Featured on the front and back covers of this report are lively snapshots of jolly-looking children of Nidec Group people, capturing their happy little moments of harmonious contact with nature. The photographs on the back cover are arranged into the shape of the number 40, commemorating Nidec's 40th anniversary.

Regarding the cover page:

Let's ensure through our actions that our beautiful earth is passed on to the next generation!

Social & Environmental Report 2013

Let's ensure through our actions that our beautiful earth is passed on to the next generation!

Commemorating the 40th Anniversary
Looking Ahead 100 Years to Evolve as a Truly Indispensable Business

2013 marks Nidec’s 40th anniversary. The company, born in a small prefabricated hut in July 1973, is now a globally active corporate group with approximately 230 companies operating in 32 countries. Indeed, there are countless numbers of people we cannot thank enough for bringing us this far.

The Nidec Group, upon this 40th anniversary, has determined to become a corporate group truly worthy of being called “indispensable” over the next 100 years and beyond. The resolution took its cue from our recent acquisition of three internationally renowned companies with more than 100 years of operating history, all of which have survived many turbulent moments of industrial and social paradigm shifts.

The key to achieving this goal, I am convinced, is to keep engaging in works that contribute to the society, doing which makes us more mature and experienced yearly, and grow over a long term.

Contribute to the society with imperturbable technology

We are proud to have contributed to the society since our inception by providing high-quality, high-efficiency products, including environment-conscious brushless DC motors mainly characterized by their superior energy efficiency, extra-long operating life, and unmatched noiselessness and compactness. If I were asked to pick the first and most important element in making it all possible, I would say “technological strength” among other things.

In an effort to elevate our technological capabilities to new heights, we have established three new laboratories respectively located in Japan, Singapore, and Taiwan (collectively named Research and Development Center) as part of our steps towards building a framework for international R&D management.

New technologies to be created from the Nidec Group’s basic and applied researches will greatly contribute to the development of the future society, while the acquisition of power to flexibly create technologies and products for new fields will definitely enable us to adjust ourselves smoothly to all changes to occur in the next 100 years.

Using imperturbable technologies, we will continue to create products the society wishes for, to become a company that the world will need for the next 100 years and beyond.

June 2013
The Nidec Group, with a wide range of product lineup, which includes all types of motors ranging from small precision to super-large motors as well as their peripheral and application products, has been creating numbers of products whose functions are 1 in the world. Though our Group’s products cannot be seen in any finished product, they are helping to improve people’s lives and develop industries in so many fields such as home appliance, automobile, office equipment, industrial machinery, and environmental energy.
Chapter 1: Nidec’s motors for people’s lives and the environment

Laying Technological Groundwork for Addressing Future Demand Dynamics

Since its foundation 40 years ago, the Nidec Group has been supplying motors, related products and other products to various fields. Now, in the current revolutionary times, the Group is trying to establish a technological infrastructure based on a long-term perspective. With research and development centers established in three regions in Asia, Nidec stays committed to enhancing its basic technologies, keeping a possible entry into new areas of business in mind.

This article features three different viewpoints of the past, present, and future of Nidec, a company aiming to support the society with its solid technical capabilities and to be needed by the society for the next 100 years and beyond.

Chapter 1: Nidec’s motors for people’s lives and the environment

Core Strength Hinging on Technological Capability

Motors, essential to “products that spin and move,” help develop IT, automobile, home appliance, industrial machinery, and so many other areas of business, while enriching people’s lives. Nidec wishes, with the use of advanced technology, to continue to provide products that help improve people’s lives and lower environmental burden.

For a better life and eco-conscious business

Since its inception in the 19th century, motors have been the core modern-day industrial equipment. Motors, now used not only in the world’s industries but also in so many electric products in our houses, are believed to consume approximately 50% of all electric power generated around the world.

With the recent worldwide power shortage due to emerging countries’ economic development, environmental concerns, etc., how to use power more efficiently is a major issue for all of us.

In other words, not only are motors essential in enriching our lives, they significantly affect global environmental sustainability.1

Nidec, a company determined to become the world’s No. 1 comprehensive motor manufacturer, is committed to energy saving and addressing environmental issues by supplying energy-efficient motors.

Growing in Tandem with IT Innovation

Nidec since its birth in July 1973 has been committed to satisfying the needs for a better life by supplying various industries with its motors, including hard disk drives (HDD) brushless DC motors for personal computers (PCs) and servers, the market for which the company has been producing products since the earliest days of personal computing in the 1980’s.

Today, PCs have become far more convenient and comfortable to use than they were a generation ago. Nidec has satisfied all PC-related needs – increasing HDD capacity, making the PC smaller, making it more efficient, etc. – by improving our motors’ rotating precision, and producing lighter and more efficient motors.

