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Corporate Governance Report

Last updated: June 28, 2019

Nidec Corporation

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<https://www.nidec.com/en-Global/>

I. Basic Views on corporate governance, capital structure, corporate profile, and other basic information

1. Basic views

Nidec Group pursues continuous enhancement of corporate management in the manner consistent with its mission statement, three principles of Nidec's operations, and its qualitative objects of achieving "high business growth," "high profits," and "high shareholder value." In this context, Nidec codified its corporate governance policies in May 2006 to reinforce the group's overall corporate governance activities and to communicate its commitment and responsibilities to stakeholders.

Corporate governance policy

1. Principle

The Nidec Group Corporate Governance Policy aims for sustainable enhancement of corporate value focusing on "high business growth," "high profits," "high shareholder value" based on ethical integrity and social trust. To this end, Nidec pursues sound, efficient and transparent business management through ceaseless improvement in

internal controls and information disclosure.

2. Stakeholder engagement

Sustainable enhancement of corporate value builds upon harmonious relations with stakeholders. Our definition of stakeholders extends broadly and includes not only its shareholders, customers, suppliers, individual employees, but even the communities and the environment that can be directly or indirectly affected by the Nidec Group's objectives and actions. As a business seeking growth through fulfillment of social responsibility and sustainable corporate value development for its stakeholders, Nidec Group will continue to increase our focus on products and activities that are green and socially desirable. This concept constitutes a common thread running through its entire business activities, most notably reflected in its engagement in the brushless DC motor technology, which provides excellence in energy efficiency, operating life and noiselessness for IT and audiovisual devices, automobiles, home appliances and industrial machinery. Nidec Group contributes to the progress of society and reduction of load on the earth's environment by developing and supplying products that are environmentally friendly and required by society, and through a range of business activities related to the above. Nidec Group believes that all this helps ensure sustainable growth in its company value.

3. Business execution and management oversight

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 directors (non-executive directors), who are dedicated to monitoring managerial decisions from an objective perspective and further improving management transparency for all stakeholders.

The Audit and Supervisory Board audits directors' execution of business and performs financial audits.

The Executive Management Meeting and the Executive Management Meeting with Senior Vice Presidents and Above (Jomu-kai) compose the Group's business execution mechanism and discuss specific operational issues. The Executive Management Meeting (Keiei-kaigi) 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. The

Executive Management Meeting with Senior Vice Presidents and Above (Jomu-kai), the consultative body to the Chairman and Chief Executive Officer, is held and convened by President and Chief Operating Officer on a weekly basis to discuss operational directions, plans, and other important considerations in the execution of business.

With a view to improving management efficiency, the Group has adopted an executive officer system and a site-oriented business management system. The executive officer system delegates part of the Board responsibilities to executive officers, thereby allowing the Board of Directors to focus on more proactive, in-depth discussions on the Group's strategic directions and enables executive officers to accelerate the execution of business. In the meantime, the site-oriented business management system makes clear the locus of respective managerial responsibilities and contributes to the maintenance and improvement of a viable internal control system.

4. Internal control

The Group commits itself to the enhancement of its management soundness and transparency by specifying risk management responsibilities and maintaining compliance capabilities generally required for listed companies in Japan. The Group conforms to its internal control policies compiled as "Nidec Policy Manual." Through the auditing activities of the Corporate Administration & Internal Audit Department, a specialized oversight division, the Group regulates its internal controls over financial reporting and evaluates their effectiveness in the manner consistent with the Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act. In addition, the Compliance Committee, Risk Management Committee, Information Security Management Committee and CSR Committee, all operating under the direct supervision of the Board of Directors, are dedicated to the creation of a strong internal control environment for the Group. Each Committee has its subordinate body, named the Compliance Office, the Risk Management Office, Information Security Management Office and the IR & CSR Promotion Department, respectively.

5. Information disclosure

The Group ensures strict adherence to its Disclosure Policy and conducts fair, timely and proper disclosure of information in order to offer appropriate accountability and transparency to shareholders and relevant stakeholders. Each disclosure item is carefully reviewed by the Disclosure Committee with respect to materiality, legality and

adequacy of disclosure. In the meantime, shareholder opinions and viewpoints are constantly fed back to the management through day-to-day investor relations activities.

6. Subsidiary governance

Unified under the same management principles, each company of the Group operates in compliance with Nidec's internal control system. The members of the management team at each Nidec subsidiary, including those sent from Nidec, undertake substantial discussions in managerial decision-making with a significant involvement of outside members of the Audit and Supervisory Board and experts to ensure that specific circumstances in each company are rationally considered and that each company's independency is appropriately assured.

<Reasons for non-compliance with certain principles of Japan's Corporate Governance Code>

<Supplementary principle 4.10.1 Utilization of discretionary committee>

Appointment and dismissal of the members of the Board of the Directors are discussed thoroughly and resolved at the meetings of Board of Directors where outside directors and outside members of the Audit & Supervisory Board are also present. With regard to the remuneration paid to directors, considering that of its competitors in Japan, the Human Resources Department computes based on the directors' job responsibilities and evaluation of criteria established to measure their contributions for the company's performance. The total remuneration amount paid to directors is discussed in the meetings attended by the executive members of the Board of Directors including the President, and related Vice Presidents when necessary, and determined within the range approved at the shareholders' meeting. The final decision is made by the Chairman and CEO who is delegated by the Board of Directors. Nidec will consider establishing independent advisory committee to enhance fairness, transparency and objectivity of the procedure, and to strengthen corporate governance.

<Disclosure based on the principles of the Japan's Corporate Governance Code>

<Principle 1.4 Cross-Shareholdings>

1. Basic policy for cross-shareholdings

Nidec holds shares in the companies that Nidec has relationships with in terms of

trading and cooperation in its business or other areas when it judges the shareholding contributes to the company's corporate value expansion through stabilizing its business for a mid- to long- term perspectives by maintaining and strengthening the relationship with them. Nidec assesses its cross-held shares individually at the Board of Directors every year on not only qualitative aspect such as purposes of the shareholding, but also, on quantitative aspect such as benefits that can be brought through the shareholding from the perspective of economic rationality. According to the results of the assessment, Nidec intends to reduce the number of shares held if the cross-held shares would make insignificant benefits.

2. Policy for exercising voting rights for cross-shareholdings

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 investees' sustainable growth from the perspective of whether appropriate governance and compliance structures are in place at investee companies.

