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## **Corporate Governance Report**

**Last updated: November 28, 2022**

### **Nidec Corporation**

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## **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 Committee audits directors' execution of business and receives reports from accounting auditors.

The Executive Management Meeting (Keiei-kaigi) and the Management Committee 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 Management Committee, the consultative body to the Representative Director and Chairman, is held and convened by President and Chief Operating Officer twice a month 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 business unit 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 business unit management system makes clear the locus of respective managerial responsibilities and contributes to the maintenance and improvement of a viable internal control system. Furthermore, the Group has adopted chief officer system. Each chief officer shares roles under the strong leadership of the Chief Executive Officer, and makes group-wide business execution to achieve the group's business goals.

#### 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. 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 Legal & Compliance Department, 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 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>**

This Report is based on the Corporate Governance Code revised in June 2021.

Nidec complies with all of the principles set forth in the Corporate Governance Code.

### **<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>**

When any member of the Board of Directors launches a business transaction with a stock company on behalf of either him-/herself or a third party, or when a family member, etc. of any member of the Board of Directors engages in business with Nidec, Nidec refers the matter to the Board of Directors in accordance with Board of Director's regulations to confirm whether or not the matter goes against Nidec's interest. Likewise, Nidec applies a designated procedure when any member of the Board of Directors launches a business transaction with a related party of an executive officer or a major shareholder.

#### **<Supplementary Principle 2.4.1>**

Nidec has been promoting diversity in workplace since 2005, placing diversity as one of its important management policies. 2017 saw the company establish a Diversity Promotion Office (currently, D&I Promotion Group), an organization dedicated to promoting diversity and enhance the establishment of a system, education, and an environment to enable diverse human resources to demonstrate their capabilities and skills to the maximum extent. In fiscal 2020, the top management held management school for all female managers in the Nidec group companies in Japan. These measures have led to raising female ratio in managerial positions and in the Board, and receiving a high external evaluation such as three-star "Eruboshi" status and "Nadeshiko Brand." Please refer to Nidec's CSR webpage for more information:

<https://www.nidec.com/en/sustainability/>

Target and current status of female ratio in managerial and executive positions\*

Target:

8% of female ratio in managerial positions, 10% in executive positions in fiscal 2022

Current status:

Female ratio in managerial positions: 5.0% in fiscal 2018, 5.2% in fiscal 2019, 5.7% in fiscal 2020, 6.2% in fiscal 2021

Female ratio in executive positions: 2.4% in fiscal 2018, 2.4% in fiscal 2019, 7.9% in fiscal 2020, 10.0% in fiscal 2021

\*positions above executive officer level and position of outside director.

About half of managers are employees who were recruited mid-careers (55% as of the end of fiscal 2021), and people from diverse backgrounds play an active part regardless of the hiring category. From April 2022, two foreign executives have been appointed to executive officers. Nidec will promote actively not only women but also foreign people and people we recruit from outside. In April 2021, Nidec introduced a job-ranking system with which Nidec clarified employee's responsibility and authority as a company-wide measure. Nidec has put the right person in the right position and fosters the human resources by promoting them regardless of ages, nationality and gender, and giving them challenging tasks since then. To promote understanding of LGBT, Nidec's work rules stipulate that employees must respect each other's personality and work together regardless of gender identity, sexual orientation, gender identity, etc., and, as part of this effort, we apply the personnel rules and policies to all employees including ones who have the same-sex partners.

Nidec continues to promote the creation of a company where each and every employee can work comfortably and actively.

#### **<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/corporate/about/philosophy/>

- (ii) Please refer to Nidec's webpage:  
<https://www.nidec.com/en/ir/management/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, 2022 is as follows:

Directors (excluding Audit and Supervisory Committee Members)

Number of recipients: 9

Fixed remuneration: 143 million yen

Variable remuneration: 59 million yen

Performance-linked share-based remuneration: 27 million yen

Including 14 million yen for two outside directors

Directors who are Audit and Supervisory Committee Members

Number of recipients: 5

Fixed remuneration: 55 million yen

Including 21 million yen for three outside directors

Total

Number of recipients: 14

Fixed remuneration: 198 million yen

Variable remuneration: 59 million yen

Performance-linked share-based remuneration: 27 million yen

The above-mentioned amounts include the remuneration paid for five directors who retired during the fiscal year ended March 31, 2022.

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/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 who are not Audit and Supervisory Committee Members and the members of the Board of Directors who are Audit and Supervisory Committee Members are set within maximum limit of ¥1,000

million (including ¥100 million for outside directors) and ¥100 million per year, respectively, both of which were determined at the 47th shareholders' meeting held on June 17, 2020. Please refer to "Disclosure of policy on determining remuneration amounts and calculation methods" under "Director remuneration" below for details of the policy on determining remuneration amounts and calculation methods.