The FDB (fluid dynamic bearing) technology was something we successfully put into actual use during this process. This technology, which utilizes a type of special oil in place of the conventional metal balls for motors’ bearing (ball bearings), eliminates metal-to-metal contact and significantly improves motors’ rotating speed and precision. In addition, the technology uses less metal components, enabling us to produce lighter and more energy-efficient motors.

Such technological improvements of motor components are the core in realizing an energy-efficient, high-speed rotating HDD that is lighter, better performing, and more efficient than its predecessors.

Embracing New Era of Changes with Broadened Technological Horizons

Nidec has strived to create high-efficiency and high-performance motors to satisfy various social needs, particularly in areas where key considerations are given to “the environment” and “comfort.”

In recent years we have seen market needs changing ever more quickly and product life cycles shrinking drastically, the fact keenly demonstrated by wave after wave of smartphones and tablets taking over feature phones and PCs at a stunning pace. In a time of such fundamental market changes, our experiences underscore the importance of flexible technological horizons readily adaptable to varying customer needs.

Among all technologies involved in our production activities, ranging from product design to manufacturing, elemental technologies are particularly important in terms of creating and nurturing technological versatility.

As explained already, we have successfully produced the FDB, an elemental technology-based, totally new type of bearing, in the area of HDD motors. The FDB, which enables low-vibration and noise, high-speed revolution, is used as the PC’s and tablet devices’ cooling fan motors, while other uses, such as automobile seats and data center servers, are being considered.

Advancing basic technology superintended enables product manufacturing regardless of the products’ final usage or market type. Nidec aims to strengthen its basic technology to satisfy future needs.

Chapter 2: Basic research for a better future

Weaving a Future by Practicing “Three Basic Management Creeds”
Chapter 2: Basic research for a better future

Imagine how people will define “desired products” 100 years from now. Our newly-established research and development centers in Japan, Singapore, and Taiwan are now gearing up to discover the answer. Mr. Yasushi Fukunaga, supervising the three R&D centers, talks about the background, purposes, and workings of the new facilities.

Three R&D Centers Open in Asia

Yasushi Fukunaga
General Manager, Nidec Research & Development Center
Senior Vice President, Nidec Corporation

Q: How do you describe the research activities undertaken by Nidec Research & Development Center?

Fukunaga: Nidec has specialized in “products that spin and move,” and has been seeking to acquire all technologies related to small precision motors. For 40 years, we have determined our target markets, such as PC, office equipment, and automotive, and been dedicated to providing products based on the technological level that satisfies individual customers’ needs. This policy, which prioritizes developing technologies that satisfy customers’ individual needs, will remain unchanged. Each technical center will be there to fulfill the responsibility.

On the other hand, the new R&D Centers’ basic research will go beyond existing products, markets, and businesses. They will include application researches for product commercialization, anticipate technologies that will be universally required in all products and manufacturing processes, as well as products that will be essential in the future society, and move forward by accumulating technologies that will undoubtedly be needed by the society. In other worlds, the R&D Centers were established to build a “techno-stock (technological assets)” for the future.

Q: What motivated Nidec to step up basic research, and why now?

Fukunaga: Let’s think about the future by looking back on the past. In the industrial society, which is believed to have started with the invention of the steam engine in 1776, there were several infrastructural technologies. It was when these core technologies made a significant advance that the society underwent a large-scale change. In terms of engine mechanisms, the invention of the steam engine allowed for distribution of power by use of the electric motor around 1890. After 1960, we learned to use computation to control power output. Since around 2010, the industry’s primary issue has been shifted to the decentralization of power sources.1 These changes occurred approximately on a 60-year cycle. On the IT front, the industry has undergone waves of paradigm shifts every 15 years since traditional mainframe computers gave way to personal computers and, around 2010, followed by the advent of the Internet in 1995, and then by the full-riddled proliferation of cloud computing around 2010. Based on historical analogies and from the perspective of sociology for information, I believe that, in or after 2010, we entered an age of major change which began to shape a new social landscape. One possible scenario for that is a spread of mobility society, enabled by the decentralization of power sources.

Looking back on the major changes of the social infrastructure, many of those who entered the business first became a leader, and many of such leaders successfully achieved positive results. In the 19th century, it was the United Kingdom, where the steam turbine was born, that led the world, whereas, it was the United States’ West Coast that changed the world when the personal computer was born 30+ years ago. To quickly react to yet-to-be-seen, new social needs, it is necessary to start now and establish a research and development system that connects research institutes that conduct thorough basic researches with existing technological centers.

(1) Improve the quality of basic researches that are the core of Nidec’s growth strategy, and create application technologies that generate highly value-added products in response to the demands of the times.

(2) Function as a hub that promotes technological synergies with Group companies inside/outside Japan.

(3) Nurture engineers whose skills are high enough to be accepted globally.

Q: What benefits do you expect from locating R&D facilities in Japan, Singapore, and Taiwan?