(Basic views on executing voting rights)

With regard to the individual proposals submitted to the shareholders' meetings of the companies Nidec invests in, Nidec decides to vote for or against after confirming the following points: if the proposals suit the purposes of holding the shares that are to maintain and strengthen the trade and cooperation relationships through mid- to long-term investment, and particularly, the circumstances that might lead to assassinating shareholders value by reformatting organizations including asset transfer and mergers. Regarding proposals that are considered law violation and antisocial behaviors, Nidec opposes under any conditions.

<Principle 1.7 Related party transactions>

In case of trades with Nidec's Board of Directors, Nidec first submits the proposals to the meetings of Board of Directors conforming to its compliance regulations and Board of Director's regulations. The Board of Directors discusses whether the proposals could cause conflict of interest with the company or not, and resolves based on comprehensive judgement. Also, in case of trades with related parties such as family members of the members of the Board of Directors, executive officers or major shareholders, the Board of Directors discusses and resolves according to the same procedure, which the Board of Directors discusses at the meetings of the Board of Directors and judges comprehensively whether the proposals could cause conflict of interest with the company or not.

<Principle 2.6 Roles of corporate pension funds as asset owners>

Nidec dispatches appropriate personnel from the Human Resources Department for a stable management of corporate pension funds. With regard to the management of the pension funds, Nidec monitors depositaries periodically. Nidec reviews the status, basic policy and soundness of asset management through the personnel allocated by Nidec to the board of representatives. Nidec allocates personnel who has expertise in finance, accounting and human resource management to the board of representatives.

<Principle 3.1 Full disclosure>

- (i) Please refer to Nidec's webpage:
<https://www.nidec.com/en-Global/corporate/about/philosophy/>
- (ii) Please refer to Nidec's webpage:
<https://www.nidec.com/en-Global/corporate/about/cg/governance/>
- (iii) Nidec abolished directors' retirement allowance system on December 31, 2004. Remuneration paid to the members of the Board of Directors for the year ended March 31, 2019 is as follows:

Directors (excluding outside directors)

Number of recipients: 7

Total remuneration: 396 million yen

(fixed compensation: 374 million yen, performance-linked share-based remuneration: 22 million yen)

Audit & Supervisory Board (excluding outside members)

Number of recipients: 3

Total remuneration: 34 million yen

Outside directors

Number of recipients: 7

Total remuneration: 42 million yen

The above-mentioned amounts include the remuneration paid for three members of the Board of Directors including two members of outside directors and a member of the Audit & Supervisory Board who retired during the fiscal year ended March 31, 2019.

The information regarding remuneration is disclosed in the securities reports and

business reports. These reports are posted on Nidec's website.

<https://www.nidec.com/en-Global/ir/library/reports/>

<Disclosure of policy on determining remuneration amount and its calculation method>

Remuneration for directors are determined linked with Nidec's performance. The total amounts of remuneration for the members of the Board of Directors and the members of the Audit & Supervisory Board are set within maximum limit of ¥1,000 million and ¥100 million per year, respectively, both of which were determined at the 34th shareholders' meeting held on June 22, 2007. In addition, Nidec adopted a performance-linked and share-based incentive plan which determines the remunerations for its board members, executive officers and employees who have the equivalent positions based on Nidec's short- and mid- term performance. This plan does not apply to outside directors.

- (iv) The Board of Directors and the Audit & Supervisory Board are composed of directors with integrity, knowledge, capability, ample experiences and ethics. Nidec selects nominees for the Board of Directors and Audit & Supervisory Board to be resolved at shareholders' meeting every year, considering both boards' diversity as well as nominees' genders, ages, nationality and skills.

- (v) The reasons for appointment and dismissal of the members of the Board of Directors and the members of the Audit & Supervisory Board are stated in the convocation for shareholders' meeting. Please refer to Nidec's notice of convocation for the shareholders' meeting at the following webpage:
<https://www.nidec.com/en-Global/ir/calendar/meeting/>

<Supplementary Principle 4.1.1>

<https://www.nidec.com/en-Global/corporate/about/cg/governance/>

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 directors (non-executive directors), who are dedicated to monitoring managerial decisions from an objective perspective and further improving management transparency for all stakeholders.

The Executive Management Meeting (keiei-kaigi) and the Executive Management Meeting with Senior Vice Presidents and Above (Jomu-kai) compose the Group's business execution mechanism and discuss specific operational issues. The 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. The Managing Directors' Meeting, the consultative body to the Chairman and Chief Executive Officer, is held and convened by President and Chief Operating Officer on a weekly basis to discuss operational directions, plans, and other important considerations in the execution of business.

With a view to improving management efficiency, the Group has adopted an executive officer system and a site-oriented business management system. The executive officer system delegates part of the Board responsibilities to executive officers, thereby allowing the Board of Directors to focus on more proactive, in-depth discussions on the Group's strategic directions and enables executive officers to accelerate the execution of business. In the meantime, the site-oriented business management system makes clear the locus of respective managerial responsibilities and contributes to the maintenance and improvement of a viable internal control system. The Board of Directors resolves the following matters stipulated in the Board of Directors' regulations: 1) matters designated by law, 2) important matters on operation, 3) matters on accounting and human resources, 4) matters stipulated on the Articles of incorporation, etc.

<Principle 4.8 Effective use of independent directors>

<Principle 4.9 Independence standards and qualification for independent director>

The members of the Board of Directors and of the Audit & Supervisory Board have highly independent outside members who have no particular relationships with Nidec, which enhances the function of auditing and supervising the company's business management. Currently two such outside directors audit and supervise the management based on their extensive experience and deep insight from an objective and neutral perspective. The current outside directors and outside members of the Audit & Supervisory Board were appointed as they met the independence requirements of Tokyo Stock Exchange, had no capital, personal or business relationships with Nidec from the past to the present, and had no conflicts of interests with the general shareholders.

<Supplementary Principle 4.11.1>

The current Board of Directors comprises eight directors in total including two outside directors. The board members have thorough knowledge in management, administration,

sales, production engineering, or research and development respectively. Nidec appoints directors based on the candidates' knowledge, experience and capability in consideration of the balance, diversity and size of the Board.

<Supplementary principle 4.11.2>

With regard to the status of concurrent positions of directors and the members of the Audit & Supervisory Board including outside directors and members, Nidec discloses the information on reference materials of the convocation for Regular General Meeting of Shareholders every year. Please refer to the convocation for Regular General Meeting of Shareholders.

