

# Social & Environmental Report 2013

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



■ Regarding the cover page:

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.



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**Commemorating the 40th Anniversary**

# Looking Ahead 100 Years to Evolve as a Truly Indispensable Business

2013 marks Nidec's 40<sup>th</sup> 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 40<sup>th</sup> 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



Shigenobu Nagamori  
Chairman of the Board,  
President & CEO

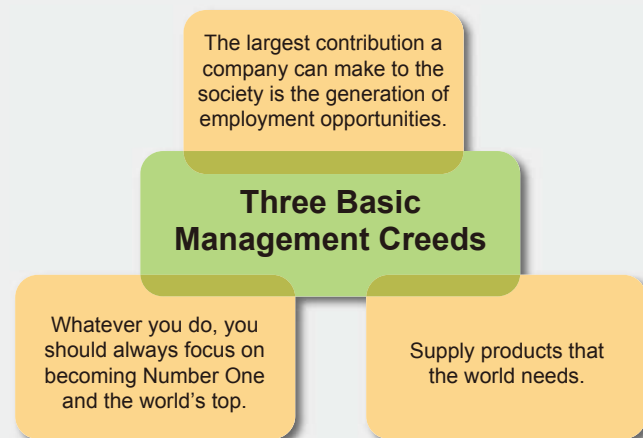
永年重信

## Corporate Aim and Basic Management Creeds

Nidec Corporation has since its establishment in 1973 followed a "Corporate Aim" that is the basis of its operations. Since the time of its establishment, Nidec has, its eyes also always firmly on the world outside of Japan, conducted its business with social contribution in mind. Furthermore, in 2008, the "Three Basic Management Creeds" were established and implemented in all group companies, thus showing our determination to grow to a company that will one day lead the world of "everything that spins and moves."

### Corporate Aim

The aim of Nidec Corporation is to contribute to the development of our society and welfare of the general public all over the world by supplying them with the highest quality products with our sincere and enthusiastic dedication to the trinity of technology, skillfulness and modern science, and thus to promote the prosperity of our society, our company and all our employees.



## Action principles

The "Three Challenges" have been held up as action principles for all employees together with the "Corporate Aim" since the establishment of Nidec Corporation. The path to a leading global company starts with the "Three Challenges."

### Three Challenges

Passion, Enthusiasm and Tenacity

Intelligent Hard Working

Do your job now, complete it,  
and follow through!

## Corporate slogan

On April 1, 2007, the Nidec Group established the corporate slogan "All for dreams" and the corresponding corporate statement. The Nidec Group pledges to all stakeholders that we will contribute to the building of a comforting society friendly to all its inhabitants.

**Nidec**

All for dreams

We begin with dreams.  
Dreams drive our motivation.  
Dreams are our future.

The world's dreams, people's dreams, our dreams.  
Our passion creates ideas that make dreams come alive.  
Technology and products that were only dreams become reality.

All for dreams

Dreams challenge and the Nidec-Group  
will continue to meet the challenge.

For the world's and people's tomorrows,  
The world's first, the world's best technologies and products,  
We will continue our part in creating a better society.

The Nidec logo is a registered trademark or a trademark of Nidec Corporation in Japan, the United States and/or certain other countries. All for dreams logo is a trademark of Nidec Corporation in Japan and a trademark in the United States and/or certain other countries.

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Online information disclosure

Find more detailed, timely information about Nidec's CSR/environmental activities on the company's website.

Nidec's social and environmental information: <http://www.nidec.com/sustainability/>

Editorial policy

This Social & Environmental Report is a report that Nidec Corporation publishes annually to facilitate its stakeholders' understanding on the company's CSR policies. Nidec, which regards its customers, business partners, the local society, its employees and shareholders, and the global environment as important stakeholders, places importance on fulfilling its social responsibilities as a global company that engages in motor and other businesses, and on meeting all stakeholders' expectations.

Nidec's relations with its stakeholders



Considering this Social & Environmental Report as a digest version of the social and environmental information on its website, we try to present in this Report the progress in our CSR activities clearly to further deepen communications with our stakeholders and expand the chain of CSR activities.

Scope of the Report

This Social & Environmental Report mainly focuses on all of Nidec's R&D facilities (inside Japan) and production sites (overseas).

- Japan: Nidec Corporation Headquarters, Central Technical Laboratory, Shiga Technical Center, Nagano Technical Center, and Precision Machining Center
- Overseas: Nidec Electronics (Thailand) Co., Ltd., Nidec (Zhejiang) Corporation, Nidec (Dalian) Limited, Nidec (Dongguan) Limited, Nidec Automobile Motor (Zhejiang) Corporation, Nidec Philippines Corporation, and Nidec Vietnam Corporation

\* "Employees relations" on Pages 17 and 18 mainly focuses on Nidec Corporation.

Benchmark guidelines

- "Environmental Reporting Guidelines 2012" Ministry of the Environment of Japan"
- "Sustainability Reporting Guidelines 2006 (Third Edition)"

Reporting period

With a main focus on the company's activities during FY2012 (April 2012 – March 2013), this Report includes activities ongoing from the past and information on the latest ones.

Publication

June 2013 (Previous edition: June 2012. Next edition: scheduled for June 2014)