- (iv) The Board of Directors are composed of directors with integrity, knowledge, capability, ample experiences and ethics. Nidec selects nominees for the Board of Directors 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 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/ir/event/meeting/>

### <Supplementary Principle 3.1.3>

To achieve sustainable management, Nidec will keep growing strongly by matching the direction of the company's business strategy and solution to social issues in the world. Considering the importance to re-examine the entire management from a new perspective and redefine its strengths and weakness, Nidec identified and resolved five materiality categories (environment, products, human resource, supply chain, corporate governance) consisting of 15 action themes. The Steering Committee, chaired by the President and Representative Director (Chief Operating Officer), regularly checks the progress. The company discloses its initiatives regarding 15 action themes on its website and in the integrated report.

- Webpage: <https://www.nidec.com/en/sustainability/principle/materiality/action/>
- Integrated Report:  
[https://www.nidec.com/en/ir/library/integrated\\_report/-/media/www-nidec-com/sustainability/integrated\\_report/IntegratedReport2021\\_en.pdf](https://www.nidec.com/en/ir/library/integrated_report/-/media/www-nidec-com/sustainability/integrated_report/IntegratedReport2021_en.pdf)

As a first step toward realizing a carbon-free society, one of the most important missions for Nidec, the Company submitted a commitment letter to SBTi (Science Based Targets Initiative), and announced that it will support the TCFD (Task Force on Climate-related Financial Disclosures) reporting recommendations. Nidec will disclose the impact of

climate change on its business and profits through integrated reports and other disclosure media.

**<Supplementary Principle 4.1.1>**

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 Management Committee 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 Management Committee, the consultative body to the Representative Director and Chairman, is held and convened by President twice a month 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 business unit 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 business unit management system makes clear the locus of respective managerial responsibilities and contributes to the maintenance and improvement of a viable internal control system. Furthermore, the Group has adopted chief officer system. Each chief officer shares roles under the strong leadership of the Chief Executive Officer, and makes group-wide business execution to achieve the group's business goals. 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 directors>**

The Board of Directors comprises ten members, including six outside members. The Board has highly independent outside members who have no particular relationships with Nidec, which enhances the function of supervising the company's business management, the transparency and the objectivity of the management. Currently six such outside directors make material management decisions and oversee the Group's business operations as a whole based on their extensive experience and deep insight from an objective and neutral perspective. The current outside directors 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. Nidec files them as independent directors.

**<Supplementary Principle 4.10.1>**

Nidec is a company with an Audit and Supervisory Committee. The number of independent outside directors reaches the majority of the Board of Directors (six independent outside directors and four internal directors). The company has the Remuneration Committee, which was set up as a voluntary advisory body under the Board of the Directors. The Remuneration Committee that comprises five directors including three outside directors deliberates remuneration for directors and reports to the Board when the Committee is consulted. The Committee mainly considers the design and establishment of remuneration policy (setting performance goals, rationality of performance-linked remuneration, validity of remuneration composition and individual amount of remuneration based on its policy, etc.)

Nidec deliberates and appoints executives and directors properly in the meeting of the Board of Directors where outside directors attend, and does not have a nomination committee as a voluntary advisory body at the moment. Nidec will consider the establishment of a nomination committee from the view of gender diversification and skills diversification of the Board members, as necessary.

**<Supplementary Principle 4.11.1>**

Nidec's Board of Directors comprises ten members, including six outside members. All the ten members are individually selected with a good balance, based on their knowledge, experience, and qualification in a diversity of areas, as well as on Nidec's businesses, business environment, etc. The members include those with broad experience of working

overseas and women to secure diversity in internationality, gender, etc. Going forward, when selecting candidates to the Board of Directors, Nidec will continue to take into account, among others, the balance of the knowledge, experience, and qualification of the Board of Directors as a whole, and the number of its members based on its diversity in gender, career and ages, etc. and on Nidec's business scale. Please refer to "Directors' Skill Matrix" for directors' skills.

**<Supplementary principle 4.11.2>**

With regard to the status of concurrent positions of directors including outside directors, 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/ir/event/meeting/>

**<Supplementary principle 4.11.3>**

Annually, Nidec sends out questionnaires to all directors including outside directors, on the efficacy of the meetings held by the Board of Directors, which discusses, analyzes, and assesses the results of the questionnaires. In FY2021, Nidec introduced a third-party (external law firm) evaluation system to obtain objective evaluation and analysis. The evaluation results were that the meetings of the Board of Directors on the whole functioned sufficiently in terms of the Board composition, frequency and lengths of the Board meetings, and the quality of information provided at the meetings. Evaluation results included also that the quality of the discussions and the operation of the Board meetings improved, and there was atmosphere ensured where the outside directors could express their opinions freely. Also, the third-party evaluator graded high the supervisory function of the Board of Directors the same as last year. They viewed that the quality of the discussion and the operation of the Board meetings improved. Thereby Nidec confirmed its Board of Directors functioned properly. Nidec will continue to discuss measures to constantly improve the meetings of the Board of Directors based on the results of questionnaires.