<https://www.nidec.com/en-Global/ir/calendar/meeting/>

<Supplementary principle 4.11.3>

Nidec evaluates the effectiveness of the Board of Directors by questionnaire to all directors and the members of the Audit & Supervisory Board including outside directors and members every year. The results of the evaluation confirmed the overall efficacy of the Board of Director regarding their activities in the fiscal year ended March 31, 2019. The results of the evaluation collected by the secretariat of the Board were reported and discussed at the Board of Directors meeting, and the Board confirmed that it would make improvements continuously with regard to the indicated issues.

<Supplementary principle 4.14.2>

Nidec encourages the Board members including outside directors and executive officers to understand its management principle and corporate culture by continually providing them with information regarding the management environment and through trainings by experts from inside or outside of the company when necessary.

<Supplementary principle 5.1 Policy for constructive dialogue with shareholders>

Nidec formulates a corporate governance policy as the principle for promoting constructive dialogue with shareholders, and discloses it on its website. Nidec's IR activities include assigning IR duties to a member of Board of Directors and holding Investor Relations Department responsible to liaise extensively with related departments such as Sales, Administrative, those of its group companies, etc. Also, Nidec formulated Disclosure Policy and internal regulations regarding banning insider trading for all Nidec Group that stipulate information disclosure methods and procedure for fair, timely and appropriate disclosure. Nidec discloses its internal control structure

regarding timely disclosure on its website. For details of IR activities, please refer to III.

2. IR Activities.

Corporate Governance Policy

<https://www.nidec.com/en-Global/corporate/about/cg/governance/>

Disclosure Policy

<https://www.nidec.com/en-Global/ir/management/disclosure/>

2. Capital structure

Foreign shareholding ratio	More than 30%
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<Major shareholders>

Shareholders	Number of Shares Owned (shares)	Holding Ratio (%)
Shigenobu Nagamori	24,736,866	8.29
The Master Trust Bank of Japan, Ltd. (trust account)	17,546,200	5.88
Japan Trustee Services Bank, Ltd. (trust account)	17,437,400	5.84
The Bank of Kyoto, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	12,399,214	4.15
S.N. Kosan LLC	10,122,870	3.39
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	8,462,422	2.83
MUFG Bank, Ltd.	7,425,902	2.49
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	6,579,748	2.20
Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	6,402,086	2.14

JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd.)	4,928,768	1.65
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Controlling shareholders (except for parent company)	None
Parent company	None

Supplementary information

On April 16, 2018, Mitsubishi UFJ Financial Group, Inc. filed an amendment to the major shareholding status report that is open to public stating that its group companies held the following shares of Nidec as of April 9, 2018. However, Nidec has not been able to confirm the number of shares possessed by them at the time when they exercised their voting rights, therefore, the above-mentioned principal shareholders are based on the record of shareholders. The content of amendment to the major shareholder status report is as follows:

<Shareholder's name (number of shareholdings, ratio to number of shares issued)>

MUFG Bank, Ltd. (7,425,902 shares, 2.49%)

Mitsubishi UFJ Trust Banking Corporation (8,035,374 shares, 2.70%)

Mitsubishi UFJ Kokusai Asset Management Co., Ltd. (1,426,100 shares, 0.48%)

Total: (16,887,376 shares, 5.66%)

On May 8, 2018, Sumitomo Mitsui Trust Bank, Limited filed an amendment to the major shareholding status report that is open to public stating that its group companies held the following shares of Nidec as of April 30, 2018. However, Nidec has not been able to confirm the number of shares possessed by them at the time when they exercised their voting rights, therefore, the above-mentioned major shareholders are based on the record of shareholders. The content of amendment to the major shareholder status report is as follows:

<Shareholder's name (number of shareholdings, ratio to total number of shares issued)>

Sumitomo Mitsui Trust Bank, Limited (10,879,743 shares, 3.65%)

Sumitomo Mitsui Trust Asset Management Co., Ltd. (460,200 shares, 0.15%)

Nikko Asset Management Co., Ltd. (3,046,000 shares, 1.02%)

Total: (14,385,943 shares, 4.83%)

3. Corporate profile

Listed stock market and market section	Tokyo Stock Exchange, First Section
Fiscal year end	March 31
Type of business	Electric appliances
Number of employees (consolidated) as of the previous fiscal year-end	More than 1,000
Net sales (consolidated) in the previous fiscal year	More than ¥1 trillion
Number of consolidated subsidiaries as of the previous fiscal year-end	More than 300

4. Policies on measures to protect minority shareholders in conducting transactions with controlling shareholder

None

5. Other special circumstances that may have material impact on corporate governance

None

II. Business management organization and other corporate governance systems regarding decision-making, execution of business, and oversight in management

1. Organizational composition and operation

Organizational form	Company with Audit & Supervisory Board
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<Directors>

Maximum number of directors stipulated in the Articles of Incorporation	20
Term of office of directors stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	CEO
Number of directors	8
Appointment of outside directors	Appointed

Number of outside directors	2
Number of independent directors among outside directors	2

Outside directors' relationship with the Nidec (1)

Name	Attribute	Relationship with Nidec											
		a	b	c	d	e	f	g	h	i	j	k	
Teiichi Sato	Other												
Osamu Shimizu	Scholar												

Categories for "Relationships with Nidec"

“○” when the director presently falls or has recently fallen under the category

“△” when the director fell under the category in the past

“●” when a close relative of the director presently falls or has recently fallen under the category

“▲” when a close relative of the director fell under the category in the past

- a. Executive of Nidec or its subsidiaries
- b. Non-executive director or executive of a parent company of Nidec
- c. Executive of a fellow subsidiary company of Nidec
- d. Party whose major client or supplier is Nidec or an executive thereof
- e. Major client or supplier of Nidec or an executive thereof
- f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from Nidec besides compensation as a director/Audit & Supervisory Board member
- g. Major shareholder of Nidec (or an executive of said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of Nidec (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between Nidec and which outside directors/Audit & Supervisory Board members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from Nidec (the director himself/herself only)
- k. Others

Outside directors' relationships with Nidec (2)

Teiichi Sato

Designation as an independent director: Applicable

Supplementary information on corresponding items: Mr. Teiichi Sato is deemed as independent director based on the Tokyo Stock Exchange regulations.

Reasons for appointment:

Mr. Sato has held prominent posts at the Ministry of Education, Culture, Sports, Science and Technology of Japan and other organizations. He will provide Nidec with advice on its overall business matters with his high level of expertise which will further enhance the company's corporate governance function.