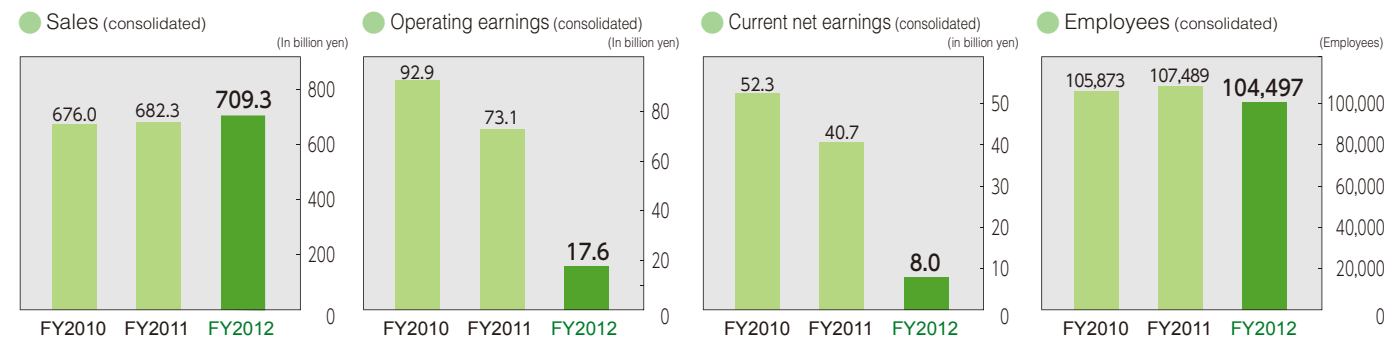
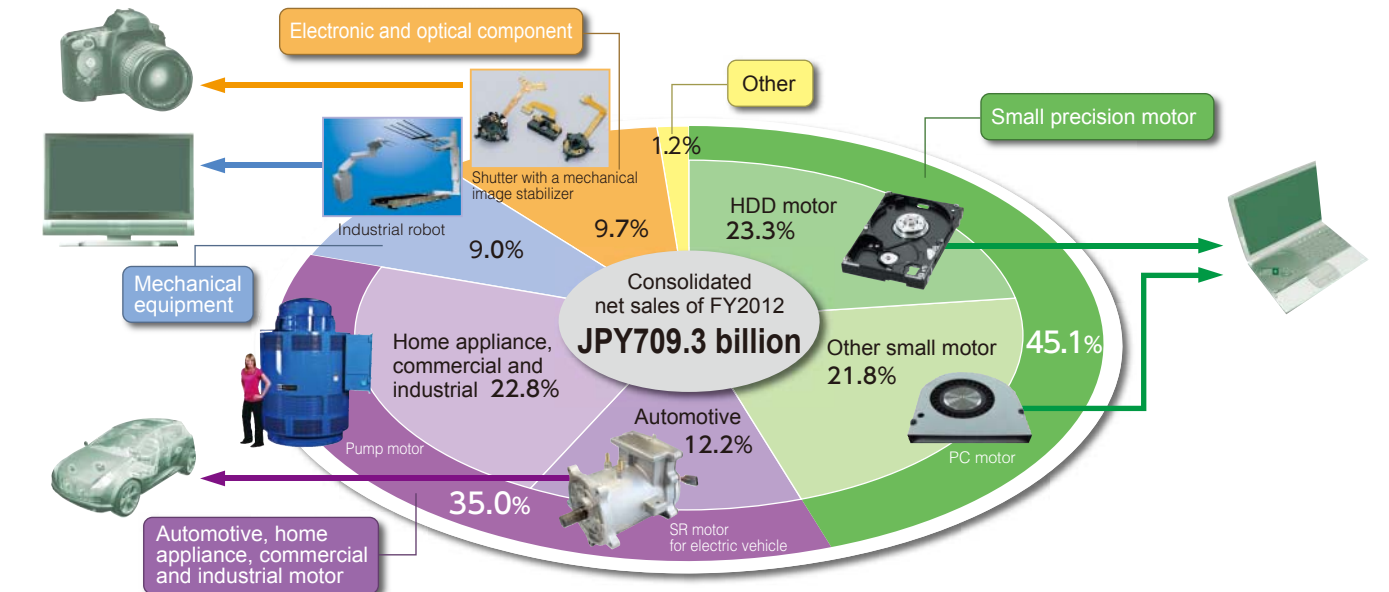
Publishing office and department

CSR Promotion Office and Public Relations, Advertising & IR Dept., Nidec Corporation

About Nidec

The Nidec Group's Business Overview

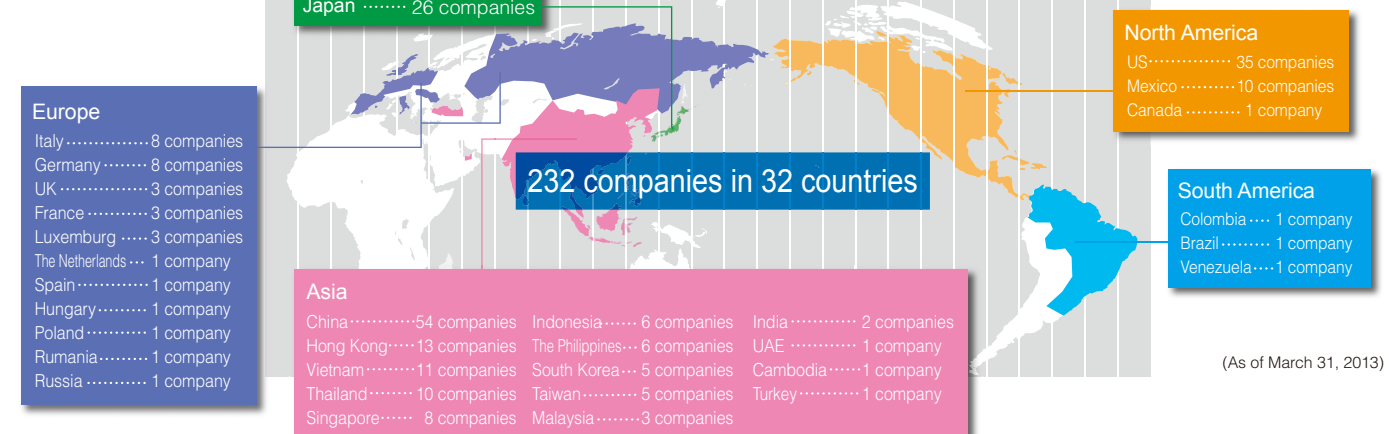
The Nidec Group, with a wide range of product lineup, which includes all types of motors ranging from small precision to super-large motors as well as their peripheral and application products, has been creating numbers of products whose shares are No. 1 in the world. Though our Group's products cannot 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.



Company profile

Name: NIDEC CORPORATION  
 Brand name: **Nidec**  
 Representative: Shigenobu Nagamori (Chairman of the Board, President & CEO)  
 Address: 338 Tonoshiro-cho, Kuze, Minami-ku, Kyoto-shi 601-8205 Japan  
 Founded: July 23, 1973  
 Paid-in capital: JPY66.55 billion (as of March 31, 2013)  
 Total shares issued: 145,075,080 (As of March 31, 2013)  
 Stock listings: First Section, Tokyo Stock Exchange (Code: 6594) New York Stock Exchange (Code: NJ)

Business locations



(As of March 31, 2013)

# Feature Story

Looking Ahead 100 Years to Evolve as a Truly Indispensable Business



## 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

**Chapter 2** Basic research for a better future

**Chapter 3** Weaving a Future by Practicing "Three Basic Management Creeds"

## 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 19<sup>th</sup> century, motors have been the core modern-day industrial development. Motors, now used not only in the world's industries but also 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.

\*1. Sustainability:

Being able to maintain economic, social, and other human activities for a long time into the future.

### 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' bearings (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.

### Energy-saving Motors that Improve Automobiles' Environmental Performance

Nidec's dedication to automotive-motor development dates back to the mid-1990s.

Car manufacturers at that time were seeking ways to replace the conventional hydraulic power steering driving system with an electric alternative (electric power steering, or EPS) to make their vehicles more energy-efficient and environmentally friendly. Appreciated for its superior compactness and energy efficiency conducive to better fuel economy and lower CO<sub>2</sub> emissions, Nidec's EPS motors were first accepted by European automobile manufacturers, followed by Japanese, North American, Chinese and other car makers. The market for EPS motors which demonstrate fuel efficiency approximately 5% higher than their hydraulic counterparts is expected to continue to expand.

In addition, increasing types and numbers of motors – 60-100 units coming in 40-60 types – are installed in every vehicle for better fuel efficiency, less environmental burden, and better safety. Nidec supplies more than 20 types of automotive motors, including EPS, engine cooling, seat adjustment, brake assistance motors. We intend to provide automobiles all over the world with our energy-saving motors, and contribute to reducing vehicle CO<sub>2</sub> emissions and other environmental burdens.