**<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/corporate/about/cg/governance/>

Disclosure Policy

<https://www.nidec.com/en/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 (%)
The Master Trust Bank of Japan, Ltd. (trust account)	79,058,500	13.61
Shigenobu Nagamori	49,473,732	8.51
Custody Bank of Japan, Ltd. (trust account)	26,354,000	4.53
The Bank of Kyoto, Ltd.	24,798,428	4.27
S.N. Kosan, LLC.	20,245,740	3.48
SSBTC CLIENT OMNIBUS ACCOUNT	16,554,734	2.85
THE BANK OF NEW YORK MELLON 140042	14,956,017	2.57
The Bank of Mitsubishi UFJ, Ltd.	14,851,804	2.55

Nippon Life Insurance Company	13,159,496	2.26
Meiji Yasuda Life Insurance Company	12,804,172	2.20

Controlling shareholders (except for parent company)	None
Parent company	None

### Supplementary information

The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on April 16, 2018, has been received from Mitsubishi UFJ Financial Group, Inc. and states that each of these companies held shares as of April 9, 2018, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2022 (Record date for the exercise of voting rights), the status of major shareholders shown above is based on the content of the shareholders' register.

The content of said Statement of Changes to a Statement of Large-Volume Holdings is as follows:

NIDEC implemented a two-for-one common stock split, effective April 1, 2020. The below figures are based on the number of share before the split.

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

The Bank of Mitsubishi UFJ, Ltd. (7,425,902 shares, 2.49%)

Mitsubishi UFJ Trust and 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%)

The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on January 7, 2022, has been received from Sumitomo Mitsui Trust Bank, Limited and states that each of these companies held shares as of December 31, 2021, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2022 (Record date for the exercise of voting rights), the status of major shareholders shown above is based on the content of the shareholders' register.

The content of said Statement of Changes to a Statement of Large-Volume Holdings is as follows:

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

Sumitomo Mitsui Trust Bank, Limited (7,011,600 shares, 1.18%)  
 Sumitomo Mitsui Trust Asset Management Co., Ltd. (18,684,034 shares, 3.13%)  
 Nikko Asset Management Co., Ltd. (8,425,400 shares, 1.41%)  
 Total: (34,121,034 shares, 5.72%)

The Statement of Large-Volume Holdings, made available for public inspection on August 6, 2020, has been received from Baillie Gifford & Co and states that each of these companies held shares as of July 31, 2020, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2022 (Record date for the exercise of voting rights), the status of major shareholders shown above is based on the content of the shareholders' register.

The content of said Statement of Large-Volume Holdings is as follows:

<Shareholder's name (number of shareholdings, ratio to total number of shares issued)>  
 Baillie Gifford & Co (2,271,000 shares, 0.38%)  
 Baillie Gifford Overseas Limited (29,146,012 shares, 4.89%)  
 Total: (31,417,012 shares, 5.27%)

The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on April 7, 2020, has been received from Capital Research and Management Company and states that each of these companies held shares as of March 31, 2020, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of March 31, 2022 (Record date for the exercise of voting rights), the status of major shareholders shown above is based on the content of the shareholders' register.

The content of said Statement of Changes to a Statement of Large-Volume Holdings is as follows:

<Shareholder's name (number of shareholdings, ratio to total number of shares issued)>  
 Capital Research and Management Company (18,482,435 shares, 6.20%)  
 Capital international Inc. (1,485,710 shares, 0.50%)  
 Capital International Co., Ltd. (2,453,800 shares, 0.82%)  
 Capital International Sarl (329,668 shares, 0.11%)  
 Total: (22,751,613 shares, 7.63%)

### 3. Corporate profile

Listed stock market and market section	Tokyo Stock Exchange, Prime Market
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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**

Nidec has a listed subsidiary, Nidec OKK Corporation (Tokyo Stock Exchange, Standard Market: 6205). Nidec OKK became a subsidiary of Nidec under Nidec's growth strategy with M&A. The subsidiary operates under the management philosophy and policies of Nidec and is incorporated into the internal control system of Nidec. The subsidiary utilizes Nidec Group's management resources flexibly, creates synergies as Nidec group, and maximizes Nidec group's value in terms of sales expansion, cost reduction and promotion of technology innovation. In maximizing synergies, Nidec respects the autonomous decision-making of the subsidiary and is working to build an effective governance structure so as not to undermine the interests of the subsidiary's minority shareholders. When dispatching officers to the subsidiary from Nidec, Nidec selects independent outside directors to ensure proper operation of the subsidiary so that transactions with the parent company can be appropriately supervised from an independent and objective standpoint.

## **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 an Audit and Supervisory Committee
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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	Company Chairperson
Number of directors	10
Appointment of outside directors	Appointed
Number of outside directors	6
Number of independent directors among outside directors	6

Outside directors' relationship with the Nidec (1)

Name	Attribute	Relationship with Nidec											
		a	b	c	d	e	f	g	h	i	j	k	
Shinichi Sato	Other												
Yayoi Komatsu	Other												
Takako Sakai	Scholar												
Aya Yamada	Scholar											○	
Tamame Akamatsu	Scholar												
Junko Watanabe	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 remuneration 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)

### **Shinichi Sato**

Designation as an independent director: Applicable

Supplementary information on corresponding items: Mr. Shinichi 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 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. 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.