Mr. Sato is deemed to be adequately independent since he meets the requirements for independent directors from the past to the present in accordance with the regulations of the Tokyo Stock Exchange. Nidec judged that there were no potential conflicts of interest between Mr. Sato and the ordinary shareholders and designated him as an independent director.

Osamu Shimizu

Designation as an independent director: Applicable

Supplementary information on corresponding items: Mr. Osamu Shimizu is deemed as independent director based on the Tokyo Stock Exchange regulations.

Reasons for appointment:

Mr. Shimizu has held prominent posts at the Ministry of Finance of Japan and other organizations. Nidec will strengthen its corporate governance functions through his advice on its overall business matters based on his high-level expertise.

Mr. Shimizu is deemed to be adequately independent since he meets the requirements for independent directors in accordance with the regulations of the Tokyo Stock Exchange. Nidec judged that there were no potential conflicts of interest between Mr. Shimizu and the ordinary shareholders and designated him as an independent director.

Voluntary establishment of committee(s) corresponding to a nominating committee or remuneration committee	Not established
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<Audit & Supervisory Board members>

Establishment of Audit & Supervisory Board	Established
Maximum number of Audit & Supervisory Board members stipulated in the Articles of Incorporation	5
Number of Audit & Supervisory Board members	5

Cooperation between the Audit & Supervisory Board members, accounting auditor, and the internal audit department

(1) Cooperation between the Audit & Supervisory Board members and accounting auditors

In addition to quarterly meetings between the Audit & Supervisory Board members and the accounting auditors, two to three meetings are held annually when necessary. In these meetings, the Audit & Supervisory Board members and accounting auditors exchange opinions on audit results, audit systems, audit plans and audit implementation status.

(2) Cooperation between the Audit & Supervisory Board and the internal audit department

The Corporate Administration & Internal Audit Department which reports to the Chairman of the Board directly conducts audits internally based on the audit plans. The auditors can access the internal audit reports anytime through the information systems. The Audit & Supervisory Board members receive reports from the Corporate Administration & Internal Audit Department, the company's internal auditing department, and exchange opinions and share information or conduct field audits if necessary.

Appointment of outside Audit & Supervisory Board members	Appointed
Number of outside Audit & Supervisory Board members	3
Number of independent Audit & Supervisory Board members	3

Outside Audit & Supervisory Board outside members' relationships with Nidec (1)

Name	Attribute	Relationship with Nidec												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Eisuke Nagatomo	From another company										△			
Junko Watanabe	Scholar												○	
Takeshi Nakane	Other													

*Categories for "Relationships with Nidec"

“○” when the Audit & Supervisory Board member presently falls or has recently fallen under the category

“△” when the Audit & Supervisory Board member fell under the category in the past

“●” when a close relative of the Audit & Supervisory Board member presently falls or has recently fallen under the category

“▲” when a close relative of the Audit & Supervisory Board member fell under the category in the past

- a. Executive of Nidec or its subsidiary
- b. Non-executive director or accounting advisor of Nidec or its subsidiaries
- c. Non-executive director or executive of a parent company of Nidec
- d. Audit & Supervisory Board member of a parent company of Nidec
- e. Executive of a fellow subsidiary company of Nidec
- f. Party whose major client or supplier is Nidec or an executive thereof
- g. Major client or supplier of Nidec or an executive thereof
- h. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from Nidec besides compensation as an Audit & Supervisory Board member
- i. Major shareholder of Nidec (or an executive of said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of Nidec (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board member himself/herself only)
- k. Executive of a company, between Nidec and which external directors/Audit & Supervisory Board members are mutually appointed (the Audit & Supervisory Board member himself/herself only)

- l. Executive of a company or organization that receives a donation from Nidec (the Audit & Supervisory Board member himself/herself only)
- m. Others

Outside Audit & Supervisory Board members' relationships with the Company (2)

Eisuke Nagatomo

Designation as an independent Audit & Supervisory Board member: Applicable

Supplementary information on corresponding items: Mr. Eisuke Nagatomo is deemed as an independent director based on the regulations of Tokyo Stock Exchange.

Reasons for appointment:

Mr. Nagatomo has held prominent posts at Tokyo Stock Exchange, Inc. Nidec believes that it can strengthen its auditing and corporate governance functions through his advice based on his extensive experience and knowledge from an independent position. Nidec pays listing fees to Tokyo Stock Exchange, Inc. However, the ratio of the amount of fees is insignificant to Nidec's consolidated net sales, and Nidec judges that there are no concerns regarding Mr. Nagatomo's independency.

Junko Watanabe

Designation as an independent Audit & Supervisory Board member: Applicable

Supplementary information on corresponding items: Ms. Junko Watanabe is deemed as an independent director based on the Tokyo Stock Exchange regulations.

Reasons for appointment:

Ms. Watanabe currently works as a professor of Graduate School of Economics at Kyoto University. Nidec believes it can strengthen its auditing and corporate governance functions through her advice based on her extensive experience and knowledge as a university professor from an independent position.

Nidec makes a donation to Kyoto University to support its educational and research activities. However, the amount of the donation is insignificant to the total donation income that Kyoto University receives, and Nidec judges there are no concerns regarding Ms. Watanabe's independency.

Takeshi Nakane

Designation as an independent Audit & Supervisory Board member: Applicable

Supplementary information on corresponding items: Mr. Takeshi Nakane is deemed as an independent director based on the Tokyo Stock Exchange regulations.

Reasons for appointment:

Mr. Nakane held prominent posts at the Ministry of Foreign Affairs of Japan. Nidec believes it can strengthen its auditing and corporate governance functions through his advice based on his extensive experience and knowledge from an independent position.

Mr. Nakane is deemed to be adequately independent since he meets the requirements for independent directors from the past to the present in accordance with the regulations of the Tokyo Stock Exchange. Nidec judged that there were no potential conflicts of interest between Mr. Nakane and the ordinary shareholders and designated him as an independent director.

<Independent directors/Audit & Supervisory Board members>

Number of independent directors/Audit & Supervisory Board members	5
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Other matters related to independent directors/Audit & Supervisory Board members

Nidec appointed all outside directors and outside members of the Audit & Supervisory Board as independent directors or independent audit & supervisory board members in reference to Tokyo Stock Exchange's judgmental standard on independency.

<Incentives>

Incentive policies for directors	Adoption of performance-linked and share-based incentive plan
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Supplementary information

Supplementary information is included in "Disclosure of policy on determining remuneration amounts and calculation methods" which is indicated below.

