

**Nidec Group CSR Declaration**

# Nidec Group CSR Declaration

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## **1. Business Integrity**

The Nidec Group is committed to conducting its business operations with integrity, fairness and transparency, essentially based on internationally recognized guidelines and will comply with applicable legal, regulatory, ethical and social requirements of the countries, regions, cities and other jurisdictions, in which it conducts business.

### **1) Prohibition of Bribery**

- The Nidec Group will not tolerate any form of bribery or corruption.
- The Nidec Group requires all directors, officers and employees to comply with its group-wide Anti-bribery Policy in providing or accepting cash, gifts, entertainment, meals, travel expenses, accommodation fees and related charges, donations or other benefits to or from public employees, customers and suppliers, either directly or indirectly. Summarized below are key elements of the Nidec Group's Anti-Corruption Policy:
  - Offering of cash, coupons or anything of monetary value to public employees and customers is not permitted for any reason.
  - Acceptance of cash, coupons or anything of monetary value from suppliers is not permitted for any reason.
  - Gifts, meals, entertainment, travel expenses, donations or other benefits, either offered to public employees and customers or received from suppliers, are subject to careful scrutiny under rigorous internal standards to determine if such exchanges fall within a normal and appropriate standard of business courtesy and are necessary for the normal progress of business.
  - Strict adherence to internal guidelines is required in making decisions regarding the selection and hiring of agents.

### **2) Fair Competition**

- The Nidec Group will not engage in any unlawful or unethical business practices, including but not limited to:
  - All forms of extortion and embezzlement
  - Any activity that involves, uses, or benefits anti-social forces
- The Nidec Group will not engage in any unfair business practices, including but not limited to:
  - Abuse of superior bargaining position, or imposing unreasonable disadvantages on supply chain partners.
  - Conspiracy or collusion with competitors, or any other conduct that obstructs fair and free competition.

### **3) Information Disclosure**

- The Nidec Group will disclose material information regarding labor, health and safety, environmental practices, business activities, structure, financial situation and performance in accordance with applicable regulations and prevailing industry practices.

### **4) Intellectual Property Rights**

- The Nidec Group will protect its own intellectual property rights and, at the same time, ensure that its inventions do not infringe on intellectual property rights of others.

## **5) Information Security**

- The Nidec Group ensures the proper handling of confidential corporate data by maintaining appropriate procedures for safeguarding its information assets from unauthorized access, misuse, tampering, disclosure or leakage. The key elements of Nidec Group's information security management system include the following:
  - Maintenance and improvement of a security framework aimed to protect corporate information assets and thereby prevent loss to the Nidec Group and its related stakeholders.
  - Management and protection of customer/supplier data and employee personal information.
  - Compliance with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

## **6) Whistle-blowing System**

- The Nidec Group has an internal reporting system (Nidec Global Compliance Hotline) that all directors, officers, and employees (including regular, part-time, contingent, temporary and limited-term employees) are encouraged to use to report and raise concerns about any activity suspected of being in violation of laws, regulations, or Nidec Group's policies and rules, which prohibit unethical practices such as accounting fraud, bribery and corruption, as well as health and safety breaches.
- The Global Compliance Hotline has been established in Japan, the United States, China, Europe, and Southeast Asia to receive whistleblower reports. In all instances, the system ensures that whistleblowers can choose to remain anonymous (if legally permissible) and are protected from any retaliation.

## **7) Product Safety**

- The Nidec Group pays utmost attention to product safety in all aspects of business, including product planning, development, design, manufacturing, sales and after-sales service. In addition, the Nidec Group is committed to complying with all safety standards based on laws and regulations while constantly striving to surpass those standards to ensure continuous compliance.
- The Nidec Group will promptly investigate any product safety issue, identify the root cause(s) by tracing the production history and will ensure notifications to the customers concerned.

## **8) Quality Management System**

- The Nidec Group will continuously seek to improve the quality of its products and services through the establishment, maintenance, and modification of an effective quality management system and PDCA (Plan-Do-Check-Act) cycle.

## **9) Responsible Sourcing of Minerals**

- Minerals such as tantalum, tin, tungsten and gold currently mined illegally in the Democratic Republic of the Congo (the "DRC") and its adjoining countries have become a source of financing for armed anti-government militias, and therefore, these minerals are called "Conflict Minerals." The scope of Conflict Minerals could expand to include other minerals or their derivatives in the future. The Nidec Group maintains a policy to reasonably assure that the Conflict Minerals in the products it manufactures do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the DRC or its adjoining countries. As appropriate, the Nidec Group will work with its direct suppliers to trace the supply chain back to the smelters and refiners that

process minerals included in Nidec Group's products, primarily using the industry-standard reporting template. The measures and results of Nidec Group's inquiry efforts shall be made available to the customers concerned upon request.

