

Toward Nidec Reform

The Quality Investigation Committee's Investigation Results, and the Status of Recurrence Prevention Actions and Reform

September 04, 2026
Nidec Corporation

0

History

On May 13, 2026, Nidec Corporation ("Nidec," the "Company," or "we") formed an investigation committee (the "Investigation Committee" or "IC") and launched an objective investigation by outside experts. On September 02, 2026, the Company received a report from the Investigation Committee.



Main actions in the above investigation

In addition to Nidec's attempt to understand the reality of the current situation, the Investigation Committee, an independent organization, launched a multilateral investigation and inspection. On top of a company-wide quality inspection, onsite visits, digital forensic, etc., the Investigation Committee launched a questionnaire for all 97,663 executives and other employees at 305 production and development bases (response ratio: 92.1%) and utilized AI to collect and check voices from a wide range of employees.



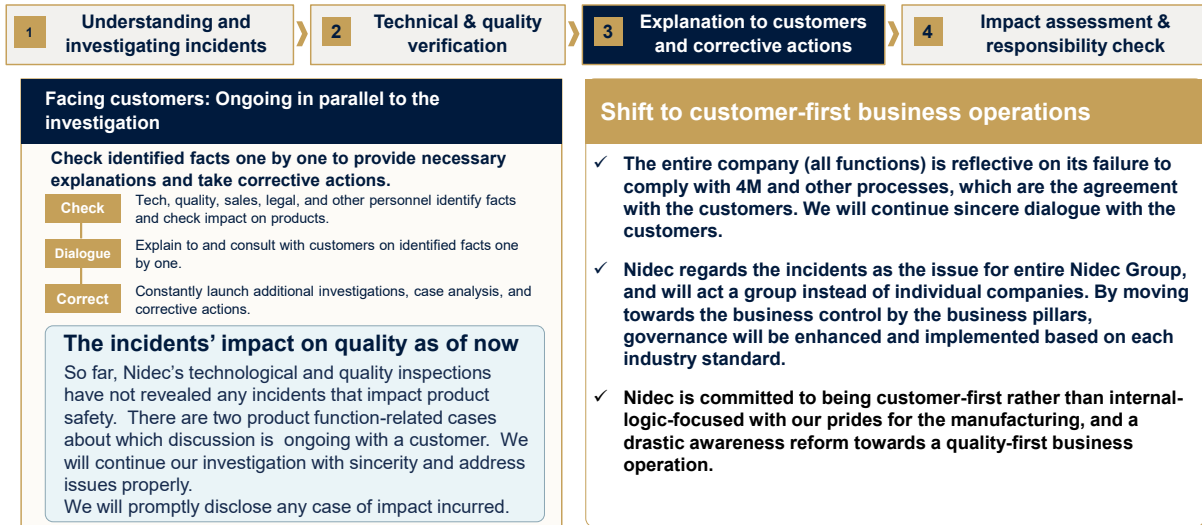
NIDEC CORPORATION

1

1

Explanation to Customers in Parallel to the IC's Investigation

Nidec's customer-facing is ongoing. In parallel to the Investigation Committee's investigation, Nidec constantly sought to identify incidents, explain to customers, investigate the incidents' impact, launch corrective actions, and identify responsible individuals.



NIDEC CORPORATION

2

2

Nidec's Reaction to the Investigation Results and Determination to Reform

We sincerely accept the Investigation Committee's investigation results and deeply apologize to our customers and other stakeholders. After the accounting incidents were identified, we launched a corporate culture reform by, for example, sending out the president's message constantly at town hall meetings and having dialogues with employees. We will sincerely accept that these incidents were identified by employees expressing their opinions. We will introduce systems and processes where employees can constantly be proud of their products' quality, never to repeat the same problems.

Build a customer- and quality-first corporate system.



NIDEC CORPORATION

3

3

The IC's Investigation Results

A total of 850 misconducts, including 844 that are quality-related and six that are inappropriate labeling of country-of-origin information, were found. 95.4%, or 805 cases of quality-related misconducts are 4M change rule violations made without informing a customer in advance or obtaining its prior consent.

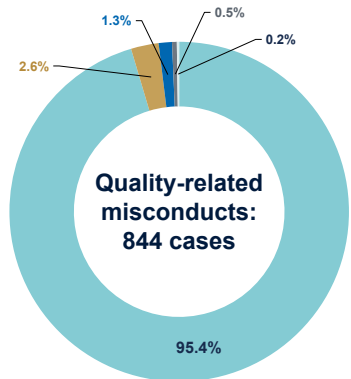
■ **Quality-related misconducts:** 844 cases