Recipients of stock options	
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Supplementary information

None

<Director remuneration>

Disclosure of directors' remuneration	No disclosure on directors' remuneration individually
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Supplementary information

Nidec abolished its retirement benefits system for directors on December 31, 2004. The remuneration amounts Nidec paid for the directors in fiscal year ended March 31, 2019 are shown below. The securities reports and business reports that contain information regarding remuneration amounts are posted on Nidec's website.

[\(https://www.nidec.com/en-Global/ir/library/reports/\)](https://www.nidec.com/en-Global/ir/library/reports/)

Directors (excluding outside directors)

Number of recipients: 7

Total remuneration: 396 million yen

(fixed compensation: 374 million yen, performance-linked share-based remuneration: 22 million yen)

Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)

Number of recipients: 3

Total remuneration: 34 million yen

Outside officers

Number of recipients: 7

Total remuneration: 42 million yen

The above-mentioned amounts include the remuneration paid for three members of the Board of Directors including two outside board members and a member of the Audit & Supervisory Board who retired in fiscal year ended March 31, 2019.

Policy on determining remuneration amounts and calculation methods	Established
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Disclosure of policy on determining remuneration amounts and calculation methods

Nidec determines remunerations for directors linked to the company's performance. The total amount of remuneration for directors is within the limit of 1,000 million yen per year, and for the members of Audit & Supervisory Board is 100 million yen per year, both of which were resolved at the 34th shareholders' meeting held on June 22, 2007. In addition, Nidec adopted at the 45th shareholders' meeting held on June 20, 2018 a performance-linked and share-based incentive plan which determines the remuneration for its board members (excluding outside directors), executive officers and employees who have the equivalent positions linked to the company's short- to mid-term consolidated financial results.

<Support system for outside directors and/or outside Audit & Supervisory Board members>

(1) Outside directors

The General Affairs Department that acts as the secretariat for the Board of Directors supports the outside 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 the directors and the members of the Audit & Supervisory Board with the financial information and information materials related to the proposals for the meetings and accounting information before the meetings are held.

(2) Outside Audit & Supervisory members

The Corporate Administration & Internal Audit Department that acts as an internal auditing department and the General Affairs Department support outside Audit & Supervisory members. As for the meetings of Audit & Supervisory Board, convocations are notified to all members of the Audit & Supervisory Board one week before the meetings are held, and information materials related to proposals to the meetings are delivered one day before the meetings are held. After the meetings, meeting memo is prepared and sent to all members of the Audit & Supervisory Board. The full-time members of the Audit & Supervisory Board and the board members help the part-time members of the Audit & Supervisory Board by providing information and reports when

necessary at the meetings of the Audit & Supervisory Board. Outside members of the Board of Directors and the Audit & Supervisory Board have informal meetings where the outside board members provide various kinds of information to the members of the Audit & Supervisory Board. The members of the Audit & Supervisory Board visit the field sites of subsidiaries.

<Status of persons who retired from the position of President and Representative Director, etc.>

Names of former Presidents and Representative Directors, etc. currently serving as Corporate Counselor or Advisers.

Name	Position	Business outline	Working form (full-time, part-time, with or without remuneration)	Retirement of the representative directors, etc.	Term
-	-	-	-	-	

Number of relevant persons	0
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Other matters

None

2. Matters regarding functions of business execution, auditing, oversight, nomination, and remuneration decisions: overview of current corporate governance system

Nidec adopts the organizational structure of a “Company with Audit & Supervisory Board.” Nidec’s Board of Directors consists of eight directors including six internal directors and two outside directors. There are no female directors in the Board of Directors. The Audit & Supervisory Board consists of five members including two internal members and three outside members. One outside member is female.

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 directors (non-executive directors), who are dedicated to monitoring managerial

decisions from an objective perspective and further improving management transparency for all stakeholders.

The Audit and Supervisory Board audits directors' execution of business and performs financial audits. The Management Meeting and the Managing Directors' Meeting compose the Group's business execution mechanism and discuss specific operational issues. The 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. The Managing Directors' Meeting, the consultative body to the Chairman and Chief Executive Officer, is held and convened by President and Chief Operating Officer on a weekly basis to discuss operational directions, plans, and other important considerations in the execution of business.

With a view to improving management efficiency, the Group has adopted an executive officer system and a site-oriented business management system. The executive officer system delegates part of the Board responsibilities to executive officers, thereby allowing the Board of Directors to focus on more proactive, in-depth discussions on the Group's strategic directions and enables executive officers to accelerate the execution of business. In the meantime, the site-oriented business management system makes clear the locus of respective managerial responsibilities and contributes to the maintenance and improvement of a viable internal control system.

To clarify the management responsibility, the terms of office of both directors and executive officers are set to one year. With regard to the remunerations for directors and the members of the Audit & Supervisory Board, Nidec abolished the directors' retirement benefits systems in December 2004 to make the remuneration more strongly linked to the company's performance. Nidec adopted in the fiscal year ended March 31, 2018 a performance-linked and share-based incentive plan for the board members, executive officers and employees who have the equivalent positions. This plan aims to enhance the directors' motivation for achieving the company's performance goals, and contributing to sustainable expansion of the corporate value through their possession of the company's shares.

The members of the Board of Directors and of the Audit & Supervisory Board respectively have on board highly independent external members who have no particular relationships with the company, to enhance the function of auditing and supervising the

company's business management. The company's Board of Directors, with two external members, uses its members' abundant experience and high-level expertise to make decisions on important business matters, while supervising the execution of duties. Three members of the Audit & Supervisory Board are outside members, and the Board audits and supervises the company's business management based on the members' abundant experience and high-level expertise and also by taking an objective and neutral stance. Nidec elects outside directors and outside members of the Audit & Supervisory Board by reference to the rules for Independent Executives defined by the Tokyo Stock Exchange. They are highly independent members who have no personal, capital, trading or other conflicts of interest with Nidec, and possess no conflict of interest with ordinary shareholders. In light of their independent status, Nidec appoints all outside directors and all outside members of the Audit & Supervisory Board as independent directors. These members strengthen the audit and supervisory functions of Nidec to improve its management's transparency and objectivity.

Nidec strives to strengthen the auditing and supervising functions to the management through the coordination between the Board of Directors composed of internal directors who have a thorough knowledge on the company's business and two outside directors, the Audit and Supervisory Board whose composition ratio of outside member is over 50%, and the Corporate Administration & Internal Audit Department, the company's internal auditing department.