Fukunaga: As was the case in the economic field, Asia will very likely lead the world’s growth in the area of R&D. In the entire Asia, both Singapore and Taiwan are already well-known as technological centers, and home to world-class techno-parks. A good balance of diversity and convenience of these places enables many airplanes to travel between them, despite the geographical, cultural, and values differences.

Q: How will you make a difference under the new framework?

Fukunaga: This is a network and convergence R&D system. “Convergence research” is one of the key terms currently used in the area of R&D in the world. The term “convergence” has many meanings, including “for organizations to work together in the true sense, and create synergies,” and “connect technologies to create new values.”

The 20th century started as a period of invention and discovery, where things were created out of nothing; however, as technologies were segmentalized, impractical researches, which were for nothing, started to be performed in an increasing number. In light of these circumstances, the efficient way of performing R&D, in our opinion, is to select a theme of our research based on a wide range of view, identify, from numerous technologies existing in the world those ones that are effective, and develop such technologies by integrating them with Nidec’s techno stocks superior to those of other companies, and use the effective technologies for our products. This is what we call “convergence research” as opposed to the 20th century’s “analytical-based research,” and we will continue to pursue the convergence research.

Nidec R&D Centers and industry-government-academia network

Nidec Research and Development Center
Location: Japan
Total floor area: 17,933 m²
Staffing plan: 140 people (as of April 2014) and increases the number up to approximately 360 in the future

Nidec Research and Development Center, Singapore
Location: Singapore Science Park, Singapore
Staffing plan: 20 people (as of April 2014) and increases the number up to approximately 100 in the future

Nidec Research and Development Center, Taiwan
Location: STIR (Southern Taiwan Innovation & Research Park), Taiwan
Total floor area: 304 m²
Staffing plan: 20 people (as of April 2014) and increases the number up to approximately 100 in the future

Voice

Research of products for a better future

I am in charge of technical research on motors for robot-related applications at Nidec Research and Development Center, Singapore. Small-size motors, Nidec’s main products, will likely become important parts of various robots in the future. I hope to further develop Nidec’s technology to make lighter, thinner and smaller products as well as minimize energy consumption. To achieve this, I engage in “researches on motors and control module1” that can be used in various applications, not only robots, but anything which is the ultimate form of products that can be achieved by these technologies. I engage in my research every day, dreaming of a future where robots are deeply integrated into everyday life, which I believe will be a reality, while wishing that our research will contribute to the development of the society.

Ivan Tanra
Nidec Research and Development Center, Singapore

---

1. Module: A component that consists of a group of several partial functions.

---
Chapter 3: Weaving a Future by Practicing “Three Basic Management Creeds”

Play a Role in Achieving Sustainable Society

No company can continue to exist without a globally acceptable philosophy. It is the Nidec Group’s aim to perform CSR-based management based on the Group’s “Three Basic Management Creeds” for the next 100 years and beyond, and contribute to a sustainable society.

Nidec’s Three Basic Management Creeds

1. Whatever you do, you should always focus on becoming Number One and the world’s top.

2. Supply products that the world needs.

3. The largest contribution a company can make to the society is the generation of employment opportunities.

From energy-saving to energy-creating.

There are serious global issues today: environmental, energy, water, food shortage, poverty, etc. One of these issues that Nidec can contribute in solving by the use of its characteristics is energy shortage. As a company actively promoting energy-saving designs of products, we focused our attention to “energy creator,” which is a step ahead of energy saving, in solving energy shortage. As part of this step, we decided to utilize our motor-related technologies, and launch such projects as building a solar energy generation plant and wind and water power generation.

Nidec regards its automotive motor & component business as an important business to grow. Based on our history of supplying various types of motors, we will expand the range of the types of motors and their components as we move forward. Among the five main components for the entirely automatic vehicle, we will develop and produce sensors, motor controllers, and motors. Supporting the development and production of these components will be the basic technologies that we have cultivated in our business, including the electronic and optical technologies for cameras and mobile phones, areas of our specialty.

Nidec, one of whose basic business philosophies is "whatever you do, you should always focus on becoming Number One and the world’s top," tries to become a No. 1 company in the area of key automotive components, and continues to realize our dream where all key components of future cars will be Nidec products.

Nidec, started with only four people in 1973, is now a company group of approximately 230 companies operating in 32 countries with 100,000 employees (as of the end of March 2013). Many people of different nationality, ethnic group, religion, gender, and academic background are working in our offices all over the world. In particular, staffing of local people are taking place as our businesses in China, India, Brazil, and other newly emerging countries are expanding, while, in Japan, we are actively hiring and training people from around the world mainly for R&D projects.

In various countries in the world, we comply with laws, respect customs, human rights, labor practice, and diversity, and, under the “CSR Mid-term Vision,” expand and strengthen our global management system.