Material quality-related matters: 60 cases

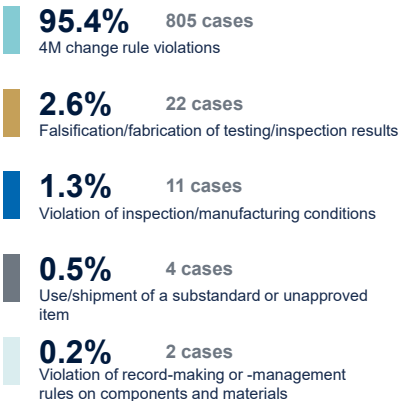
General quality-related matters: 784 cases

**"General" here does not mean a minor act or that no additional measures are required.

■ **Country-of-origin-labeling and other misconducts:** 6 cases



Acts by type



*4M change rule violation: Any change made in the course of business or production activities to any of the four elements—Man (people), Machine, Method, or Material—without completing the required procedures, such as prior notification to or obtaining prior approval from the customer, where such procedures are required.

NIDEC CORPORATION

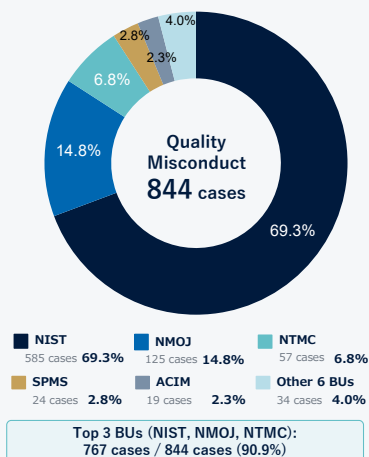
4

4

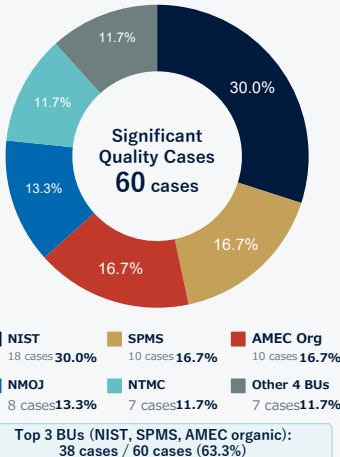
Committee Investigation Results

Misconduct types and causes differ by BU — issues specific to each business were identified in inspections/records, change management, and customer requirements.

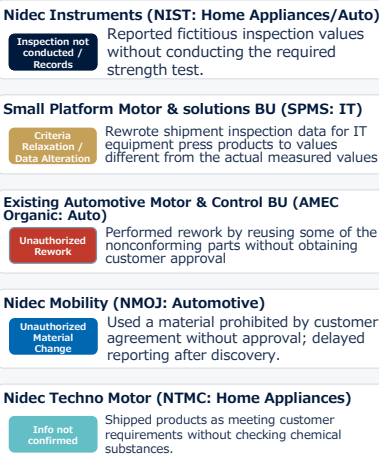
By BU: Quality misconduct cases



By BU: Significant Quality Cases



Examples of significant cases



※ The number of cases alone does not evaluate the risk or severity of each BU

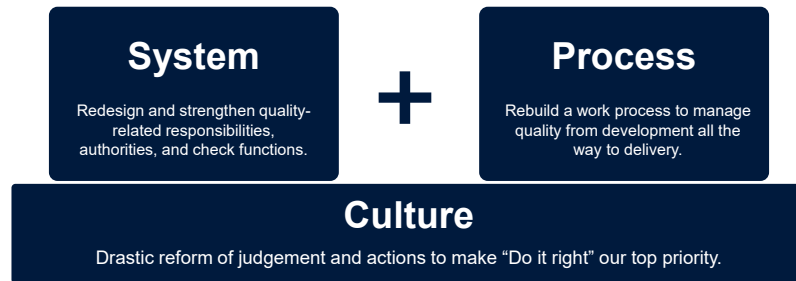
NIDEC CORPORATION

5

5

Short-term Actions and Mid- & Long-term Measures

Build a customer- and quality-first system.



Review all of our culture, systems, and processes to shift to a quality- and compliance-first organization management.

NIDEC CORPORATION

6

6

System & Process: Short-term Actions and Mid- & Long-term Measures

Based on our action to address accounting incidents, we will add quality-specific system and process reforms, and build a system to secure our quality assurance department's independence and manage the development – delivery process across organizations.

System

Short-term action

- 1 Secure the independence of the quality assurance department and strengthen its authorities.
- 2 Quality audit and monitoring by Global Quality Management Division

Mid-/long-term measures

Revising organizations and authorities include:

- ✓ Clarify the border of responsibilities with business departments and decision-making authorities.
- ✓ Revising management reporting and supervising systems, and establish a group-wide quality governance system
- ✓ Expansion of Quality Assurance Staffing and Strengthening of the Function.

Addressing accounting incidents

This action include making the BOD and the Audit & Supervisory Board more effective, rebuilding the group governance system, and improving accounting functions and accounting policy.

Process

Short-term action

- 1 Revise and thoroughly implement the Global Quality Assurance Regulations for better quality governance to keep our promises to customers.
- 2 Revise quality-related escalation rules and rebuild reporting lines.