3. Reasons for adoption of current corporate governance system

Please refer to the above-mentioned "overview of current corporate governance system."

III. Implementation of measures for shareholders and other stakeholders

1. Measures to vitalize the General Meeting of Shareholders and enable smooth exercise of voting rights

	Supplementary information
Early notification of Regular General Meeting of Shareholders	In 2019, Nidec dispatched the Notice for the 46 th Regular General Meeting of

	Shareholders held on June 18, 2019, on May 31, eighteen days before the meeting was held.
Scheduling shareholders' meetings avoiding the peak day	Nidec scheduled the Regular General Meeting of Shareholders on off-peak days when meetings of many other companies are not concentrated. In the past three years, Nidec held shareholder meetings on June 18, 2019, June 20, 2018 and June 16, 2017.
Electronic exercise of voting rights	A system for executing voting rights through the electromagnetic methods and cellular phone have been in place since 2004 and 2005, respectively.
Participation in electronic voting platform	Nidec participated in Electronic Voting Platform operated by ICJ, Inc. for institutional investors.
Providing convocation notice in English	Nidec prepares an English translation of the full text of its notice for Regular General Meeting of Shareholders, and posts it on its website along with the notice in Japanese.
Other	At the Regular General Meeting of Shareholders, Nidec explains the previous year's operation results by using business report. In addition to it, the company makes a presentation on its outlook for the future and strategies to help shareholders better understand the company. The Chairman of the Board and CEO, and the President and COO answer all the questions raised by the participating shareholders, and the Q&A session continues until no questions are left. In addition, Nidec opens the shareholders'

	<p>meeting to the media to enhance transparency.</p> <p>The voting results with the number of votes at the shareholders' meeting are posted on Nidec's website.</p>
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2. IR Activities

	Supplementary information	Explanation by CEO
Preparation and publication of disclosure policy	<p>Nidec publishes its disclosure policy on its following IR website in both Japanese and English.</p> <p>Japanese: http://www.nidec.com/ja-JP/ir/management/disclosure</p> <p>English: https://www.nidec.com/en-Global/ir/management/disclosure/</p>	
Regular briefings for retail investors	<p>Nidec held 52 briefing sessions for retail investors in fiscal year ended March 31, 2019. At one briefing session out of the 52 briefing sessions and at another session, Chairman of the Board and CEO, and Executive Vice President and Chief Performance Officer (CPO) explained the company's business and answered questions raised by the investors, respectively. For the investors who wish to join the briefing sessions, the company posts notice on its website.</p>	Yes
Regular briefings for analysts and institutional investors	<p>On the days when quarterly earnings results are announced, Nidec holds earnings results briefings for analysts, institutional investors, and the media in Tokyo. The Chairman and CEO, the President and COO, and Executive Vice President and Chief Performance</p>	Yes

	Officer (CPO) deliver an overview of the earnings results and explains the company's business strategies. Nidec also holds explanatory meetings on its technologies, and tours in its facilities for analysts, institutional investors and the media.	
Regular briefings for overseas investors	On the days when quarterly earnings results are announced, Nidec conducts conference calls for institutional investors overseas. Executive Vice President and Chief Performance Officer (CPO) delivers an overview of the earnings results and answers investors' questions. Also, the Chairman of the Board and CEO or the President and COO visits institutional investors in the US and Europe each once a year and explains the company's business and strategies. Nidec has IR offices in New York and London, and the resident officers often visit investors and conduct briefings locally.	Yes
Posting of IR materials on website	The following IR materials are posted on the company's website. Items (a) through (g) are available in both Japanese and English. (a) Consolidated financial statements (b) Earnings results briefing presentation materials (c) Recorded audio of the results briefing including Q&A session (d) Convocation notice for shareholders meeting and notice of resolutions (e) Important news releases including timely disclosures	

	<p>(f) Securities report</p> <p>(g) Corporate governance report</p> <p>(h) Presentation materials used for briefing sessions for retail investors</p> <p>(i) Half-year reports for retail investors</p>	
Establishment of department in charge of IR	<p>Department in charge of IR activities is IR & CSR Promotion Department. The executive officer in charge of IR activities is Mr. Akira Sato, Executive Vice President and Chief Performance Officer (CPO). The head of IR is Mr. Masahiro Nagayasu, General Manager of IR & CSR Promotion Department. IR team is composed of 10 employees including resident officers in New York and London.</p>	
Other	<p>As part of the strategy to increase the number of retail investors, Nidec constantly holds explanatory meetings for securities companies' sales representatives. The company held 52 meetings in fiscal year ended March 31, 2019.</p>	

3. Measures to ensure due respect for stakeholders

	Supplementary information
Stipulation of internal rules for respecting the position of stakeholders	<p>The company clarifies its basic stance for serving its stakeholders including society and its employees in Nidec's mission statement. Also, the company stipulates the stance for the relationships with stakeholders in the company's Corporate Governance Policy as follows: Sustainable enhancement of corporate value builds upon harmonious relations with stakeholders. Our definition of stakeholders extends broadly and includes not only our shareholders, customers, suppliers, individual employees, but even the communities and the environment that can</p>

	<p>be directly or indirectly affected by the Group’s objectives and actions. As a business seeking growth through fulfillment of social responsibility and sustainable corporate value development for our stakeholders, we will continue to increase our focus on products and activities that are green and socially desirable. This concept constitutes a common thread running through our entire business activities, most notably reflected in our engagement in the brushless DC motor technology, which provides excellence in energy efficiency, operating life and noiselessness for IT and audiovisual devices, automobiles, home appliances and industrial machinery. Nidec Group contributes to the progress of society and reduction of load on the earth’s environment by developing and supplying products that are environmentally friendly and required by society, and through a range of business activities related to the above. We believe that all this helps ensure sustainable growth in our company value.</p>
<p>Implementation of environmental activities, CSR activities etc.</p>	<p>Nidec established CSR Charter, and organized CSR Committee under the direct supervision of the Board of Directors. Nidec conducts CSR activities with the IR & CSR Promotion Department which is the secretariat office for the CSR Committee, and is exclusively engaged in CSR activities. Details of the CSR activities can be viewed in its CSR Report, published every year since 2004, or CSR Information on Nidec’s website. https://www.nidec.com/en-Global/sustainability/</p>
<p>Development of policies on information provision to stakeholders</p>	<p>Nidec established Disclosure Policy and publishes it on its website. In the policy, the company stipulates that it engages in fair disclosure for the stakeholders and discloses critical information that is not subject to either fair disclosure or timely disclosure requirements but potentially affect investment decisions. Also, Nidec clarifies its policy in the CSR Charter as follows: “We strive to achieve fair and transparent disclosure of information through dialogue with stakeholders,</p>

	including shareholders, customers, business partners, and employees, to earn and retain the trust of society.”
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IV. Matters related to the internal control system

1. Basic views on the internal control system and the progress of system development

Nidec established basic policies concerning its and its affiliated companies’ internal control systems in a “Nidec Policy Manual” in September 2004, and with its auditing activities of the Corporate Administration & Internal Audit Dept. the company has been trying to maintain, and improve the efficiency of the internal control system that should be described in financial reports required by Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act. Nidec has in place the following system to secure proper business operations in accordance with Company Act and bylaws for execution thereof.