### Embracing New Era of Changes with Broadened Technological Horizons

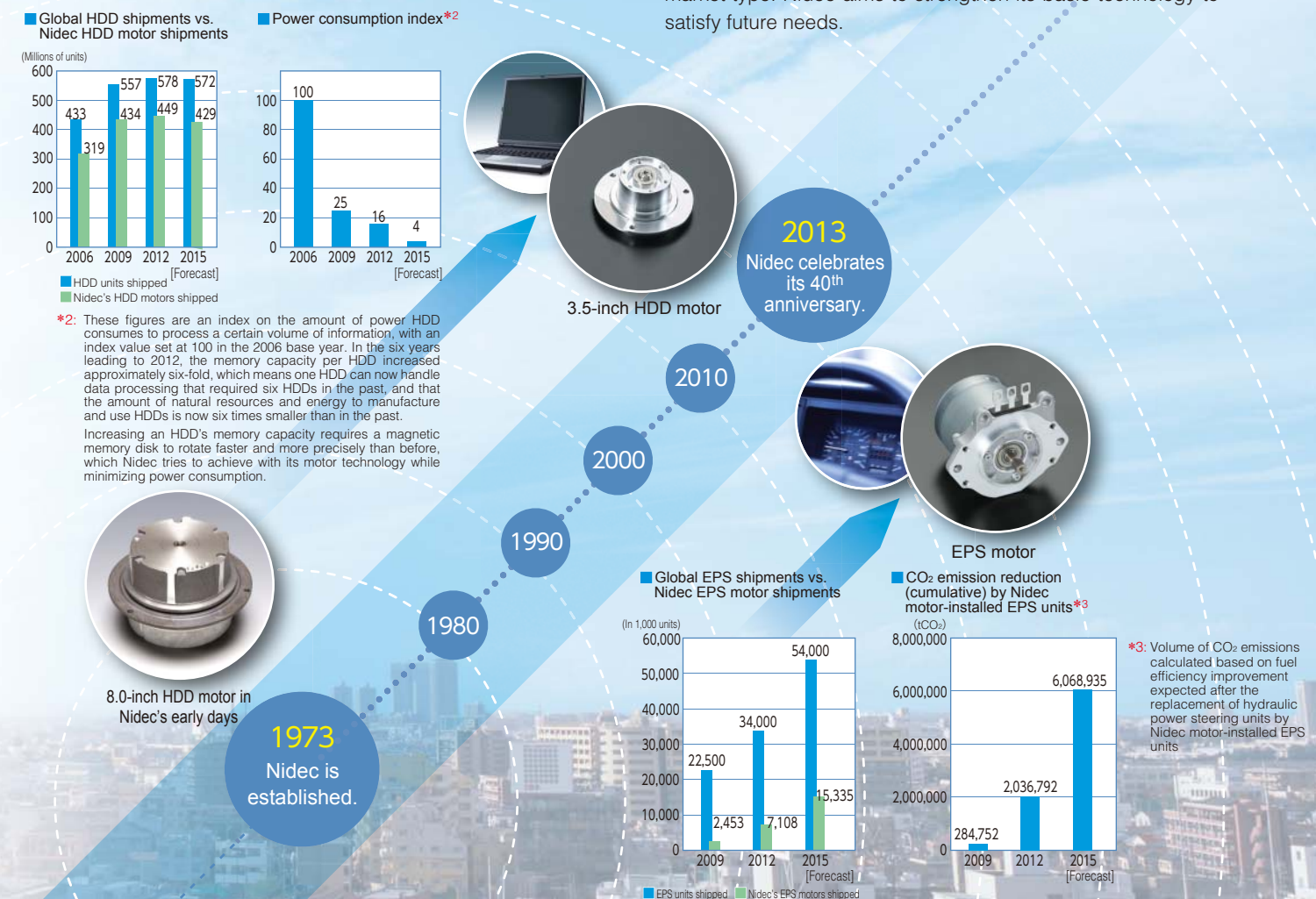
Nidec has strived to create high-efficiency and high-performance motors to satisfy various social needs, particularly in areas where key considerations are given to "the environment" and "comfort."

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 thin PCs' and tablet devices' cooling fan motors, while other usages, such as automobile seats and data center servers, are being considered.

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





## Three R&D Centers Open in Asia

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.

**To be a “No. 1 company for both its Products and R&D”**

**Yasushi Fukunaga**

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

### Research Laboratories Navigating through the Era of Unprecedented Changes

**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 researches 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 words, 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 mechanism, the invention of the steam engine allowed for distribution of power by use of the electric motor around 1890. After 1950, we learned to use computation to control power output. Since around 2010, the industry’s primary focus 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 in and around 1980, followed by the

### The three roles Nidec R&D Centers play:

- (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.

advent of the Internet in 1995, and then by the full-fledged proliferation of cloud computing around 2010.

Based on historical analogy 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.\*2

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 19<sup>th</sup> 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. Decentralization of power sources**

Small-scale power generation facility either in or nearby point of demand, which is different from a large-scale, centralized power generation by an electric power company.

**\*2. Mobility society enabled by the decentralization of power sources**

Current mobile electrical products, which are, in principle, recharged before their use, can only be moved within the distance with its recharger or power source. However, if the product itself is equipped with a power generating capability, it can be moved regardless of such a distance. A mobility society is where electrical products that can be moved freely are used in many parts of the society.

### Network-based, Convergence R&D

**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?**

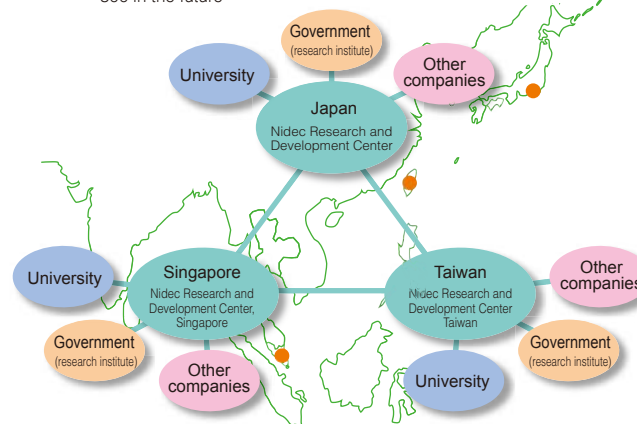
**Fukunaga:** This is a network and convergence R&D system. “convergence research” is one of the key terms currently used in the area of R&D in the world. The term “convergence” has many meanings, including “for organizations to work together in the true sense, and create synergies,” and “connect technologies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

The 20<sup>th</sup> 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 20<sup>th</sup> century’s “analysis-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: 17,953 m<sup>2</sup>  
Staffing plan:  
140 people (as of April 2014) and increase the number up to approximately 300 in the future



#### Nidec Research and Development Center, Singapore

Location:  
Singapore Science Park, Singapore  
Total floor area: 289 m<sup>2</sup>  
Staffing plan:  
20 people (as of April 2014) and increase 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: 324 m<sup>2</sup>  
Staffing plan:  
20 people (as of April 2014) and increase the number up to approximately 100 in the future

The question is, “How will we select optimum research themes from numerous themes?” The answer to the question is a network of researchers. Researching and discussing with other researchers as a member of an open industry-government-academia research group where researchers from different fields gather provides us with various types of information. Our R&D Centers, located in three different places, receive a diverse range of information. Based on the clusters of researchers from other companies, governmental organizations, and universities, sprouts of new ideas are born one after another from such information. The most unique characteristic of our R&D system is that it is “network-based.”

