</td>
<td>Development, manufacture and sales of automotive electronic control units for vehicle bodies.</td>
</tr>
<tr>
<td>Nidec Serve Corporation</td>
<td>Development, manufacture and sales of motors (brakes, stepping, fan, blower), sensors and motor-applied products.</td>
</tr>
<tr>
<td>Nidec Machine Tool Corporation</td>
<td>Design, manufacture and sales of machine tools, cutting tools and related products, and instrument.</td>
</tr>
<tr>
<td>Nidec Global Service Corporation</td>
<td>Various insurance agency operations, real estate services, vending machine business, sales of various goods, operation of company stores, staffing agencies, hotel business, beverage sales, etc.</td>
</tr>
<tr>
<td>Nidec Machinery Corporation</td>
<td>Design, manufacture, and sales of support of various automotive machines, FA equipment, measuring and testing equipment.</td>
</tr>
<tr>
<td>Nidec OIK Corporation</td>
<td>Manufacture, sales of machine tools.</td>
</tr>
<tr>
<td>Nidec Motors &amp; Actuators (Germany) GmbH</td>
<td>Development, manufacture and sales of automotive motors (engine cooling, ABS, steering column adjustment, seat adjustment, power windows, air suspension components, sunroof, and trunk opening and closing).</td>
</tr>
<tr>
<td>Nidec GPM GmbH</td>
<td>Development, manufacture and sales of water pumps, oil pumps, and automobile modules.</td>
</tr>
<tr>
<td>Nidec Motor Corporation</td>
<td>Development, manufacture and sales of industrial, commercial and appliance motors, and control equipment.</td>
</tr>
<tr>
<td>Nidec Global Appliance Europe SRL</td>
<td>Manufacture and sales of motors for home appliances (washing machines, dryer machines and dishwashers).</td>
</tr>
<tr>
<td>Nidec ASI S.p.A.</td>
<td>Design, manufacture and sales of medium-sized motors for pressforming machines, manufacturer and sales of other machinery, sales of maintenance, engineering, and technology related to above.</td>
</tr>
<tr>
<td>Nidec Servo Corporation</td>
<td>Development, manufacture and sales of DC and AC variable speed drives, sensors and power conversion technologies for commercial and industrial applications.</td>
</tr>
<tr>
<td>CHAUN-CHOUNG TECHNOLOGY CORP.</td>
<td>Development, manufacture and sales of thermal management systems.</td>
</tr>
</tbody>
</table>
Company Profile
(As of March 31, 2022)

Trade name  NIDEC CORPORATION
Founded  July 23, 1973
Location of Head Office  338 Kuzetonoshiro-cho, Minami-ku, Kyoto
Capital  JPY 87,784 million
Fiscal year end  March 31
Employees  Nidec Corporation: 2,511
Consolidated: 114,371
Business sites in Japan  Head Office, Tokyo Office, Central Technical Laboratory, Shiga Technical Center, Nagano Technical Center, Nidec Research and Development Center, and Nidec Center for Industrial Science
Corporate website  https://www.nidec.com/en/

Stock Information
(As of March 31, 2022)

Share status
Number of shares outstanding 596,284,468
Number of shareholders 123,718

Shareholder mix
Number of shares owned base

- Trust banks: 44,489,000 shares (44.45%)
- Foreign institutions: 17,421,000 shares (17.42%)
- Japanese securities firms and other Japanese corporations: 128,039,000 shares (21.47%)
- Individuals and others: 96,489,000 shares (16.18%)
- Other financial institutions: 15,547,000 shares (2.60%)

* Figures less than one thousand in the number of shares owned are rounded off.

Principal shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares owned (thousands)</th>
<th>Holding ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>79,058</td>
<td>13.61</td>
</tr>
<tr>
<td>Shigenobu Nagamori</td>
<td>49,473</td>
<td>8.51</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (trust account)</td>
<td>26,354</td>
<td>4.53</td>
</tr>
<tr>
<td>The Bank of Kyoto, Ltd.</td>
<td>24,798</td>
<td>4.27</td>
</tr>
<tr>
<td>S.N. Kosoan, LLC.</td>
<td>20,245</td>
<td>3.48</td>
</tr>
<tr>
<td>SSBTC CLIENT OMNIBUS ACCOUNT</td>
<td>16,154</td>
<td>2.85</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK MELLON 140042</td>
<td>14,956</td>
<td>2.57</td>
</tr>
<tr>
<td>MUFG Bank, Ltd.</td>
<td>14,851</td>
<td>2.55</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>13,159</td>
<td>2.26</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>12,804</td>
<td>2.20</td>
</tr>
</tbody>
</table>

* Figures less than one thousand in the number of shares owned are rounded off.
* The Company’s holding of 15,547,000 treasury stocks is excluded from the above major shareholders. The shareholding ratio was calculated excluding treasury stocks.