Of Nidec’s four Business Units, the Appliance, Commercial & Industrial Business Unit is led by an American national, and “diversity” is not a special term for us. Anyone with sufficient skills and aptitude can become part of our Group. Our aim is to be a company that continues to create employment based on its growth strategy, and where a 1 million-size workforce consisting of a diverse group of people will be able to work actively by utilizing their diversity.

For the future

The future is limitless. The dream-like world that you saw in a science-fiction movie may one day become a reality thanks to technological development. It is the Nidec Group’s wish to be a company that continues to supply the world with products that it needs for the next 50 or 100 years and beyond, and be part of a sustainable society.

What is required a company that will be needed by the society for the next 100 years and beyond? An answer to that question is a group of employees with unshakable technological competence, a common philosophy, and a flexible mind.
Nidec’s CSR Activities

With a keen awareness of its responsibilities as a part of society, Nidec Corporation pursues common good by offering globally welcomed products and technologies. Nidec’s ultimate objective as a socially responsible business entity is to ensure sustainable growth that creates employment without pausing. All Nidec directors and employees are required to perform duties in full respect of the spirit of this Charter and philosophy behind CSR (corporate social responsibility).

1 Work sincerely and honestly
- All Nidec directors and employees must realize the importance of a strict adherence to the laws, regulations, and social requirements of the countries in which the Company operates and are required to fulfill responsibilities based on international standards.
- All Nidec directors and employees must ensure fair and transparent disclosure of information through reciprocal communications with the Company’s stakeholders, including its shareholders, its customers, its business partners and employees, and to earn and retain the trust of society.
- All Nidec directors and employees, in order to enhance product safety, quality, reliability, and manage fair business transactions based on transparent and fair competitions in harmonious cooperation with the Company’s business partners.

2 Coexist with the environment
- All Nidec directors and employees must realize that the perpetual conservation of the global environment is an issue of common concern for all humanity and are thereby required to reduce the environmental burden through environmentally conscious business activities.

The CSR Charter was established based on the ten principles in “UN Global Compact Principle against Corruption*1”, and “Electronic Industry Code of Conduct (EICC)”.*2 Also, as stipulated in the CSR Charter, we established CSR Regulations, which contain human rights- and labor-related provisions such as “Guarantee of the freedom of establishing labor unions and collective bargains.”

From CSR Officer

Akira Sato
Executive Vice President

Nidec’s CSR activities focus on: 1. Expand the scope of CSR management as the area of our business broadens; and 2. Raise employee awareness for sustainable CSR practices.

In efforts to expand the area of CSR management, we constituted Nidec Corporation CSR Charter in 2008, established a company-wide CSR Committee, and thus started CSR promotion activities in full scale. Then we spent the next five years introducing an international standards-based CSR management system to our major domestic and overseas facilities. Also, due to the continuous, M&A-based business expansion of the Nidec Group, the CSR management system needs to be introduced newly joined Group companies as well. For that purpose, we are targeting to cover 80% of our entire businesses under the CSR management system by FY2015.

To educate our employees and promote their understanding on CSR, we are using corresponding education, e-learning, and other tools, and planning to use them in wider areas in the future and to create an awareness-building system for our employees.

For our business to grow sustainably and for us to be a company that the society needs for the next 100 years and beyond, we must, more than ever before, realize our social responsibilities and work in harmony with our stakeholders, the society, and the environment.

As we wish to steadily address individual issues and solve issues and improve Nidec’s CSR standard based on Group-wide efforts, your continued understanding and advice would be truly appreciated.

*1 UN Global Compact Principle against Corruption: Basic anti-corruption principles advocated by the then UN Secretary-General Kofi Annan in 1999. Currently there are 10 principles concerning human rights, labor, the environment, and anti-corruption.

*2 Electronic Industry Code of Conduct (EICC): A code of conduct made by the electronic industry for the business activities of the overall supply chain; EICC consists of rules on labor, health and safety, environment, management system, and ethics.

*1 ISO 14001: An international standard on the requirements of environmental management systems.

*2 OHSAS 18001: An international standard on the requirements of occupational health & safety management systems.
Mid-term vision

Nidec regularly assesses all CSR issues by looking at its business from the perspective of social factors, biodiversity, and environmental burden and tries to continuously find solutions through the establishment of a mid-term vision. The main topics of the Nidec CSR mid-term vision, for which FY2015 is set as a milestone, are the following three:

1. Expansion of the CSR management area
   - To enable the continued utilization of biological resources, it is necessary to manage our business in ways that prevent the decrease of species while at the same time making efforts to conserve principal species. Nidec has been promoting continuously conservation activities, such as mangrove reforestation in tropical areas, and will do so on an even larger scale in the future.