1. System to ensure the execution of duties by Nidec’s and its subsidiaries’ members of the Board of Directors and employees comply with laws and regulations and the Articles of Incorporation

Nidec has in place the following compliance system to obtain social trust by complying with laws and regulations, relevant rules, internal rules and standards, social ethics codes, etc. while enhancing the ethical awareness of the officers and employees, and to establish corporate integrity:

(i) Nidec has established “Compliance Regulations” to put in place the basic notions, the organization and operational methods for compliance throughout the Nidec Group, and established a compliance system and promote total awareness of this system by properly executing business operations based on laws and regulations, and by continuously checking and improving the process of executing such business operations.

(ii) Nidec has a Compliance Committee under its Board of Directors, establishes basic compliance policies, and monitors its group companies’ compliance status.

(iii) Nidec establishes specific compliance-related action guidelines, i.e., “the Nidec

Group Compliance Code of Conduct,” and ensures that all Nidec group companies’ officers and employees understand and act on them.

(iv) As part of its compliance promotion activity, Nidec holds compliance seminars for individual Nidec companies, formulates and uses Nidec Compliance Handbook to help raise their officers’ and employees’ awareness on compliance.

(v) To spread compliance throughout Nidec group companies, Nidec has in place a group-wide internal reporting system, “Nidec Global Compliance Hotline,” to encourage its group companies’ employees to make reports and point out problems regarding violations of laws and regulations, and internal rules, and to protect whistleblowers of such problems.

(vi) To promote the aforementioned activity, Nidec’s Compliance Office works with Nidec Group’s regional compliance officers in the Americas, China, Europe and Southeast Asia to secure compliance in individual Nidec companies, forming a global compliance system.

(vii) To address compliance violations, Nidec tries to prevent their recurrence by performing investigations and resolving issues based on reports, notifications, etc., made to its Compliance Office or internal point of contact for such notifications. Nidec deliberates compliance violations in a meeting of an internal disciplinary committee and the Board of Directors to decide on penalties among the compliance violation matters that need to be penalized.

2. System for the storage and management of information regarding the execution of duties by directors

Nidec organizes and stores documents regarding the execution of duties by the members of its Board of Directors and Executive Officers for a certain number of years based on “Document Regulations,” and the members of the company’s Audit & Supervisory Board may view those documents at any time.

3. Regulations and systems related to risk management of Nidec and its subsidiaries

(i) Nidec established “Risk Management Regulations” to have in place a Nidec Group-wide risk management system, as well as a Risk Management Committee and Risk Management Office. Risk Management Committee, supervised by the company’s Board of Directors, decides its risk management policies each fiscal year, while the company’s individual department’s general managers and Nidec companies work under the committee to make and implement the annual plan in order to encourage thorough risk management, response, and reporting. Risk Management Office supports such actions and collects information on those actions’ statuses, while Corporate Administration & Internal Audit Department audits Nidec group companies on the design of their risk management systems.

(ii) In addition to “Risk Management Regulations,” which are intended to manage daily risks, the company adopts Nidec Group-wide “Crisis Management Regulations” to prepare for a situation in which a risk is actualized and must be handled.

4. Regulations and systems related to information risk management of Nidec and its subsidiaries

(j) The company formulates basic policy, management systems and operation method regarding Nidec group-wide information security. Nidec established the Information Security Basic Regulations to secure Nidec group’s information assets which are important management assets for business activity as well as to assure proper use of the information assets.

(ii) The company has established the Information Security Committee under the supervision of the Board of Directors, and formulated basic policy regarding information security. The company monitors and supervises the implementation and process of information security measures.

(iii) Information Security Management Office supports the execution of the related measures and responds to accidents and issues related to information security. The Corporate Administration & Internal Audit Department conducts information security auditing, supervises and supports the implementation of the related measures.

5. System to ensure an efficient execution of duties by Nidec’s and its subsidiaries’

Board of Directors

(i) As the basis of the “system to ensure an efficient execution of duties by Nidec’s and its subsidiaries’ Board of Directors,” Nidec adopts an executive officer system to empower its executive officers with authorities to execute business operations. Nidec’s Board of Directors makes decisions on material matters concerning the company’s business policies, management strategies, etc., appoints and dismisses executive officers, and supervises the execution of business operations.

(ii) Nidec group establishes a mid-term business plan to realize its long-term vision that was set as a specific numerical and qualitative target, uses it as the basis of its annual business plans. When making the mid-term business plan, the company identifies, deliberates and makes decisions based on analysis of the feasibility of accomplishing the mid-term goals, the compatibility with the long-term vision, and the issues and risks that must be overcome to successfully achieve the plan. Nidec regularly reviews and rolls the plan based on changes in the market and the status of progress against the plan.

(iii) Nidec and its group companies have in place “Approval Request (Ringi) Regulations,” which covers matters that require approval requests and approval request procedures, to define clearly the authorities to make judgments and decision on business operations and to improve business management efficiency and transparency

(iv) Nidec and its group companies hold a risk management meeting daily to promptly report and share material information, and the minutes of the meeting is sent to each department general manager every day for daily business operations, while, as necessary such important issues are discussed widely and shared among participants in the Executive Management Meeting with Senior Vice Presidents and Above (Jomu-kai) and the Executive Management Meeting (Keiei-kaigi).

6. Matters concerning reports to Nidec regarding the execution of duties by Nidec’s subsidiaries’ directors

(i) The members of the Board of Directors and Vice Presidents of Nidec serve as members of the Board of Directors and executive officers of Nidec group companies concurrently, attend their Executive Management Meetings (Keiei-kaigi), hold a Nidec Group-wide CEO Conference quarterly, and take other actions to efficiently share policies and information, and communicate instructions and requests within Nidec Group.