### **Yayoi Komatsu**

Designation as an independent director: Applicable

Supplementary information on corresponding items: Ms. Yayoi Komatsu is deemed as independent director based on the Tokyo Stock Exchange regulations.

Reasons for appointment:

Ms. Komatsu has held prominent posts at the Ministry of Education, Culture, Sports,

Science and Technology of Japan and other organizations. She will provide Nidec with advice on its overall business matters with her high level of expertise which will further enhance the company's corporate governance function.

Ms. Komatsu is deemed to be adequately independent since she 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 Ms. Komatsu and the ordinary shareholders and designated her as an independent director.

### **Takako Sakai**

Designation as an independent director: Applicable

Supplementary information on corresponding items: Ms. Takako Sakai is deemed as independent director based on the Tokyo Stock Exchange regulations.

Reasons for appointment:

Ms. Sakai currently works as a professor of Graduate School of Law, Osaka Metropolitan University. Nidec believes it can strengthen its corporate governance through her advice based on high-level expertise as a university professor from an independent position.

Ms. Sakai is deemed to be adequately independent since she 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 Ms. Sakai and the ordinary shareholders and designated her as an independent director.

### **Aya Yamada**

Designation as an Audit and Supervisory Committee Member and an independent director: Applicable

Supplementary information on corresponding items: Ms. Aya Yamada is deemed as independent director based on the Tokyo Stock Exchange regulations.

Reasons for appointment:

Ms. Yamada currently works as a professor of Graduate School of Law, Kyoto University. Nidec believes it can strengthen its decision-making and the audit and supervisory functions of the Board of Directors through her advice based on high-level expertise as a

university professor from an independent position.

To promote education and research, Nidec donates money to an endowed course “Advance Electrical Equipment to Realize a Friendly Global Environment,” held by Kyoto University Graduate School of Engineering. The amounts of the donation, *i.e.*, 49 million yen in fiscal 2017 (compared to the total amount of the donation to the university during the same fiscal year, 4,848 million yen), 45 million yen in fiscal 2018 (compared to 5,163 million yen), 39 million yen in fiscal 2019 (compared to 5,352 million yen), 39 million yen in fiscal 2020 (compared to 5,766 million yen), 39 million yen in fiscal 2021, is insignificant compared to the total amount of donation to the university. In addition, given that Ms. Yamada’s department is not the one to which Nidec made its donations, and that Ms. Yamada is not in a position to represent the university, Nidec believes that there is no direct interest between Nidec and Ms. Yamada, and therefore that there is no problem with her independency.

### **Tamame Akamatsu**

Designation as an Audit and Supervisory Committee Member and an independent director: Applicable

Supplementary information on corresponding items: Ms. Tamame Akamatsu is deemed as independent director based on the Tokyo Stock Exchange regulations.

Reasons for appointment:

Ms. Akamatsu currently works as Chairperson of the Board and President, Kyoto City University of Arts. Nidec believes it can strengthen its decision-making and the audit and supervisory functions of the Board of Directors through her advice based on high-level expertise as a university president from an independent position.

Ms. Akamatsu is deemed to be adequately independent since she 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 Ms. Akamatsu and the ordinary shareholders and designated her as a member of the Board of Directors who is an Audit and Supervisory Committee Member.

### **Junko Watanabe**

Designation as an Audit and Supervisory Committee Member and an independent director: Applicable

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

Reasons for appointment:

Ms. Watanabe currently works as a professor of Graduate School of Economics & Faculty of Economics, Kyoto University. Nidec believes it can strengthen its decision-making and the audit and supervisory functions of the Board of Directors through her advice based on high-level expertise as a university professor from an independent position.

To promote education and research, Nidec donates money to an endowed course “Advance Electrical Equipment to Realize a Friendly Global Environment,” held by Kyoto University Graduate School of Engineering. The amounts of the donation, *i.e.*, 49 million yen in fiscal 2017 (compared to the total amount of the donation to the university during the same fiscal year, 4,848 million yen), 45 million yen in fiscal 2018 (compared to 5,163 million yen), 39 million yen in fiscal 2019 (compared to 5,352 million yen), 39 million yen in fiscal 2020 (compared to 5,766 million yen), 39 million yen in fiscal 2021, is insignificant compared to the total amount of donation to the university. In addition, given that Ms. Watanabe’s department is not the one to which Nidec made its donations, and that Ms. Watanabe is not in a position to represent the university, Nidec believes that there is no direct interest between Nidec and Ms. Watanabe, and therefore that there is no problem with her independency.