2. Conservation of ecosystems
   - Water is the most valuable resource and indispensable for human life and industry. However, if seawater, icebergs, and glaciers are not counted, the quantity of usable water amounts to just 1% of the entire water resources. As a manufacturing company that uses much water for washing of components, etc., we are strengthening our efforts to conserve water resources through reducing water intake and use and with various recycling methods.

3. Economic use of water resources
   - Nidec regularly assesses all CSR issues by looking at its business from the perspective of social factors, biodiversity, and environmental burden and tries to continuously find solutions through the establishment of a mid-term vision. The main topics of the Nidec CSR mid-term vision, for which FY2015 is set as a milestone, are the following three:

   - **Expansion of the CSR management area**
     - The CSR concept shows its true value only if it is practiced in the entire company. In recent years, the business area of Nidec has been growing rapidly on a global scale due to M&A activities and other factors. Therefore, the number of business sites that need to be managed based on CSR has also increased. Our goal is to raise awareness of CSR in all companies of the Nidec Group and expand the CSR management area.

   - **Conservation of ecosystems**
     - Environmental burden and tries to continuously find solutions through the establishment of a mid-term vision. The main topics of the Nidec CSR mid-term vision, for which FY2015 is set as a milestone, are the following three:

   - **Economic use of water resources**
     - Environmental burden and tries to continuously find solutions through the establishment of a mid-term vision. The main topics of the Nidec CSR mid-term vision, for which FY2015 is set as a milestone, are the following three:

   - **CSR Mid-term Vision**
     - Expansion of the CSR management area
       - The CSR concept shows its true value only if it is practiced in the entire company. In recent years, the business area of Nidec has been growing rapidly on a global scale due to M&A activities and other factors. Therefore, the number of business sites that need to be managed based on CSR has also increased. Our goal is to raise awareness of CSR in all companies of the Nidec Group and expand the CSR management area.

   - **Conservation of ecosystems**
     - Environmental burden and tries to continuously find solutions through the establishment of a mid-term vision. The main topics of the Nidec CSR mid-term vision, for which FY2015 is set as a milestone, are the following three:

   - **Economic use of water resources**
     - Environmental burden and tries to continuously find solutions through the establishment of a mid-term vision. The main topics of the Nidec CSR mid-term vision, for which FY2015 is set as a milestone, are the following three:

---

### Targets and Results

<table>
<thead>
<tr>
<th>CSR activities</th>
<th>FY2012 Targets</th>
<th>FY2012 Results</th>
<th>FY2013 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CSR Awareness</strong></td>
<td>The cumulative number of successful e-learning course applicants: 2,500</td>
<td>The cumulative number of successful e-learning course applicants: 2,568</td>
<td>E-learning at newly joined sites</td>
</tr>
<tr>
<td><strong>CSR Management System</strong></td>
<td>Incorporating more factories/offices into the CSR management framework</td>
<td>Incorporating Nidec Servo, Nidec Techno Motor, Nidec Machinery, and other three companies into the CSR management framework</td>
<td>Finish incorporating Nidec Servo, Nidec Techno Motor, Nidec Machinery, and other three companies into the CSR management framework</td>
</tr>
<tr>
<td><strong>Social Action Program</strong></td>
<td>Driving forward biodiversity conservation activities</td>
<td>Drive forward biodiversity conservation activities</td>
<td>Drive forward biodiversity conservation activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tree and seed planting, and environmental conservation activities at laukohn and river basin</td>
<td>Tree and seed planting, and environmental conservation activities at laukohn and river basin</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Continuous educational support</td>
<td>Continuous educational support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environmental class for elementary school students</td>
<td>Continuous social support activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Continuous social support activities</td>
<td>Continuous social support activities</td>
</tr>
</tbody>
</table>

### Expansion of CSR Promotion Framework

In June 2012, Nidec set about reshaping its CSR management framework to cover a wider spectrum of its consolidated businesses rapidly expanding through corporate acquisitions in recent years. As a result of the acquisition-oriented organizational growth, the combined sales of the group companies operating within our current CSR management framework now represent barely 50% of Nidec Group’s total consolidated sales. Under the ongoing initiative, we are planning to raise the coverage ratio to 70% by the end of FY2014. During FY2012, six of our main domestic Group companies were newly selected as sites to promote CSR, as part of our efforts to gradually introduce the CSR management system in our Group. We plan to monitor how CSR activities are established in those companies, ensure that 80% of Nidec Group companies will be under the CSR management system by the end of FY2013, incorporate

---

Mineral resources produced in the Democratic Republic of the Congo and its neighboring countries ("the DRC countries") in Africa play an important role as materials for electronic components; however, the profits from the transactions of these materials are benefiting local armed insurgents, helping their inhumane acts.

In light of these circumstances, the United States Government defined tantalum, tin, gold, and tungsten as "conflict minerals" in the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July 2010, establishing a policy to visualize the transactions of these minerals and thus sever the financial flow benefiting the DRC countries’ insurgents. Nidec, a listed company, is building a new rules-based investigation and report system for all Group companies.