### Future Only Shines Bright for the Companies Taking a Chance on the Unknown

**Q: Lastly, what is the goal of Nidec as a company to be needed by the society for the next 100 years and beyond?**

**Mr. Fukunaga:** As we all remember, three to four years ago we celebrated the 200<sup>th</sup> anniversary of the birth of Charles Darwin. As I have already stated, I believe that we are about to enter an age of chaos where a new social infrastructure is born. Those survived such an age of chaos were not dinosaurs, that were dependent on their strength and satisfied with what they were, but species that could adapt to environmental changes flexibly.

Nidec employees are provided with a book called “the Challenging Road,” which is full of philosophies on which the company was founded, and we the employees are given opportunities to read the book repeatedly. These “philosophies” are what genes are for “species.” So long as we work based on these philosophies and maintain power to create valuable products, we will be able to be active as a new “species” that the society needs.

Nidec will aim to be a company that is “No. 1 in R&D” and that can achieve the goals of enhancing its superior technologies to realize social needs into products faster than others, of creating a market of such products, and of continuing to be needed by the society.

### 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 its energy-saving technology, and engage in “researches on motors and control modules\*3 that can be installed in micro-robots that can explore anywhere,” which is the ultimate form of products that can be achieved by those technologies. I engage in my research every day, dreaming of a future where robots are deeply integrated in people’s everyday life to make it affluent, while wishing that our researches will contribute to the development of the society.



**Ivan Tanra**  
Nidec Research and Development Center, Singapore

\*3. Module: A component that consists of a group of several partial functions.

**Biography:** Mr. Fukunaga, who has led Hitachi, Ltd.’s Hitachi Research Laboratory and Hitachi Central Research Laboratory, has an extensive researching background, ranging from computer control, sheet computer, navigation, image processing to automobile control system. Being at the current post since May 2012, Mr. Fukunaga is an advocate of the 21<sup>st</sup> century-style research and development.

## 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.

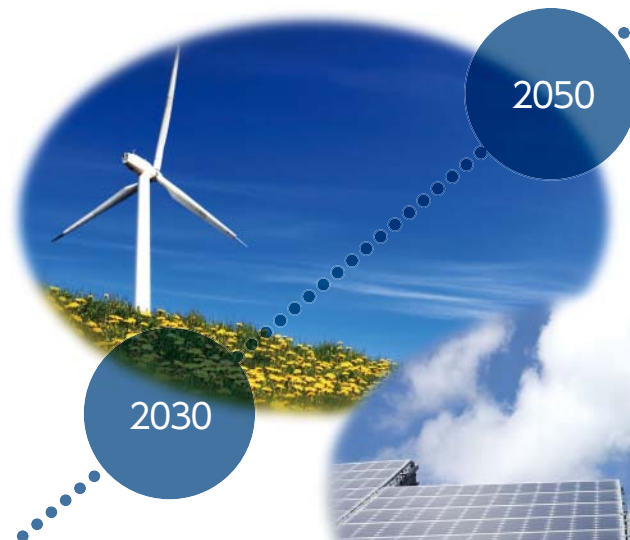
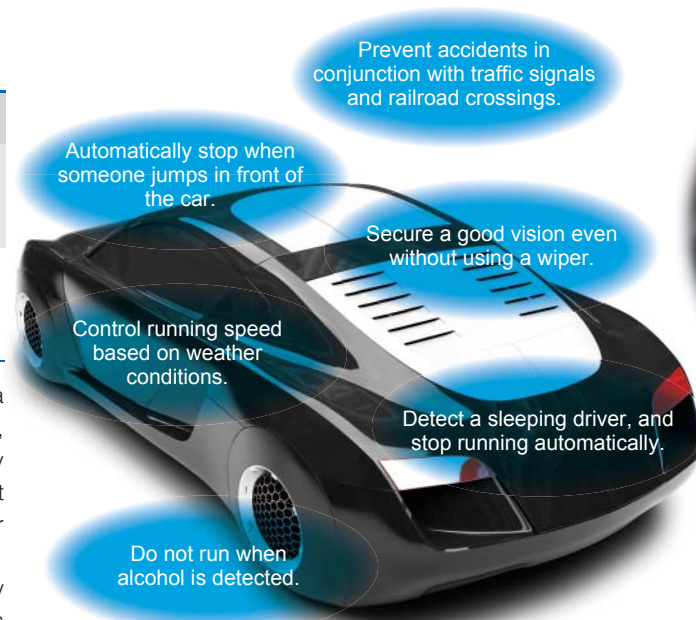
### Be No. 1 company in the future automobile business

What kind of automobile do you imagine when you hear a term, “future car?” One example would be a dream-like, fully-automatic vehicle (an entirely automatic car), which safely carries a passenger to a destination without a driver. This is not an unrealistic idea, but something that several car manufacturers are already experimenting.

What main components will be used in such an entirely automatic car? The answer is: (1) a sensor, (2) a control unit (an artificial intelligence), (3) a motor sensor controller, (4) motors, and (5) batteries. When driving an entirely automatic vehicle, when someone suddenly jumps in front of it, (1) the sensor senses the person, (2) the control unit (artificial intelligence) commands the car to brake, based on which (3) the motor controller operates (4) the motor, and then the brake stops the vehicle. The power for all of these movements is provided by (5) the motors.

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’s Three Basic Management Creeds**

**2** Supply products that the world needs.

### 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 creation,” 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.

One noteworthy product in these projects is a power source system that supplies electricity to mobile phone base stations. This system, which provides base stations with electricity by combining power from small wind and solar power generators with batteries, is attracting attention of newly emerging countries with regions without electricity.

How to stop using fuel energy is a global issue, and renewable energy will certainly be needed more than ever in the future. It is our wish to make products that are highly environmentally friendly and essential in this area of energy creation.

**Nidec’s Three Basic Management Creeds**

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

### Consorted efforts for a better future

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



## Nidec Corporation CSR Charter

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, to earn and retain the trust of society.
- All Nidec directors and employees, in order to enhance product safety, quality, and reliability, must engage in fair business transactions based on transparent and free 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.

### 3 Respect human rights

- All Nidec directors and employees must maintain an optimal work environment which is built upon the respect for individuality and human rights and free from abusive labor practices, such as forced labor and child labor.

### 4 Secure occupational safety and hygiene

- All Nidec directors and employees must ensure workplace safety and good health to establish a work environment that brings out the best in each individual.

### 5 Maintain good relations with the society

- All Nidec directors and employees must be aware that sustainable corporate growth can only be built on good relationships and co-prosperity with the society.
- All Nidec directors and employees must respect the cultures and customs of the countries in which the Company operates, and are encouraged to participate in social contribution activities for the benefit of the respective local communities.

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" Plus, as bylaws for 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 bargain."

## From CSR Officer

**Akira Sato**  
Executive Vice President

Nidec has set itself the goal of spreading products and technologies with excellent environmental performance throughout the world and fulfilling its social responsibility as a corporation by the creation of employment opportunities through continuous growth.