#### <Audit and Supervisory Committee>

	Total committee members	Full-time members	Internal directors	Outside directors	Chairperson
Audit and Supervisory Committee	5	2	2	3	Internal director
Directors and/or staff to support the Audit and Supervisory Committee	Appointed				

Matters related to the independence of such directors and/or employees from executive directors

Nidec regards the Corporate Administration & Internal Audit Department as a group of employees to assist the duties of the Audit and Supervisory Committee. The Corporate Administration & Internal Audit Department audits matters that the Audit and Supervisory Committee request to be audited, and reports the audit results to the Audit and Supervisory Committee. During such an audit, to secure the Corporate Administration & Internal Audit Department's independency from executive directors, support is provided for performing the audit if ordered or requested by the Audit and Supervisory Committee. The executive directors pose no improper restrictions on such reports.

Cooperation between the Audit and Supervisory Committee, accounting auditor, and the internal audit department

(1) Cooperation between the Audit and Supervisory Committee and accounting auditors

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

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

The Corporate Administration & Internal Audit Department, Nidec's internal audit department, regularly submits a report to the Audit and Supervisory Committee in a meeting, where the Audit and Supervisory Committee is informed of the results of the Nidec Group's internal audits. In addition, the Audit and Supervisory Committee, as necessary, exchanges opinions and shares information with the Corporate Administration & Internal Audit Department, and requests the department to hold onsite audits.

**< Voluntary Committees >**

Voluntary establishment of committee(s) corresponding to a nominating committee	Established
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or remuneration committee	
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#### Committee's name, composition and attributes of Chairperson

	Committee corresponding to a nominating committee	Committee corresponding to a remuneration committee
Committee's name	-	Remuneration Committee
Total committee members	-	5
Full-time members	-	2
Internal directors	-	2
Outside directors	-	3
Outside experts	-	0
Other	-	0
Chairperson	-	Internal director

#### Supplementary information

Nidec secures fairness, transparency and objectivity through independent outside directors' proper involvement and advice regarding remuneration for the members of the Board of Directors, which helps enhance our corporate governance system further. For this purpose, we established the remuneration committee. In response to inquiries from the Board of Directors on basic policy and system of remuneration for the directors, the Committee deliberates and reports to the Board.

#### <Independent directors >

Number of independent directors	6
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#### Other matters related to independent directors

None

### <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	Selected directors
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#### Supplementary information

Nidec abolished its retirement benefits system for directors on December 31, 2004.

Remuneration is disclosed individually only to those who have a total remuneration of 100 million yen or more.

In FY2021, Mr. Shigenobu Nagamori received 103 million yen (fixed remuneration, 55 million yen; variable remuneration, 32 million yen; performance-linked share-based remuneration, 16 million yen) and Mr. Jun Seki received 117 million yen (fixed remuneration, 74 million yen; variable remuneration, 27 million yen; performance-linked share-based remuneration, 16 million yen).

The remuneration amounts Nidec paid for the directors in fiscal year ended March 31, 2022 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/ir/library/reports>)

#### Directors (excluding Audit and Supervisory Committee Members)

Number of recipients: 9

Fixed remuneration: 143 million yen

Variable remuneration: 59 million yen

Performance-linked share-based remuneration: 27 million yen

Including 14 million yen for two outside directors

Directors who are Audit and Supervisory Committee Members

Number of recipients: 5

Fixed remuneration: 55 million yen

Including 21 million yen for three outside directors

Total

Number of recipients: 14

Fixed remuneration: 198 million yen

Variable remuneration: 59 million yen

Performance-linked share-based remuneration: 27 million yen

The above-mentioned amounts include the remuneration paid to five directors who retired during the fiscal year ended March 31, 2022.

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

Matters concerning the policy to determine the amounts of executives' remuneration or the way to calculate such amounts, and the process to determine the amounts

1) Policy to make decisions on executive remuneration and the process to determine its amounts

a) Basic policy

The Company's remuneration for members of the Board of Directors shall be determined based on the following policy with the aim of strengthening global competitiveness and the sustainable growth of its business.

- Raise motivation to improve the Company's corporate value.
- Attract talented management personnel.
- Set at an appropriate level for the Company's size and business domains.

b) Outline of revenue composition

<Outside members of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members)>

To ensure their independence, the remuneration of outside members of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members) shall be fixed remuneration only, which is paid monthly.

<Members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit and Supervisory Committee Members)>

The remuneration of members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit and Supervisory Committee Members) shall be (i) fixed remuneration according to ranks, (ii) variable remuneration (bonus) based on the evaluation of performance achievement in the previous fiscal year, etc., and (iii) performance-linked share-based remuneration based on performance achievement for three fiscal years, etc.

(ii) Variable remuneration (bonus) is determined taking into account the level of achievement of consolidated net sales and consolidated operating profit targets for each fiscal year and performance and other factors of members of the Board of Directors. Variable remuneration fluctuates from zero (no payment) to twice its median value (50% of fixed remuneration).

(iii) Performance-linked share-based remuneration covers three consecutive fiscal years, during which the number of points that fluctuates within a range of 0% to 200% according to ranks and the level of achievement of consolidated net sales and consolidated operating profit targets for each fiscal year will be granted. After the lapse of the applicable period, the number of the Company's shares calculated based on the cumulative value of points granted will be delivered, and money equivalent to the amount of the Company's shares will be paid (one unit is equivalent to one share).