---

*Source: The Democratic Republic of the Congo, the Republic of the Congo, the Central African Republic, the Republic of Sudan, the Republic of Zambia, the Republic of Angola, the United Republic of Tanzania, the Republic of Burundi, the Republic of Rwanda, and the Republic of Uganda (according to Dodd Frank Act, Article 1502)
Social Report

Customer Relations

Basic Concept

To accommodate various requests and wishes of our customers, Nidec has established QCDSSS as the basis of its business activities, and all of its R&D, production and sales departments work united to achieve customer satisfaction and build a relationship of trust. Our customers are located all over the world, and to respond to their demands and needs quickly, we have launched a "made-in-the-market" strategy, based on which we develop, produce, and sale products close to our customers, by establishing business sites not only in Japan but also in Asia, the Americas, and Europe, to stay in close contact with each region’s market, and provide prompt and detailed customer services.

Supply Chain Relations

Basic Concept

Nidec aims to constantly grow and leap forward based on quality, cost, delivery, speed, and service, provides all companies in the world with equal opportunities, and purchases materials and components based on a fair evaluation.

Corporate Purchasing Policy

Nidec aims to purchase fair, quality, cost, delivery, speed, and service, and is an important consideration in the evaluation of business partners. Nidec uses a system for evaluating business partners, and checks and reports the status of the evaluation system. After the checking and reporting system is established, Nidec's person in charge of each site audits the business partner's site.

CSR-based Procurement

Through collaboration with our business partners, we promote CSR-based activities not only within Nidec but also the entire supply chain. For our business partners to share our CSR Code of Conduct with us, we stipulate Nidec’s CSR Charter in the Basic Business Agreement, and describe the Charter’s standard in the "Nidec Supply Chain CSR Promotion Guidebook.”

Actions in FY2012

Joint development power-assisted bicycle motor kit with Miyata Cycle

In December 2012, Miyata Cycle released three types of power-assisted bicycles jointly developed with Nidec. With a Nidec-manufactured motor kit built in these bicycles’ front-wheel driving mechanism, this makes our debut in the bicycle industry. The motor kit, which excels other products especially in regenerative recharging mechanism, is gaining popularity for its light weight and powerful performance.

In developing this motor kit, it was particularly difficult to make sure that bicycle users would feel comfortable enough while riding on their bicycle with the kit installed. During our three-month driving test with Miyata Cycle, a total of 1,000 employees participated in it, and the kit was made after repeated fine-tuning based on data from the tests. We will continue to work hard on our products so that our technology will satisfy bicycle users’ needs through bicycle manufacturers.

Promoting CSR procurement

Currently, Nidec’s sites in Japan, Southeast Asia, and China are promoting CSR procurement mainly in their major businesses’ supply chains.

CSR procurement is twofold: 1. Business partners check their own CSR management system, and report their status regularly, and 2. After the checking and reporting system is established, Nidec’s person in charge of each site audits the business partner's site.

In China, more than 90% of the sites perform self-check, but their on-site audit rate is only approximately 10%, lower than other regions, and the figures need to be improved.

In FY2012, Nidec (Dongguan) Limited, one of our Chinese sites, started its on-site audit for four of its business partners. The follow-up by the four companies on issues to be solved has been completed. This fiscal year, 12 companies, three times more than the number last fiscal year, are expected to have an on-site audit. More companies will have an on-site audit as we gain our business partners’ understanding and support.

We plan to expand our CSR procurement system further in Japan, Southeast Asia, and China, and then in Americas, Europe, and other large areas, to establish a global CSR procurement system.

Supply Chain Activities

Nidec’s CSR Activities

Special Features

Nidec wishes to achieve long-term high-level growth, profit, and stock prices to maximize the company's shareholder value, and satisfy its shareholders' mandate. To promote the stakeholders with regards to our company, enable a fair assessment of it, and also make its business management more open and achieve full accountability, we will disclose information in a timely and properly and engage in IR activities actively.

Specifically, our company executives, headed by the President, will promote face-to-face communications with institutional investors, securities analysts, and individual investors through IR functions.

Nidec activities contributed to increasing the number of Nidec’s shareholders from 23,000 five years ago to 51,000 at the end of FY2013. We will continue to actively engage in IR activities to meet our shareholders' and investors’ expectations.
To Nurture Employees to Make Them Truly Global

As of March 2013, approximately 100,000 people in 32 countries are working in the Nidec Group. With the global market changing so dramatically in recent years, training future global employees based on a long-term perspective to ensure for them to be able to work around the world is essential for us to be a company that will be needed by the society for the next 100 years and beyond.