Nidec is turning 40 this year. Commemorating this milestone, we determined to look forward far into the future, and be a company that the society needs for the next 100 years and beyond.

It is to that end that we will launch various measures such as enhancing our basic research capabilities and fostering human resources who can work globally, and CSR will be an essential tool to promote these measures sustainably.



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 standard-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.

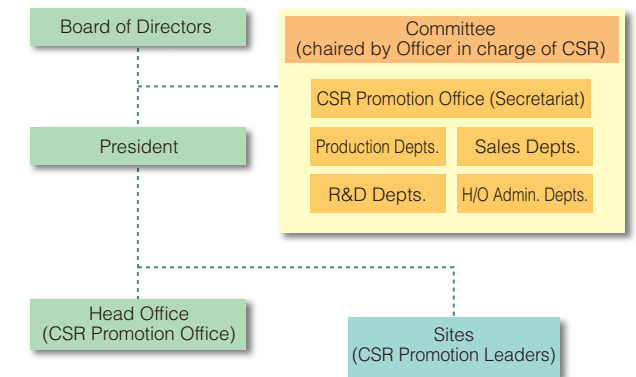
As we wish to steadily address individual issues and solve issues and improve Nidec's CSR standard based on Group-wide efforts, your continued understanding and advice would be truly appreciated.

## CSR Promotion Framework

Our ongoing CSR promotion framework took shape in April 2008, when we established the CSR Committee under the Board of Directors. Consisting of a Chairman and representative members of Nidec's major functions, the CSR Committee discusses and decides key issues, including policies and yearly action plans. Resolutions of the CSR Committee are brought into practice through active collaboration between the Committee's dedicated bureau, named the CSR Promotion Office, and designated departments, offices and operating units. In April 2012, Nidec reshaped itself to become more agile, better tailored to address a broader spectrum of regional markets over the world.

As we expand our geographic scope and increase new market entry opportunities, our CSR initiatives become more geographically diverse, encompassing Asia, Europe, North and South America.

### CSR Promotion System



## CSR Management System

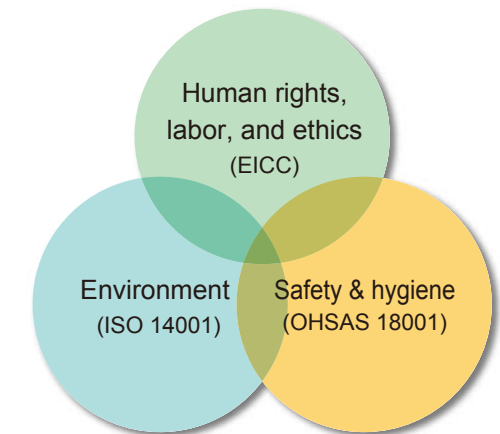
We employ an integrated management system (CSR Management System) designed in line with generally accepted international standards and roll it out to our operating units to establish and maintain an effective framework for CSR-oriented activities.

Each operating unit ensures its compliance with ISO 14001\*1, OHSAS 18001\*2 and EICC criteria and follows guidelines consistent with the respective national/regional regulatory requirements.

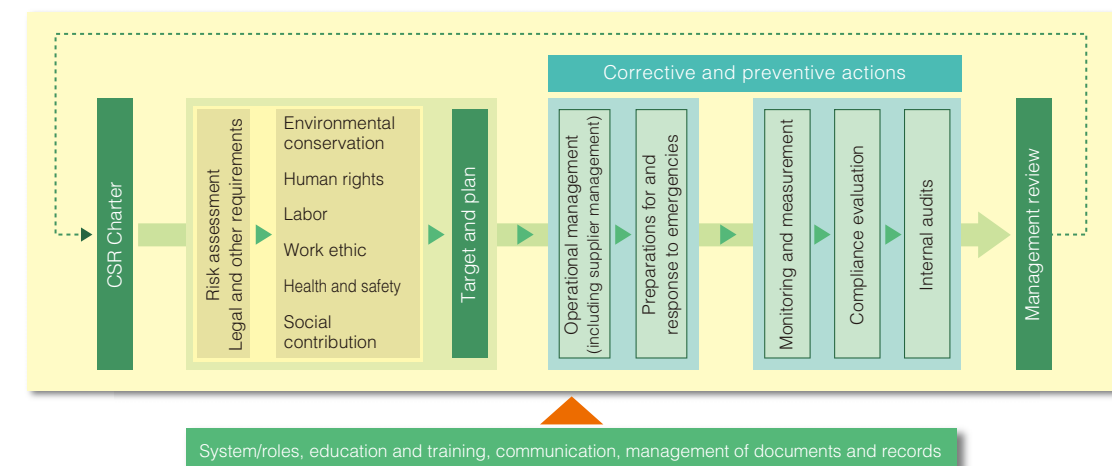
The entire managerial processes, ranging from target-setting and implementation planning to management review, run through a feedback loop called the PDCA (Plan-Do-Check-Act) cycle to ensure the continuous improvement of the CSR management system.

Currently, the CSR Management System is in operation at our main manufacturing factories in China, the Philippines, Thailand and Vietnam. Going forward, our CSR Management System is expanding its reach to a broader range of our operating locations through a phased implementation plan.

### CSR Management System



### CSR Management System PCDA Process



\*1 UN Global Compact Principle against Corruption: Basic anti-corruption principles advocated by the then US 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

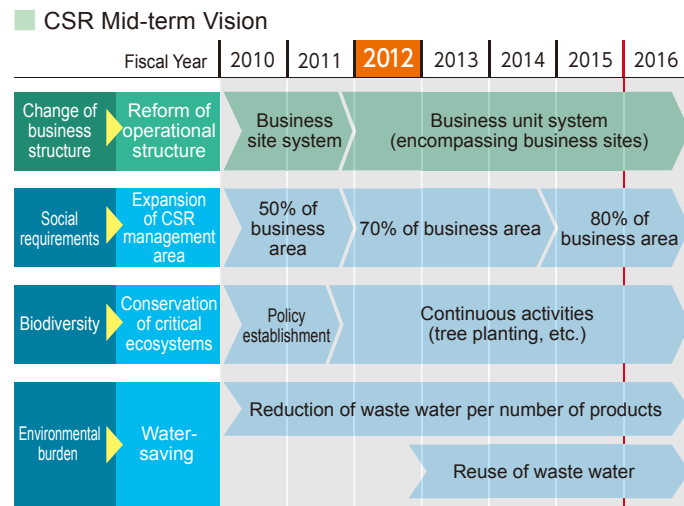
The CSR concept shows its true value only if it is practiced in the entire company. In recent years, the business area of Nidec has been growing rapidly on a global scale due to M&A activities and other factors. Therefore, the number of business sites that need to be managed based on CSR has also increased.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

### 2 Conservation of ecosystems

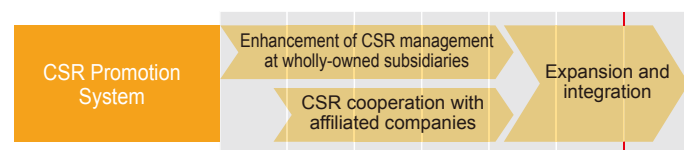
To enable the continued utilization of biological resources, it is necessary to manage our business in ways that prevent the decrease of species while at the same time making efforts to conserve principal species. Nidec has been promoting continuously conservation activities, such as mangrove reforestation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

### 3 Economic use of water resources

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.