The ratio of (i) fixed remuneration, (ii) variable remuneration (bonus), and (iii) performance-linked share-based remuneration for members of the Board of Directors (excluding outside members of the Board of Directors and members of the Board of Directors who are Audit and Supervisory Committee Members) shall be approximately 3 : 1.5 : 1.

#### c) Process of determining remuneration

The Board of Directors shall determine the amount of fixed remuneration and variable remuneration for each member of the Board of Directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members) in accordance with the criteria stipulated in the above policy and based on the recommendations of the

Remuneration Committee, which is a voluntary advisory body. In addition, the Board of Directors shall similarly determine the content of performance-linked share-based remuneration in view of the recommendations of the Remuneration Committee.

d) ) Forfeiture of remuneration (clawback and malus)

Fixed and variable remuneration may be reduced with the consent of the relevant person if he or she has caused serious damage to the Company.

In addition, if a person eligible for performance-linked share-based remuneration commits a serious violation of his or her duties or internal rules or other misconduct after the beneficiary right vesting date, the Company may seek compensation from that person.

#### **<Support system for 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 with the financial information and information materials related to the proposals for the meetings and accounting information a day before the meetings are held. In addition, assistance is provided by the Corporate Administration & Internal Audit Department, Nidec's internal audit department, to outside 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 bills 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. In addition, as necessary, various information is reported and provided by full-time Audit and Supervisory Committee Members and executive officers to outside directors who are Audit and Supervisory Committee Members.

Outside members of the Board of Directors and the Audit and Supervisory Committee have informal meetings where they are provided various kinds of information by the

executive officers. They also visit the field sites of subsidiaries.

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

Nidec transitioned to a “company with an Audit and Supervisory Committee” through a resolution at the 47th Annual General Meeting of Shareholders held on June 17, 2020.

Nidec’s Board of Directors consists of ten directors including four internal directors and six outside directors. Five outside directors are female. The Audit and Supervisory Committee consists of five members including two internal members and three outside members. Outside members are all 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 Committee audits directors’ execution of business and receives reports from accounting auditors.

The Management Meeting and the Management Committee 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 Management Committee, the consultative body to the Representative Director and Chairman, is held and convened by President twice a month 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 business unit 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 business unit management system makes clear the locus of respective managerial responsibilities and contributes to the maintenance and

improvement of a viable internal control system. Furthermore, the Group has adopted chief officer system. Each chief officer shares roles under the strong leadership of the Chief Executive Officer, and makes group-wide business execution to achieve the group's business goals. Please refer to page 43 for more information about chief officer system.

To clarify the management responsibility, the terms of office of both members of the Board of Directors who are not Audit and Supervisory Committee Members and executive officers are set to one year. With regard to the remunerations for directors, 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 directors (excluding members of the Board of Directors who are Audit and Supervisory Committee Members and outside directors), 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. This plan was revised partially in 2021.

The members of the Board of Directors have highly independent outside members who have no particular relationships with Nidec, which enhances the function of supervising the company's business management, and improves the transparency and the objectivity of the management. Such outside directors make material management decisions and oversee Nidec's business operations as a whole based on their extensive experience and deep insight from an objective and neutral perspective. Nidec elects outside directors 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 in the past and the present, and possess no conflict of interest with ordinary shareholders. In light of their independent status, Nidec appoints all outside directors 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 four internal directors who have a thorough knowledge on the company's business and six outside directors, the Audit and Supervisory Committee 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 2022, Nidec dispatched the Notice for the 49 <sup>th</sup> Regular General Meeting of Shareholders held on June 17, 2022, on May 31, seventeen 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 17, 2022, June 22, 2021, and June 17, 2020.
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	<p>At the Regular General Meeting of Shareholders, Nidec explains the previous year's operation results by using business report to help shareholders better understand the company.</p> <p>The Chairman of the Board and CEO, and the President and COO answer the questions raised by the participating shareholders, In addition, Nidec opens the shareholders' 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>

## 2. IR Activities

	Supplementary information	Explanation by Representative
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:  <a href="https://www.nidec.com/jp/ir/management/disclosure">https://www.nidec.com/jp/ir/management/disclosure</a></p> <p>English:  <a href="https://www.nidec.com/en/ir/management/disclosure/">https://www.nidec.com/en/ir/management/disclosure/</a></p>	
Regular briefings for retail investors	Nidec participated in IR fair held for individual investors where we showcased our products and gave a presentation. Our speech was transmitted online. Also, we created videos where the President and COO and IR staff explained Nidec's growth	Yes

	strategy for individual investors.	
Regular briefings for analysts and institutional investors	Nidec held quarterly financial results briefings online in fiscal 2021, considering the impact of the spread of COVID-19. The Chairman of the Board of Directors and CEO, and President and COO provided explanations and answered questions from analysts, institutional investors and the media.	Yes
Regular briefings for overseas investors	On the day when quarterly earnings results were announced, Nidec conducted a conference call for institutional investors overseas. Mainly President and COO delivered an overview of the earnings results and answered investors' questions. Also, the Chairman of the Board and CEO, and the President and COO gave presentations via the Internet for investors in the US and Europe each once a year. Nidec has IR offices in New York and the Netherlands, and these 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	