Nidec’s Definitions of “Global Person”

To be a global person, one must be able to think logically, and possess management, business, communication, and other required skills. A global person must also understand his/her own country’s history and culture, learn other countries’ cultures and languages, and understand foreign cultures from multiple perspectives. A global person in Nidec Group is required to have the following three skills:

1. Ability to chat
   - Power to catch people’s heart during a conversation with a good sense of humor

2. English fluency
   - Power needed to communicate with people all over the world

3. Power to make breakthrough
   - Power to stick to win under any circumstance and face any challenge

In Nidec’s definition, those with the above capabilities who can find their way under any circumstance by making result-oriented statements and actions are “global people.”

Global Human Resource Development Training Program

This program includes seminars for managerial employees to lead others on Nidec’s growth strategy, logical thinking seminars for young and mid-level employees, and a three-year human resource development program to train newly joined employees to be able to work fully as part of the company.

The chart below shows a human resource development measures introduced since FY2010 to ensure employees’ further growth and to enable them to work globally.

Driving “proactive learning”

The future belongs to those who shape it, and it takes a strong self-discipline and willpower to make it happen. Every Nidec employee is encouraged to invest meaningful amounts of time in croutning his/her future. To support those employees motivated for self-improvement, Nidec introduced a corresponding education system (with fees partially paid by the Company) in FY2011 and an “employee challenge” program in FY2012 for employees to realize their potential and grow.

Employee’s voice

“I used the system to send employees to outside schools* of the ‘employee challenge’ program”

I participated in this program to learn how other companies’ managerial employees think and act, and grow as a person. The level of other participants’ consciousness and skills was high and inspiring, and having been able to learn their knowhow and skills was a big achievement. Discussions with these members broadened my perspectives and changed the way I view my life. I will utilize what I learned in my work to make Nidec a company needed by the society for the next 100 years and beyond. I will make sure to participate in a program like this in the future.

Ryo Kuribayashi
Quality Assurance Department
Automotive Motor & Electronic Control Business Unit

*System to send employees to outside schools This system allows employees to learn at an outside business school, with the Company paying half of its fees. The Company that provides its employees with knowledge and skill development opportunities by interacting with other companies’ employees.

Employee’s voice

“I used the corresponding education system”

I took a correspondence education course to make my maternity leave a positive experience for me. Though taking time for the course while raising a child was never easy, I successfully completing it gave me confidence. As the end of the maternity leaves approaches, I wish to spend the remaining time productively.

Mariko Sato
Sales Administration & Service Department
(HR Dept. during maternity leave)
Environmental Report

Environmental Philosophy

We realize that the perpetual protection of the global environment is an important issue common to all mankind, and aim to minimize environmental burden through environmentally friendly business activities to carry out our social responsibilities.

Environmental Policy

We conduct our business activities in accordance with the following Environmental Philosophy to minimize our effects on the environment. Under the slogan “Take the first step in passing on the beauty of the Earth to future generations,” we set the following guidelines to promote environment-conscious business operations:

1. Place a strong focus on “environmental friendliness,” “efficiency improvement,” and “waste reduction/recycling” in the design development and production of motors and related components;
2. Recognize the environmental aspects of our products and operations and implement appropriate pollution prevention practices for the maintenance and sustainable improvement of our environmental performance;
3. Ensure compliance with applicable environmental regulations and other agreed-upon requirements;
4. Set specific environmental objectives and periodically review the effectiveness and adequacy of the environmental management system;
5. Identify all the tasks required to meet the objectives of the environmental management system and provide each task in the form of documented manuals, rules and procedures. The Environmental Policy is communicated to all company personnel and accompanied with appropriate training programs for implementation team members;
6. This Environmental Policy must be disclosed to third parties upon request.

*The above Environmental Policy forms the basis of Nidec’s subsidiary-specific (or business unit-specific) environmental policy making.

Biodiversity Guidelines

As residents of Earth, we all derive immeasurable benefits from the bounty of ecosystems with abundant living species. Respecting and living in harmony with diverse life forms is the common issue for the entire human race. Based on our environmental vision and principles, we have the following action guidelines for addressing biodiversity conservation.

1. Recognize the importance of biodiversity conservation and build an appropriate implementation framework;
2. Consistently assess and reduce our effects on biodiversity;
3. Contribute to global ecosystem protection by supplying environment-friendly products;
4. Encourage green supply chain initiatives towards biodiversity conservation;
5. Enhance communication with stakeholders (e.g. shareholders, customers, suppliers, local community, employees, etc.) regarding our approach towards biodiversity conservation;
6. Disclose this Biodiversity Guidelines to third parties upon request.

Environmental Management System

Promotion of ISO14001

We have established the international standard ISO14001, related to environmental management, as the central principle of our environmental management system, and each business site promotes obtaining and maintaining an ISO14001 certification. We have also set up an “Environmental Management (EM) Committee” to decide the overall direction of our environmental conservation activities and implement further improvements. The "EM Committee" consists of the Officer responsible for CSR (Committee chairman) and the persons responsible for environmental management at each site (EM Committee members). Its task is to relay to and implement in all business sites environment-related information, such as substances that are under environmental restrictions; trends and developments of laws and regulations, etc., shared by the EM Committee members.