## **2. Respect for Human Rights and Labor Practices**

In the global market, Nidec Group's business operations come into contact with different social, political, financial, legal and economic systems as well as different cultures, traditions and languages. It is therefore essential for the Nidec Group to have solid foundations to ensure that human rights are respected and that all individuals can fulfil their capabilities in the workplace. The Nidec Group addresses the increasing diversity of human rights issues through commitment to existing international guidelines, including the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the UN Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.

### **1) Forced Labor**

- The Nidec Group employs people based only on their own free will and never tolerates the use of forced, debt bonded labor, slavery or human trafficking in its business or supply chain.
- The Nidec Group does not hold, destroy, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits.

### **2) Child/Young Labor**

- The Nidec Group complies with all applicable local and international regulations on the prevention of child labor and the protection of young workers. The Nidec Group complies with the minimum age limit defined by national laws or by the International Labour Organization (ILO), whichever is higher.
- The Nidec Group will exercise reasonable care to prevent young workers under the age of 18 from engaging in hazardous tasks, night-shift or overtime work.

### **3) Discrimination and Inhumane Treatment**

- The Nidec Group values a vibrant and diverse workforce and acts to eliminate discrimination over job offers and employment, and shall secure equal opportunities and fair treatment in the workplace.
- The Nidec Group is committed to providing an environment free from discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.
- The Nidec Group takes steps to ensure that there is no harsh or inhumane treatment, including any physical, sexual, psychological or verbal harassment or abuse against employees, suppliers or vendors.

### **4) Wages and Benefits**

- The Nidec Group ensures that compensation paid to employees complies with all applicable wage laws, including those relating to minimum wages, overtime pay and legally mandated benefits, and does not permit illegal, unjustified wage deductions as a disciplinary measure.
- For each pay period, the Nidec Group provides each employee with a wage statement that includes sufficient information to verify accurate compensation for work performed.

## **5) Working Hours and Holidays**

- The Nidec Group complies with all applicable laws and regulations relating to overtime and maximum working hours and implement corrective measures in situations where the number of hours worked by employees, including overtime, repeatedly exceeds 60 hours per week.
- Unless otherwise provided by applicable local law, the Nidec Group provides all employees with a minimum of one day off per week or every seven day period. This rest period is in addition to any annual leave provided under national legislation and practice.

## **6) Right of Association and Collective Bargaining**

- The Nidec Group respects the right of all employees to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly, and also respects the choice of employees to refrain from such activities.
- The Nidec Group is committed to maintaining a work environment in which employees and their representatives can openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

## **3. Harmony with the Environment**

The Nidec Group recognizes that environmental responsibility is integral to producing world class products. In manufacturing operations, The Nidec Group is under a duty to minimize its adverse effects on the community, environment and natural resources while safeguarding the health and safety of the public. Environmental adaptability enables a business not only to comply with new environmental regulations and market demands, but also to timely commercialize new environmentally conscious products and solutions.

### **1) Environmental Management System**

- The Nidec Group has established, maintains and manages an appropriate environmental management system and continues to improve it to contribute to global environmental conservation and environmental load reduction.

### **2) Environmental Conservation Activities and Environmental Load Reduction**

- The Nidec Group aims mainly to reduce resource and energy use, greenhouse gas emissions (which are the main cause of climate change), other emissions into the atmosphere, water use (intake), total solid waste and effluent. The Nidec Group takes measures to prevent pollution at source, control pollution, and to promote recycling and reuse in accordance with local laws and other relevant laws and regulations.

Nidec Group's approach toward the effective use of resources include:

- a) Optimization of use of resources
  - Curtail the use of natural resources, including water, forests, and metals.
  - Limit the amount of packaging materials used.
  - Reduce inputs in production processes.
  - Reduce emissions and minimize waste generation in production processes.

- b) Reuse of resources
  - Simplify reuse methods.
  - Produce long-life products.
- c) Recycling of resources
  - Use recycled materials.
  - Reuse parts.
- d) Design products that are easier to disassemble and recycle

### **3) Environmental Permits and Reports**

- The Nidec Group obtains all necessary environmental permits, approvals and registrations, keeps them up to date, and complies with operational and reporting requirements for them.

### **4) Pollution Control and Resource Use Reduction**

- The Nidec Group will manage pollution sources, use pollution control equipment, and minimize pollutant emission and waste generation through process changes in production, maintenance, and equipment management. Moreover, The Nidec Group works to conserve natural resources, including water, fossil fuels, minerals, and forest products.

### **5) Hazardous Substances**

- The Nidec Group clearly identifies chemicals that have a harmful impact on the human body and the environment by labeling their containers, and ensure that they are safely handled, transferred, stored, used, recycled, reused and disposed.