	<p>of resolutions</p> <p>(e) Important news releases including timely disclosures</p> <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 &amp; CSR Promotion Department. The executive officer in charge of IR activities is Mr. Akinobu Samura, Senior Vice President and Chief Financial Officer (CFO). The head of IR is Mr. Masahiro Nagayasu, General Manager of IR &amp; CSR Promotion Department. IR team is composed of 10 employees including resident officers in New York and the Netherlands.</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 82 online meetings in fiscal 2021 even amidst COVID-19.</p>	

### 3. Measures to ensure due respect for stakeholders

	Supplementary information
Stipulation of internal rules for respecting the position of	<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</p>

stakeholders	<p>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 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>
Implementation of environmental activities, CSR activities etc.	<p>Nidec's CSR activities focus on pursuing the social value of its product and having responsibility for the environment and society when conducting its business. Nidec's basic concept of CSR is defined in our CSR Charter, and specific policies are systematized as Nidec Group CSR Declaration. Nidec incorporated ESG factors into our mid-term strategic goal, Vision2025. Also, Nidec re-examined the meaning of its existence in the world that has reached a historic turning point, from a medium- to long-term perspective and identified five materiality categories (environment, products, human resource, supply chain, corporate governance) consisting of 15 action themes.</p> <p>Please refer to the following webpage on Nidec's materiality initiatives.</p> <p><a href="https://www.nidec.com/en/sustainability/principle/materiality/action/">https://www.nidec.com/en/sustainability/principle/materiality/action/</a></p> <p>Other CSR activities are also disclosed on Nidec's webpage.</p>

	<a href="https://www.nidec.com/en/sustainability/">https://www.nidec.com/en/sustainability/</a>
Development of policies on information provision to stakeholders	<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, including shareholders, customers, business partners, and employees, to earn and retain the trust of society.”</p>
Other	<p>Regarding Health-Oriented Management</p> <p>Based on the belief that employees’ health and job satisfaction are important sources of management, the top management announced the declaration of health-oriented management in 2020 which is to create an environment in which each employee can work energetically.</p> <p>The Health Promotion Committee has been established as a cross-divisional organization that includes occupational health staff, and in parallel with company-wide measures, the company is working on improving each workplace.</p> <p>Nidec holds health seminars by industrial physicians and conducting health awareness surveys for all employees. In fiscal 2021, Nidec achieved a complete smoking cessation on its domestic sites. The domestic group companies also aim to achieve complete smoking cessation on their sites by the end of 2022, and Nidec group is promoting smoking cessation as a whole.</p> <p>As a result of these efforts, Nidec was certified as an excellent corporation for health management by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi in 2020 and 2021, for two years in a row.</p> <p>Nidec will continue to promote the health of its employees as part of its efforts to create an environment in which each and every employee can demonstrate his or her full potential.</p>

#### IV. Matters related to the internal control system

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

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 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 "Nidec Group 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 Legal & Compliance Department 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 Legal & Compliance Department 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.

(viii) 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.

(ix) 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. 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 and Supervisory Committee 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 general manager in charge of risk management 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.

(iii) The company formulates basic policy, management systems and operation method regarding Nidec group-wide information security to manage Nidec Group's information security risk. 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.

(iv) 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.

(v) 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.

#### 4. 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 Management Committee and the Executive Management Meeting (Keiei-kaigi).

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

(i) The members of the Board of Directors and executive officers 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.

6. Matters related to employees who support the members of the Audit and Supervisory

Committee and such employees' independence from the directors who are not Audit and Supervisory Committee Members, and ensuring the effectiveness of instructions to such employees.

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

(ii) During such an audit, support is provided for performing the audit if ordered or requested by the members of the Audit and Supervisory Committee. Members of the Board of Directors who are not Audit and Supervisory Committee Members or executive officers of the company pose no improper restrictions on such reports.

7. System for a member of the Board of Directors, an employee of Nidec Group and a member of the Audit & Supervisory Board of the Nidec subsidiaries, or someone who has received a report from any of these people, to report to the company's Audit and Supervisory Committee, and to protect whistleblowers.

(i) The members of the Board of Directors, executive officers and employees of Nidec promptly report to the Audit and Supervisory Committee, 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 members of the the Board of Directors who are not Audit and Supervisory Committee Members and executive officers, and the Audit and Supervisory Committee.

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

(iii) Nidec's Legal & Compliance Department reports the status of whistle blowing by Nidec Group's officers and employees to the members of Nidec's Audit and Supervisory Committee on a regular basis.

(iv) 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.

8. 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 and Supervisory Committee, 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 and Supervisory Committee.