### Roadmap for the expansion of the CSR management system



## Targets and Results

CSR activities	FY2012 Targets	FY2012 Results	FY2013 Targets
CSR Awareness	<ul style="list-style-type: none"> <li>The cumulative number of successful e-learning course applicants: 2,500</li> </ul>	<ul style="list-style-type: none"> <li>The cumulative number of successful e-learning course applicants: 2,566</li> </ul>	<ul style="list-style-type: none"> <li>E-learning at newly joined sites</li> </ul>
CSR Management System	<ul style="list-style-type: none"> <li>Incorporating more factories/offices into the CSR management framework</li> </ul>	<ul style="list-style-type: none"> <li>Incorporating Nidec Servo, Nidec Techno Motor, Nidec Machinery, and other three companies into the CSR management framework</li> </ul>	<ul style="list-style-type: none"> <li>Finish incorporating Nidec Servo, Nidec Techno Motor, Nidec Machinery, and other three companies into the CSR management framework</li> </ul>
Social Action Program	<ul style="list-style-type: none"> <li>Driving forward biodiversity conservation activities</li> </ul>	<ul style="list-style-type: none"> <li>Drive forward biodiversity conservation activities (Tree and seed planting, and environmental conservation activities at lakefront and river basin)</li> <li>Continuous educational support (Environmental class for elementary school students)</li> <li>Continuous social support activities (Fund-raising campaign, blood donation, welfare facility visit, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Drive forward biodiversity conservation activities</li> <li>Continuous educational support</li> <li>Continuous social support activities</li> </ul>

### Actions in FY2012

#### Actions for the "Conflict Mineral" Disclosure Rules

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,



agreed with the Act, determined in 2011 to ban the use of four minerals identified to be associated with the armed insurgents, and discloses information on relevant information on the company's website.

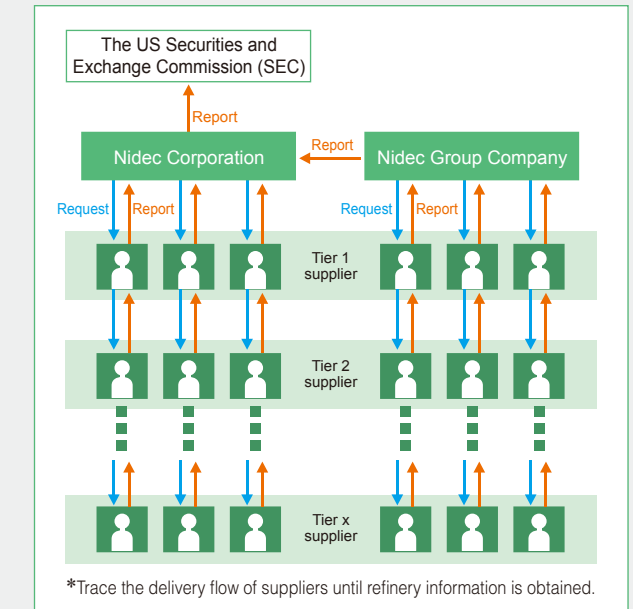
In August 2012, after a series of deliberations after the enactment of the Dodd-Frank Wall



Street Reform and Consumer Protection Act, the US Securities and Exchange Commission (SEC) established rules on the use of the conflict minerals. The rules oblige US-listed companies to specify the country of origin of the four minerals incorporated in their products, and investigate and report whether any of these minerals is related with any of the DRC countries' armed insurgents. Nidec, a US-listed company, is building a new rules-based investigation and report system for all Group companies.

For more on basic purchasing policy and non-use of the conflict minerals, please visit: <http://www.nidec.com/corporate/procurement/policy/>

#### Investigation route



### Actions in FY2012

#### Expanding 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 these companies, ensure that 60% of Nidec Group companies will be under the CSR management system by the end of FY2013, incorporate

mainly Group companies headquartered in Europe and the US in the system, and eventually achieve a 70% rate, the goal for FY2014.



\*DRC countries:

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)



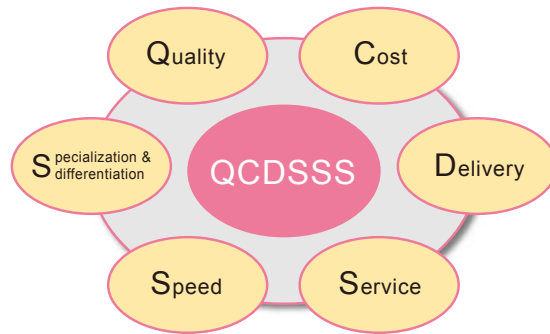


## Customer Relations

### 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 improve 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.

#### QCDSSS requirements



#### 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\*1, 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.



## Supply Chain Relations

### Basic Concept

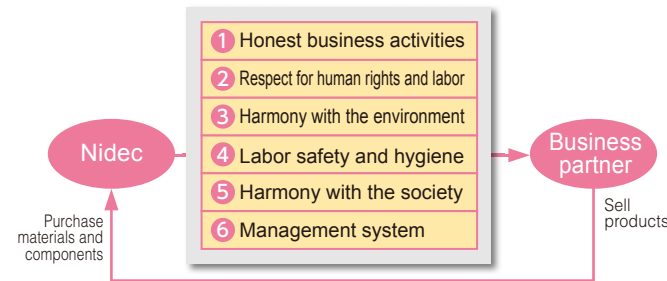
#### Basic purchasing policy

Nidec aims to constantly grow and leap forward based on good 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.

#### 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."

#### CSR-based procurement flow



#### Actions in FY2012

### 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 and pass self-check, but their on-site audit rate is only approximately 10%, lower than other regions, and the figure needs to be improved.

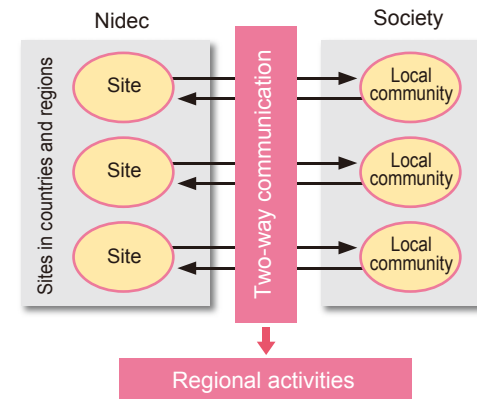
In FY2012, Nidec (Dongguan) Limited, one of our Chinese sites, started its on-site audit to four of its business partners. The follow-up by the four companies on issued to be solves has been completed. This fiscal year, 12 companies, three times more than the number last fiscal year, are expected to 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.

## Local Community Relations

### Basic Concept

We respect the culture and customs of each country and region where we operate, and our business activities are launched based on our CSR Charter, which includes "Harmony with the society." To contribute to each local community in a more committed and effective way, each of our sites has a secretariat for individual projects and engages in various activities proactively. Anticipating the issues that each community faces, we understand what needs to be done on our part and launch activities that focus on two-way communication with the communities.