### **6) Solid Waste**

- The Nidec Group identifies solid waste (non-harmful waste) and works to manage, reduce and recycle it.

### **7) Emissions into the Atmosphere**

- The Nidec Group takes steps to confirm the physical properties of emissions before disposal, including volatile organic chemicals, aerosols, corrosive agents, microparticles, ozone-depleting substances, and calcined by-products generated during production processes, and implements regular monitoring, management and disposal of them. At the same time, the Nidec Group works to monitor the functionality and effectiveness of the emissions management system.

### **8) Materials Restrictions**

- The Nidec Group adheres to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

### **9) Water Management**

- The Nidec Group makes all possible efforts to improve a water management system that monitors water sources, water intake and effluent discharge, analyzes their characteristics, and puts the results of monitoring and analysis in writing to reduce water use and effluent discharge. The Nidec Group also takes reasonable measures to prevent pollutants from entering waterways.



## **10) Energy Consumption and Greenhouse Gas Emissions**

- The Nidec Group keeps track of its energy consumption and greenhouse gas emissions and promote efforts to reduce them through continuous energy efficiency improvements.

## **11) Environmentally Conscious Design and Life Cycle Assessment**

- The Nidec Group assesses the environmental load generated through the lifecycle of products from raw material collection to manufacturing, distribution and disposal of products, and work to develop products with less environmental impact.

## **12) Conservation of Biodiversity**

- The Nidec Group gives sufficient consideration to biodiversity through the conservation of animals and plants on the verge of extinction.

## **13) Disclosure of Environment-related Information**

- The Nidec Group discloses its efforts and results regarding environmental management on a regular basis as a means to establish a good relationship with stakeholders.

## **4. Workplace Health and Safety**

The Nidec Group is committed to ensuring occupational health and safety in order to protect employees from hazards and risks associated with its operations. The Nidec Group takes reasonable care so that its employees are not assigned unsafe work in compliance with government health and safety acts, regulations, and its own standards and instructions based on ILO Guidelines on Occupational Safety and Health and the key elements of OHSAS 18001. At the same time, the Nidec Group emphasizes ongoing worker input and education, which are essential in identifying and solving health and safety issues in the workplace.

### **1) Occupational Health and Safety Management System**

- The Nidec Group is committed to establishing, maintaining and improving a written policy and procedures to control health and safety risks in the workplace.

### **2) Occupational Safety**

- The Nidec Group continues to assess health and safety risks and prevent employee exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), along with ongoing safety training. Where hazards cannot be adequately controlled by these means, employees are provided with appropriate, well-maintained, personal protective equipment. Further, the Nidec Group provides continual employee training about risks associated with workplace hazards and encourages reporting of safety concerns.

### **3) Emergency Preparedness**

- The Nidec Group constantly seeks to identify and assess potential emergency situations and events to minimize harm to life, the environment, and property by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

#### **4) Occupational Injury and Illness**

- The Nidec Group ensures that procedures and systems are in place to prevent, manage, track and report occupational injury and illness including provisions to:
  - encourage employee reporting;
  - classify and record injury and illness cases;
  - monitor the health of employees and help them to maintain and manage their health;
  - provide medical treatment as necessary;
  - investigate cases and implement corrective actions to eliminate their causes; and
  - facilitate return of workers to work.

#### **5) Physically Demanding Work**

- The Nidec Group safeguards its employees from avoidable injuries or illnesses attributable to physically demanding work by taking reasonable measures, such as offering workers regular breaks, preparing work assistance tools, as well as dividing work into smaller tasks. Physically demanding tasks can be characterized as follows:
  - manual material handling;
  - heavy or repetitive lifting;
  - prolonged standing, and
  - highly repetitive or forceful assembly tasks.

The Nidec Group also takes reasonable steps to keep pregnant women/nursing mothers away from overly strenuous working conditions.

#### **6) Industrial Hygiene**

- The Nidec Group identifies, evaluates, and controls the health risks associated with exposure to chemical, biological and physical agents and uses preventive measures, including protective equipment programs, to protect workers from overexposure.

#### **7) Machine Safeguarding**

- The Nidec Group performs machinery safety risk assessments and properly maintains physical guards, fail-safe/fool-safe designs, interlocks and barriers where machinery presents an injury hazard to workers.

#### **8) Sanitation, Food, and Housing**

- The Nidec Group provides workers with ready access to clean toilet facilities, drinking water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Nidec Group or a labor agent are maintained to be clean and safe, and provided with appropriate emergency exits, hot water for bathing and showering, adequate heat and ventilation, and reasonable personal space along with reasonable entry and exit privileges.