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

9. Other systems to ensure an effective audit by the members of the Audit and Supervisory Committee

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

(ii) The members of the Audit and Supervisory Committee 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 and Supervisory Committee visit individual Nidec group companies' field site to conduct audits on 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

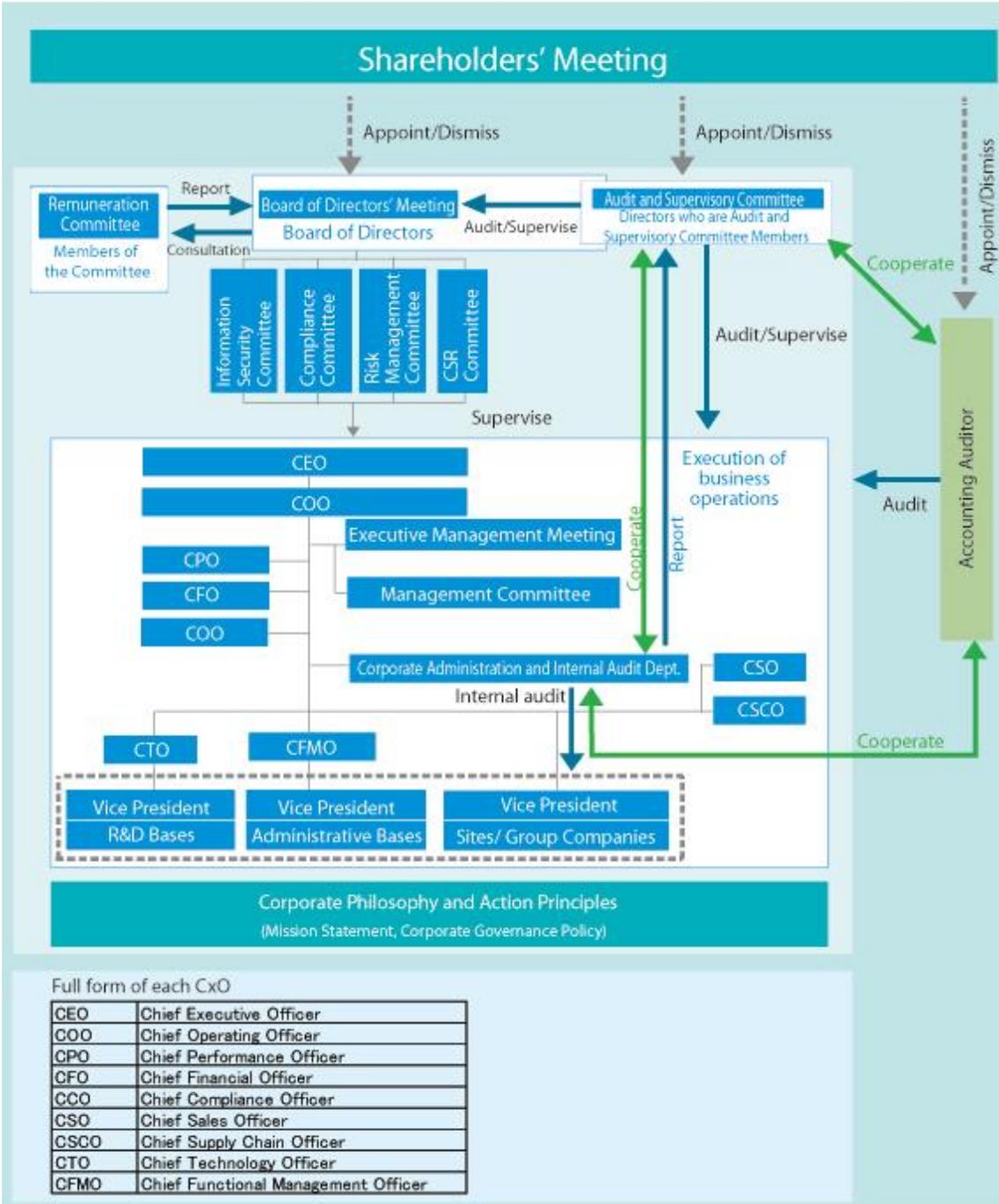
Nidec's Disclosure Policy stipulates its basic policy for timely disclosures as follows:

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 an executive officer in charge of IR 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.



<Directors' Skill Matrix>

Name	Professional skills and experience required of Members of the Board of Directors *Maximum of three							
	Business strategy	Technology and R&D	Internationality, global experience	Human resources development	Environment and society	Legal affairs, compliance	Finance and accounting	Governance, risk management
Shigenobu Nagamori	○	○						○
Hiroshi Kobe	○	○						○
Kazuya Murakami			○			○	○	
Hiroyuki Ochiai			○		○			○
Shinichi Sato	○						○	○
Yayoi Komatsu		○		○	○			
Takako Sakai				○		○	○	
Aya Yamada			○	○		○		
Tamame Akamatsu				○	○			○
Junko Watanabe			○	○	○			