#### Actions in FY2012

### Food Service Program for Children

In November 2012, Nidec Precision Philippines Corporation provided food for children in the city of Binan, Laguna as part of the "Guarantee of Children" campaign by the Philippines' Department of Health to support to help children in unhappy home environment.

This program, participated by 53 three to seven year-old children, started with games to relax them first, followed by nursery rhyme and hand-playing song singing, and bread, egg-based dishes, and other food were offered to the children. In addition, environmental consciousness and disposal waster management lectures were held by Nidec Precision Philippines' HR manager for 35 mothers of the children.

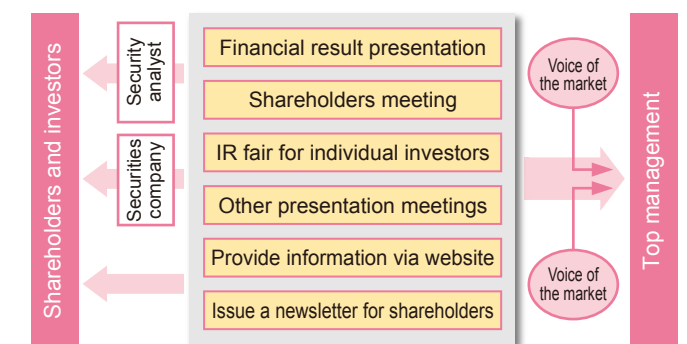


## Shareholder Relations

### Basic Concept

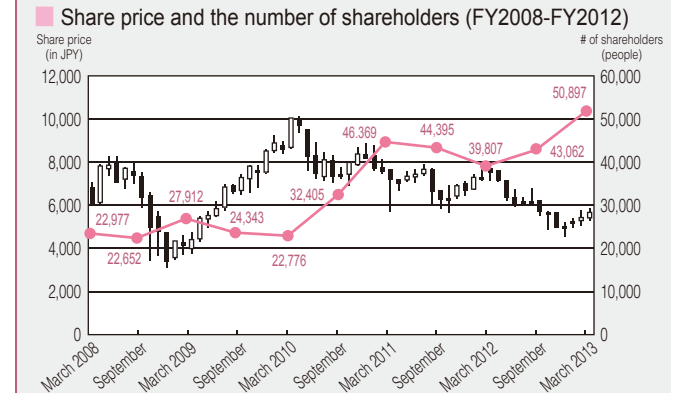
Nidec wishes to achieve long-term high-level growth, profit, and stock prices to maximize the company's shareholder value, and satisfy its shareholders' mandate. To promote the understanding of our shareholders, investors, and other stakeholders with regards to our company, enable a fair assessment of it, and also make its business management more open and achieve full accountability, we will disclose information fairly, 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 interviews, presentations, and other opportunities.

#### IR functions



#### Actions in FY2012

### Number of Nidec Shareholders Exceeds 50,000



To make a stable shareholder base, we launched a "50,000 Shareholders" project in 2010. The public awareness of Nidec Corporation, whose business activities are largely with other companies, is not high. Therefore, to help especially individual investors properly understand our overall business and business activities, we promote active IR activities, holding nationwide presentation meetings for individual investors and securities companies' sales representatives who contact them in person. These meetings were attended by 1,533 individual investors and 1,665 sales representatives of securities companies in FY2012.

We believe these IR 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.

\*1 Regenerative recharging mechanism:

Mechanism to generate power from wheel rotation when a bicycle is braked or going downhill, and accumulate the power in a battery.

# Employee Relations

## Basic Concept

In the course of developing a pool of challenge-seeking, globally competent human resources, Nidec is, based on its three company philosophies, i.e. "Passion, enthusiasm, and tenacity," "Intellectual hardworking," and "Do your job right away, do it completely, and never give up," cultivating a diversity-rich work environment that brings out the best in every individual.

Employment Expansion	Develop and improve employees' skills	Respect diversity
<ul style="list-style-type: none"> <li>Employees are Our Lifeline.</li> <li>International Recruitment</li> <li>Employment Growth Linked to Business Expansion</li> </ul>	<ul style="list-style-type: none"> <li>Hold group training sessions.</li> <li>Support self-development.</li> <li>OJT (On-the-job training)</li> </ul>	<ul style="list-style-type: none"> <li>Nurture a corporate culture that respects diversity.</li> <li>Ensure a workplace where employees can work comfortably (with shortened work hours, re-employment, and other systems).</li> <li>"Positive action" activities</li> </ul>

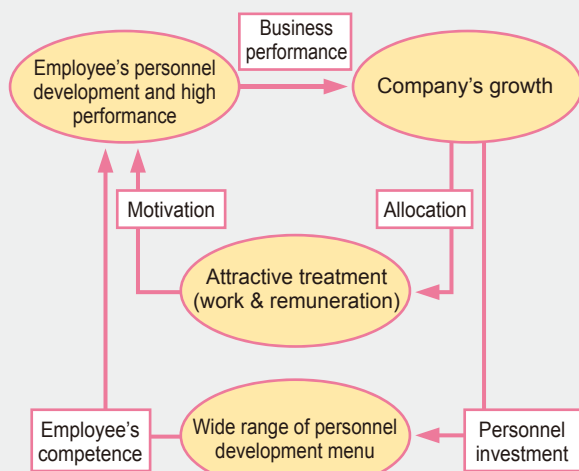
### Actions in FY2012

#### New HR System Introduced

The new HR system, introduced in FY2012, determines employees' ranks based on their duties, evaluates employees' "performances" based on absolute criteria by evaluating their duty-based achievements and actions leading to such achievements, and determines employees' remuneration that matches their duties and performance.

Not only does the system evaluate employees, it also ensures to make individual works worthwhile for each person, matures him/her, and gives him/her chances for new and large-scale works positively. The new HR system, introduced to all Group companies in Japan in FY2013, requires each employee to grow independently to be able to accomplish works on a global scale.

#### HR Management Cycle to Help Nidec Grow



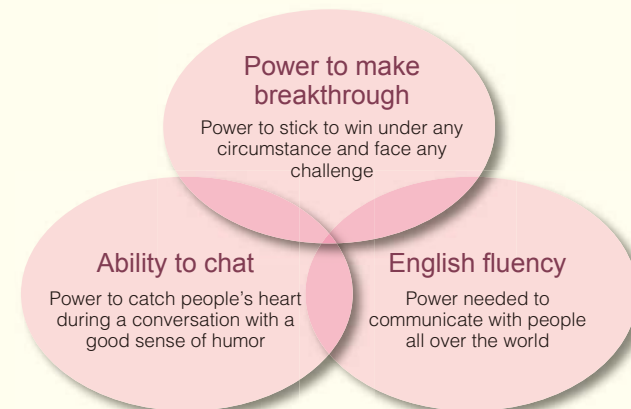
## To Nurture Employees to Make Them Truly Global



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 others 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:



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."