Changes in stock price and trading volume

Inclusion in ESG indexes

FTSE4Good Index Series
Since 2018, Nidec has been included in the FTSE4Good Index Series, designed to measure the performance of companies demonstrating excellent environmental, social and governance (ESG) practices.

FTSE Blossom Japan Sector Relative Index
Since 2022, in addition to ESG evaluation, Nidec has been included in the FTSE Blossom Japan Sector Relative Index, an index to evaluate the management stance of companies, with respect to climate change risks and opportunities.

FTSE Blossom Japan Index
Since 2018, Nidec has been included in the FTSE Blossom Japan Index, an index that reflects the performance of Japanese companies demonstrating excellent ESG practices.

MSCI Japan Empowering Women (WIN)
Since 2017, Nidec has been part of the MSCI Japan Empowering Women (WIN) index, which includes companies selected out of the top 700 brands in market capitalization ranking (the MSCI Japan IMI Top 700 Index) based on their gender-related diversity Beckham’s active participation in the workforce in each industry.

* The inclusion of Nidec Corporation in any MSCI index and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, recommendation or endorsement of Nidec Corporation by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

External Evaluation
(As of October 1, 2022)

Inclusion in ESG indexes

MSCI Japan Empowering Women (WIN)
Since 2017, Nidec has been part of the MSCI Japan Empowering Women (WIN) index, which includes companies selected out of the top 700 brands in market capitalization ranking (the MSCI Japan IMI Top 700 Index) based on their gender-related diversity Beckham’s active participation in the workforce in each industry.

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Awards and commendations

Nadeshiko Brand
Nidec, was selected as a Nadeshiko Brand in FY2021 by the Japan Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE).

ESG-themed brand
In the first “ESG brands” selection in 2012 at the Tokyo Stock Exchange, which identifies themed brands for individual investors based on specific themes and indices, Nidec was selected as an ESG-themed brand.

Receiving three-star “eruboshi” status
In 2018, Nidec received a three-star rating (highest level) of “eruboshi” status granted by the Ministry of Health, Labour and Welfare to companies that have made excellent efforts related to the promotion of women’s participation and advancement in the workplace.

Evaluation of IR activities

Gomez IR Site Ranking 2020 Bronze Award
Nidec received a Bronze Award in the overall “Gomez IR Site Ranking 2020” published by Morningstar Japan K.K. in the electrical equipment industry ranking, Nidec was ranked 20th.

Nikko IR All Japanese Listed Companies' Website Ranking
Nidec’s website was selected as a grade AAA site in the annual survey of all Japanese listed companies’ websites conducted by Nikko Investor Relations Co., Ltd. in FY2021.

Daiwa IR Internet IR Commendation Award 2017
Nidec received the Commendation Award in the “Internet IR Award 2017” by Daiwa Investor Relations Co., Ltd.

Award for Excellence in Corporate Disclosure
In 2021, Nidec was ranked seventh in the Electric/precision section in 2021 Awards for Excellence in Corporate Disclosure

Rating information

<table>
<thead>
<tr>
<th>Rating agency</th>
<th>Announced</th>
<th>Target</th>
<th>Long-term Rating</th>
<th>Short-term Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Credit Rating Agency, Ltd. (JCR)</td>
<td>December 2021</td>
<td>Issuer</td>
<td>AA</td>
<td>—</td>
</tr>
<tr>
<td>Rating and Investment Information, Inc. (Rii)</td>
<td>December 2021</td>
<td>Issuer</td>
<td>AA—</td>
<td>a+1</td>
</tr>
<tr>
<td>Moody’s</td>
<td>February 2021</td>
<td>Issuer</td>
<td>A3</td>
<td>—</td>
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