#### **9) Health and Safety Communication**

- The Nidec Group provides workers with appropriate workplace health and safety training, where possible, in their primary language, and post health and safety related information in the facility.

### **5. Harmony with Society**

Corporate social responsibility encompasses nearly every interaction a business has with society, and the Nidec Group realizes that its responsibility goes beyond satisfying the interests of its immediate external stakeholders to include embracing and supporting the wider community interest. The Nidec Group also values the idea of achieving sustainable growth by aligning business strategies with some

of the internationally-agreed universal goals aimed to resolve social/environmental problems at global and regional levels.

### **1) Community Relations**

- The Nidec Group strives to build a good, sound relationship with the local community that may be impacted by its business through open and honest communication and by taking the views and concerns of the community into account in its work.

### **2) Approach toward Universal Social/Environmental Challenges**

- The Nidec Group embraces the route to sustainability proposed in the United Nations Sustainable Development Goals (SDGs) which encompass 17 goals tackling major global issues, including climate change, environmental destruction, poverty, shortages of energy and natural resources, and health problems. The Nidec Group makes a conscious effort to identify and prioritize new business opportunities within particular social/environmental problems in ways that would help advance the economic and social conditions of the communities in which its operates.

## **6. Framework for Ensuring Efficacy**

The Nidec Group has established and maintains a management system that translates the concept of this Declaration into viable courses of action. The management system is designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the Nidec Group's operations and products; (b) conformance with this Declaration, and (c) identification and mitigation of operational risks related to the issues and guidance included in this Declaration. Relevant control procedures have been developed through the adoption of or by reference to international standards, such as ISO14001, OHSAS18001, or the Responsible Business Alliance (RBA) Code of Conduct.

### **1) Company Commitment**

- The Nidec Group maintains its social and environmental responsibility policy statements affirming its commitment to compliance and continual improvement. The policy statements are posted in its facilities, where possible, in the local language.

### **2) Management Accountability and Responsibility**

- The Nidec Group clearly identifies senior executive and company representative[s] responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

### **3) Risk Assessment/Management**

- The Nidec Group has developed a process to identify the legal compliance, environmental, health and safety, labor practice and ethics risks associated with Nidec Group's operations. To control the identified risks and ensure regulatory compliance, the Nidec Group also determines the relative significance for each risk and implements appropriate procedural and physical controls.

### **4) Improvement Objectives**

- The Nidec Group has established written performance objectives, targets and implementation plans to improve its social and environmental performance, and also performs a periodic assessment of its performance in achieving those objectives.

## **5) Training**

- The Nidec Group has organized programs for training managers and workers to implement its policies, procedures, and improvement objectives and thereby meets applicable legal and regulatory requirements.

## **6) Communication**

- The Nidec Group has developed and maintains a process for communicating clear and accurate information about its policies, practices, expectations and performance to its employees, suppliers and customers.

## **7) Worker Feedback and Participation**

- The Nidec Group has developed ongoing processes to assess employees' understanding of the practices and conditions covered by this Declaration, obtain feedback, and to foster continuous improvement.

## **8) Audits and Assessments**

- The Nidec Group performs periodic self-evaluations (internal audits) to ensure compliance with legal and regulatory requirements, the content of this Declaration and customer contractual requirements related to social and environmental responsibility. The Nidec Group's internal self-evaluation efforts are occasionally complemented by external evaluations (second- or third-party audits) to exploit knowledge of industry best practices, either upon customer's request, or on the Nidec Group's own initiative.

## **9) Supply Chain Involvement**

- The Nidec Group communicates the requirements of this Declaration to its main direct suppliers and expects a roll-out to deeper levels in the supply chain.

## REFERENCES

The following standards are referenced in this Declaration:

ILO International Labor Standards

<http://www.ilo.org/global/standards/lang--en/index.htm>

OECD Guidelines for Multinational Enterprises

<http://www.oecd.org/corporate/mne/>

ILO Code of Practice in Safety and Health

<http://www.ilo.org/safework/lang--en/index.htm>

OHSAS 18001

<https://www.bsigroup.com/en-GB/ohsas-18001-occupational-health-and-safety/>

Universal Declaration of Human Rights

<http://www.un.org/en/universal-declaration-human-rights/index.html>

United Nations Global Compact

<https://www.unglobalcompact.org/>

ISO 14001

<https://www.iso.org/iso-14001-environmental-management.html>

Responsible Business Alliance Code of Conduct (formerly, EICC Code of Conduct)

<http://www.responsiblebusiness.org/standards/code-of-conduct/>

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas

<http://www.oecd.org/corporate/mne/mining.htm>

Sustainable Development Knowledge Platform

<https://sustainabledevelopment.un.org/sdgs>