ISO14001 monitoring

At each business site, an internal and external audit is conducted at least once per year. The results of the audits indicate our great challenge: To understand the burden that our business puts on the environment more precisely and minimize this burden as much as possible by adapting the environmental management system to the rapid changes of the business environment that come with the extension of our business areas.

Response to environmental emergencies and compliance with related laws and regulations

Throughout the fiscal year 2012, no environmental accident that required an emergency response occurred in a domestic or overseas business site. There was an incident in our US site, in which fuel oil leaked from one of its premises to a nearby river. Since we properly managed the leakage after reporting it to the authority, no environmental damage was identified by authority’s investigation. There were no violations of legal restrictions and regulations at domestic business sites.

Activities in FY2012

To expand renewable energy

Nidec Group welcomed an Italian company, Ansaldo Sistemi Industrial (current Nidec ASI S.p.A., referred to as ASI in the following), as a new member in June 2012. The company is one of the leading companies in Europe, the predecessor of which is Giò Ansaldo founded in 1853. Its business line includes various types of motors, power generator, electric/electronic equipment, designing, manufacturing and installation of industrial automation system.

1853 saw the arrival of the Black Ships in Japan. The fleet led by Commodore Perry came all the way to Japan crossing the Pacific Ocean, which illustrates the fact that in those days the world trades had become increasingly active, and shipbuilding and railroad construction had been thriving all over the world. Giò Ansaldo started its business as a manufacturer of industrial equipment like ship and railroad, and ever since its foundation it has been active in various fields ranging from production of ship, rail vehicle and airplane to construction of electric power plant in the Ansaldo group for 160 years.

Nidec ASI S.p.A.
Headquartered in Milano, Italy
Major business sites: Italy, France, Russia
Employees: 1,325 (consolidate-base) as of March 31, 2013

ASI Overview

Nidec ASI S.p.A.
Headquartered in Milano, Italy
Major business sites: Italy, France, Russia
Employees: 1,325 (consolidate-base) as of March 31, 2013

Nidec group companies have been contributing to the global environment in the area of “energy-saving” by providing energy-efficient motors and motor-related products. Now having ASI as one of our group companies, we are firmly determined to help solve the global environment challenges in the area of “energy creation” through providing efficient power generator, inverter, electric power module, and undertaking renewable energy projects like photovoltaic power plant.

AS1 Overview

Nidec ASI S.p.A.
Headquartered in Milano, Italy
Major business sites: Italy, France, Russia
Employees: 1,325 (consolidate-base) as of March 31, 2013
Nidec has been implementing a voluntary five-item program since FY2004. A mid-term plan is established in intervals of three years, and the third mid-term Environmental Conservation Plan (FY2010-2012) has been completed in FY2012. The third plan has been as successful as the first (FY2004-2006) and the second (FY2007-2009) with results surpassing the original targets.

Under the fourth mid-term plan (FY2013–2015), the scope of our self-driven activity targets has been expanded to seven items from the and the third mid-term Environmental Conservation Plan (FY2010-2012) has been completed in FY2012. The third plan has been as

u

**Environmental performance**

Major part of greenhouse gas emission caused by our business activities is derived from electricity and fuel consumption, therefore the key element in reducing the greenhouse gas emission is to improve energy use efficiency in overseas sites as most part of our products are manufactured overseas.

---

### Fourth Mid-term Environmental Conservation Plan

We have achieved the targets for reducing the intensity of greenhouse gas (CO2) emissions and final waste disposals in the third mid-term plan. Under the fourth mid-term plan, we seek to reduce our emission/consumption intensity by 3% on a three-year average basis for FY2013-FY2015, compared to the FY2012 levels, for CO2, electric power/water consumptions and final waste.

Reflecting the recent expansion and diversification of our product lines, we have also reviewed the emission/consumption intensity metric used to measure our environmental loads generated in the manufacturing processes. For the fourth mid-term plan, we are using "emission/consumption per sales (one thousand U.S. dollars)" as the new intensity metric, instead of the previously used "emission/consumption per one thousand units manufactured" metric. The change in intensity metrics has been made in consideration of the recent expansion of our product portfolio primarily due to multiple business acquisitions, which resulted in a notable product diversification in terms of type, size and power output.

At the same time we will change our report of the total environmental load. We had been reporting the results for domestic sites and overseas sites separately, but from the fourth mid-term plan on, we will recognize it—the production site group and the non-production site group.

We are determined to continue our commitment to the environmental management, product-based environmental contribution and environmental communication as to which we pursue qualitative goals.