(ii) The administrative departments responsible for individual Nidec group companies' business operations work to improve collaboration with those companies, and request them to submit reports, documents, etc. as necessary to understand their management status accurately.

7. Matters regarding Nidec's employees and their independency from the members of the company's Board of Directors when the members of the company's Audit & Supervisory Board request the company to appoint employees to support the work of the members of the company's Audit & Supervisory Board

(i) In accordance with the Audit & Supervisory Board's requests, the Corporate Administration & Internal Audit Department audits matters that the members of Audit & Supervisory Board request to be audited, and reports the audit's results to the Audit & Supervisory Board.

(ii) During such an audit, support is provided for performing the audit if ordered or requested by the members of the Audit & Supervisory Board. The members of the Board of Directors or executive officers of the company pose no improper restrictions on such reports.

8. System for the members of the Board of Directors and employees of Nidec to report to the members of the Audit & Supervisory Board and other systems concerning reports to the members of the Audit & Supervisory Board

The members of the Board of Directors, executive officers and employees of Nidec promptly report to the Audit & Supervisory Board, in addition to statutory matters, matters that materially affect the entire Nidec Group, the progress of internal audit, the status of whistle blowing based on the internal whistle blowing system, and subjects reported by whistle blowing. The method for reporting is based on the decision made following discussion between the members of the Board of Directors and executive officers, and the Audit & Supervisory Board.

9. System for a member of the Board of Directors or the Audit & Supervisory Board, an employee who executes any business operation, an employee of any of the company's subsidiaries, or someone who has received a report from any of these people, to report

to the members of the company's Audit & Supervisory Board, and to protect whistleblowers

(i) Nidec's Corporate Administration & Internal Audit Department holds a meeting to report matters to Nidec's members of the Audit & Supervisory Board on a regular basis and reports the internal audit results at Nidec group companies.

(ii) Nidec's Compliance Office reports the status of whistle blowing by Nidec Group's officers and employees to the members of Nidec's Audit & Supervisory Board on a regular basis.

(iii) Nidec Group protects whistleblowers so that they will not be affected negatively after whistle blowing based on the Nidec Group-wide internal whistle blowing system, Nidec Global Compliance Hotline.

10. Matters concerning the policy for handling advanced payments of the cost incurred due to the execution of duties by the members of Nidec's Audit & Supervisory Board, or for handling procedures for reimbursement, and for handling the cost or liability incurred due to the execution of any other duties by the members of the company's Audit & Supervisory Board

In accordance with Nidec's Audit & Supervisory Board Regulations and the standards for audit by the members of the Audit & Supervisory Board, the company's Audit & Supervisory Board is entitled to independently deliberate matters, such as budget for auditing expenses, that the members of the Audit & Supervisory Board deem necessary to execute their duties, and may request the company to redeem urgently or temporarily incurred costs at a later date.

11. Other systems to ensure an effective audit by the members of the Audit & Supervisory Board

(i) The members of the Audit & Supervisory Board exchange their opinions with the Company's executives.

(ii) The members of the Audit & Supervisory Board prepare each month's activities in an audit report and submit it to the company's Board of Directors.

(iii) The members of the Audit & Supervisory Board visit individual Nidec group

companies' field site to conduct audits on operations.

12. Internal auditing system for Nidec group companies

(i) To exercise its corporate governance Nidec Group-wide, Nidec has its head office departments provide the entire Nidec group with internal control system-related instructions and support, and manage and audit Nidec group companies to ensure legal, proper, and efficient business operations.

(ii) The internal audit departments of Nidec and its subsidiaries conduct internal audits on individual Nidec group companies to provide them with instruction, support, and advice for better business operations.

2. Basic views on excluding organized crime and the progress of system development

Nidec clearly states in its CSR Charter that the company engages in sincere business activities and stipulates in its CSR Regulations its policy of having absolutely no association with organized crime and other criminal elements that pose a threat to public order and safety. Also, the company established a procedure manual for dealing with organized crimes. With these materials, Nidec has a firm system to exclude organized crimes in a resolute manner. Specifically, the company has been executing the measures below for excluding organized crimes:

- (1) Nidec puts in the General Affair Department a person in charge that is responsible for dealing with inappropriate requests from organized crimes and other criminal elements.
- (2) Nidec participates in Kyoto's corporate defense measure council and collects information regarding organized crimes in close cooperation with the other participants. Also, the company receives instructions from the external expert organizations such as police department and the Kyoto Center for the Elimination of Boryokudan.
- (3) The person in charge in the company participates in citizen's meetings for eliminating Boryokudan and Kyoto's corporate defense measure council where the person in charge receives trainings. He/she then informs Nidec's employees of necessary information in a timely manner and alert the employees.

V. Other

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted
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Supplementary information

Nidec has not adopted any anti-takeover measures.

2. Other matters concerning the corporate governance systems

1. Basic policy for timely disclosure

Nidec's Disclosure Policy stipulates its basic policy for timely disclosures as follows:

In order to provide shareholders and investors with a common ground for corporate value assessment, and thereby enhance managerial accountability and transparency, Nidec seeks to ensure timely and fair disclosure of relevant corporate information. All employees and board members of Nidec (and its subsidiaries) are committed to strict compliance with Disclosure Policy.

2. Internal system for information disclosure

Nidec stipulates specific disclosure methods and procedure in its disclosure procedure management regulations and internal regulations for preventing insider trading for all Nidec group companies based on the above-mentioned basic policy in order to conduct fair and appropriate disclosure in a timely manner. Nidec's information disclosure system based on these regulations is as follows:

- (1) When there is an important decision that is believed to be the type of information that should be disclosed timely, or when there is a fact of the same type, the president and the department leaders of the business base who have obtained the information immediately report it to the information management officer (the officer in charge of supervising Nidec's Public Relations & Advertising Department).
- (2) The information disclosure committee headed by Nidec's Vice Chairman deliberates whether or not the information needs to be disclosed timely, when to disclose the information, how to disclose it, and the information management officer makes the final decision.
- (3) The information management secretariat (Nidec's Public Relations & Advertising

Department) discloses the information based on a comprehensive information management to secure fair disclosure of information and prevent insider trading. Subsidiary-related information that should be disclosed timely is disclosed by the subsidiary's department in charge based on instructions by Nidec's Public Relations & Advertising Department.