Mid-/long-term measures

Cross-organizational value-chain management include:

- ✓ Build a system to manage the entire development/design – delivery process.
- ✓ Redesign work process across departments.
- ✓ Link and visualize quality data, and enhance traceability.

Addressing accounting incidents

This action include revising the mid-term management & business plans and the forecast-result management process, reviewing the VP appointment and remuneration evaluation standards, and the internal audit, report-handling, and investigation systems.

DRP

7

7

Culture: Short-term Actions and Mid-/Long-term Measures

We will continue and improve the corporate cultural reform, which Nidec launched after identifying accounting-related incidents. Realizing that one cannot complete such a cultural reform overnight, we will aim to a drastic solution of common issues, and reform all of our corporate culture, processes, and systems, to build a basis for Nidec's second founding.

Corporate culture objective:

The right organization to address all of quality, accounting, and compliance issues

The right actions will be rewarded.

Whistleblowers will not be subject to disadvantages, and the right judgment and actions will be rewarded.

Quality and compliance always come first.

Regardless of work-related requirements, quality and compliance will always come first in all decisions.

Every Nidec employee is a responsible party.

The management, business, QA, corporate, and all the other organizations will be responsible for quality and compliance in their works.

Speak up. Deliver bad news first.

Employees who notice a problem, fraud, or quality-related risk will be able to inform others beyond the borders of job titles and organizations.

Corporate culture-related actions include:

- 1 Strict actions to solve a matter
- 2 Constant message distribution and actions by President, CQO, etc.
- 3 Revise the personnel evaluation system (evaluate early reporting, appropriate suspension, and correction positively.)
- 4 Rebuild and comprehensive education on quality, reporting of issues and disciplinary action rules
- 5 Continue the management – frontline employee dialogues (workshop, town hall meeting, etc.).
- 6 Compliance training for all executives and other employees (including quality training)
- 7 Install and better operate opinion boxes (Install new opinion boxes)
- 8 Rebuild and further activate quality meetings

NIDEC CORPORATION

8

8

Financial & Business Impact and Future Outlook

Financial

As a result of the Company's assessment of the financial impact of each individual matter, no matters have been identified that are expected to have a material effect on the Nidec Group's financial position or operating results as of the date of this report.

*Based on the progress in customer facing, we will continue to discuss necessary account processing and information disclosure.

Business impact

Subject to individual issues, we will continue to face our customers and take corrective actions to examine the issues' impact on Nidec's transactions, production, and business operations.

*Quality-related issues: Check with customers on facts and affected products, and continue explanations and discussions with them while taking necessary corrective actions.

*Misconducts including those with the wrong country-of-origin labelling: Check exporters and importers based on applicable laws and regulations, and take necessary actions on authorities as appropriate.

*Continue to examine the status on the possibility of consequential cost bearing or impact on business transactions.

NIDEC CORPORATION

9

9

Rebuilding the Management System Itself

Structural issues pointed out in the investigation report

- | Management | Corporate | Business base & BU |
|---|---|---|
| 1 Consistent business management regardless of the company's growth
The integration of Nidec's governance system, organizational designs, and quality assurance (QA) processes did not go smoothly as the Nidec Group grew and became more complex. | 2 Group management function not in place
While management required employees to achieve results in a short cycle, management's capabilities to understand and manage order intake, manufacturing, quality assurance were insufficient to know the reality of the frontline of business. | 3 Internal-logic-based streamlining, non-independence of quality-related work
Compliance with customers' requests and the QA process were partially left behind requests from the workplace. The QA department was under supervision of business base leaders and managers. |

Management structural reform

The Nidec Five-Year Business Transformation Plan

1 5-pillar-based business restructuring

Integrate business of the same type into one to build a governance system to utilize businesses, market characteristics, relations with customers as a "common language."

2 Revise the business portfolio

Focus our management resources on business target setting that reflects business characteristics and on selection and concentration of businesses to strengthen the Nidec Group's management system.

3 Better governance system

CxO-system-led all-business governance improvement, business base reduction for better governance, and business structure reform by, for example, making some business bases cost centers.

4 Build a group-wide IT infrastructure

Reduce the number of business bases to strengthen the governance system, reform our business structure by, for example, making some business bases cost centers, and launch a quality escalation system.

Rebuild the "right management" as a basis for sustainable growth and better corporate value.

NIDEC CORPORATION

10

10

Upcoming Schedule



We will constantly monitor the status of our measures to prevent the recurrence of accounting- and quality-related incidents, while reporting our activity status both internally and externally.

NIDEC CORPORATION

11

11

The Nidec logo is displayed in a bold, italicized, green sans-serif font. The letters are slanted to the right, giving it a sense of motion or speed. The 'N' and 'd' are particularly prominent due to their slant and weight.