## What We Need to Do Now for Nidec to Be a Company that the Society Needs for the Next 100 Years and Beyond

### 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.

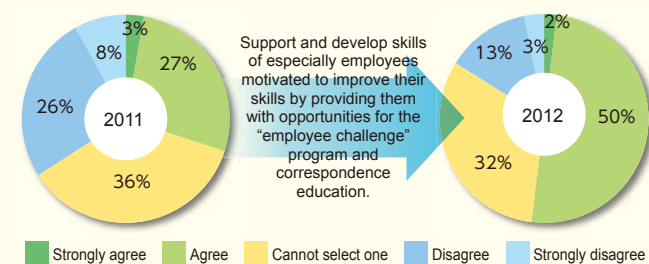
The chart below shows a human resource development measures introduced since FY2010 to ensure employees' further growth and to enable them to work globally.

FY	TOPICS
FY2015	Future manager development program to start for domestic and overseas employees
FY2013	Internal language school opens. Level-based English lessons start. Seminar programs are presented to Group companies.
FY2012	Special skill development program starts for engineers, sales personnel, and other employees (topics: strategic thinking, leadership, negotiating skills, etc.).
FY2010	Company-wide TOEIC (Test of English for International Communication) test starts (twice a year). English skill seminars are held in the Nidec Group's sites and offices.

### Reflect employees' voices in seminars and grow with employees

At the end of each seminar, we distribute a questionnaire to its participants for evaluation and future improvement. We also listen to employees actively, and incorporate their opinions in the seminars. The improved quality of these seminars has steadily improved employee satisfaction.

The rate of employees who either "strongly agree" or "agree" to the statement, "The company provides its employees with education and training opportunities has increased from 30% in 2011 to 52% in 2012.



### Cast diversity-based new ideas into shape

The Nidec Group, wishing to ensure that employees from different cultural backgrounds can discuss freely, is committed to casting diversity-based new ideas into shape, sending into the society products essential to the world, and thus being a company needed by the society for the next 100 years and beyond.

### 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 craving out 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.

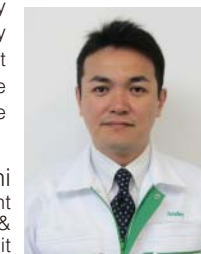
#### Employee's voice

"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



#### 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 used free time in between my tasks, completed the course, and passed the examination.

People tend to feel as if they were lagging behind their company while on an absence, but taking on the challenge of participating in the course and 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)



\*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 thus provides its employees with knowledge and skill development opportunities by interacting with other companies' employees.

## 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 foregoing 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 Industriali (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 trade 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.



its core to 124 photovoltaic power plants, mainly stationed in Italy, a country that boasts to take second place in the output of photovoltaic generation. In addition it also undertakes construction of photovoltaic power plant. In the field of offshore wind power and hydroelectric power generation it has been providing a complete package of motor, power generation and inverter etc.

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.



#### ASI Overview

Nidec ASI, S.p.A.

Headquartered in Milano, Italy

Major business sites: Italy, France, Russia

- Major business lines:
1. Motor, power generator and drives
  2. Industrial system and automation
  3. Service business (repair, maintenance)

Employees: 1,325 (consolidate-base) as of March 31, 2013

ASI, having been dealing with electric system used in ship and railroad vehicle in the Ansaldo group business, has been enhancing its technology to increase efficiency of systems for electric generation, transmission and distribution. In the field of renewable energy it has been delivering electric power module having power inverter as

## Successful completion of the third Mid-term Environmental Conservation Plan

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.

Activity	Third mid-term plan (FY2010 - FY2012)		
	FY2010 - FY2012 Targets	FY2012 Results	FY2010 - FY2012 Results <small>(Compared the average environmental load during 2010-2012 against the actual impact in 2009)</small>
<b>Reduction of greenhouse gas (CO<sub>2</sub>) emission</b>	For both domestic and overseas sites, reduce the greenhouse gas emission by 3% on average in the period of three years on the basic unit basis, compared to the FY2009 levels.	Domestic: Reduced the greenhouse gas emissions by 23.8% from the FY2009 level on the basic unit basis. Overseas: Reduced the greenhouse gas emissions by 16.6% from the FY2009 level on the basic unit basis.	Domestic: Reduced the greenhouse gas emissions by 15.3% from the FY2009 level on the basic unit basis. Overseas: Reduced the greenhouse gas emissions by 8.3% from the FY2009 level on the basic unit basis.
<b>Reduction of final waste disposal volume</b>	For both domestic and overseas sites, reduce the waste disposal volume by 3% on average in the period of three years on the basic unit basis, compared to the FY2009 levels.	Domestic: Reduced the waste disposal volume by 0.9% from the FY2009 level on the basic unit basis. Overseas: Reduced the waste disposal volume by 6.4% from the FY2009 level on the basic unit basis.	Domestic: Reduced the waste disposal volume by 9.8% from the FY2009 level on the basic unit basis. Overseas: Reduced the waste disposal volume by 5.6% from the FY2009 level on the basic unit basis.
<b>Environmental management</b>	Based on the ISO audit, establish a comprehensive product quality and environmental assessment system for domestic sites.	Unified the audit institution for certification and renewal of ISO14001 and ISO9001 with an aim of improving the quality and environmental management ability of domestic sites	Unified the audit institution for certification and renewal of ISO14001 and ISO9001. Has started to unify the audit institution of overseas sites.
<b>Product-based environmental contribution</b>	Promote the development and widespread use of products that will contribute to the global environment conservation.	Development of wind electricity and photovoltaic generation equipment	<ul style="list-style-type: none"> <li>Development of high-efficiency motor which supports industrial IE3 (premium efficiency)</li> <li>Development of SR (Switched Reluctance) motor for automobiles free from rare earth</li> <li>Development of wind electricity and photovoltaic generation equipment</li> </ul>
<b>Environmental communication</b>	In association with external organizations, promote volunteer activities for biodiversity conservation.	Philippines: Planted 208 trees and approximately 7,200 seeds	Philippines: Planted approximately 3,600 trees and provided seeds to local communities. Thailand: A total of 650 people participated in activities of planting mangrove and other trees. China: Approximately 100 people planted nursery trees.
	Contribute to the environmental education of local communities.	Held environmental classes for elementary school children six times in Japan.	Held environmental classes for elementary school children fourteen times in Japan and four times in the Philippines.

### Greenhouse gas emission

We have achieved the reduction aim of the third mid-term plan at home and abroad. The emission volume has been reduced both on the basic unit basis and the total volume basis domestically and overseas compared to last fiscal year. Improved efficiency of electricity consumption made possible by our efforts to save electricity, the consolidation of overseas production sites and improved production equipment have all led to less fuel consumption, resulting in the controlled emission of CO<sub>2</sub>. We will continue to strive toward reducing greenhouse gas emission by improving the efficiency of energy use.

### Final waste disposal volume

We have achieved the reduction aim of the third mid-term plan at home and abroad. The disposal volume has slightly increased domestically over last fiscal year, while overseas the volume has been leveled off on the basic unit basis, but has been slightly reduced on the total volume basis compared to last fiscal year. The reduced total volume is due to our everyday efforts to curb waste disposal, increased level of recycling ratio, and production decline to adjust to the market situation.

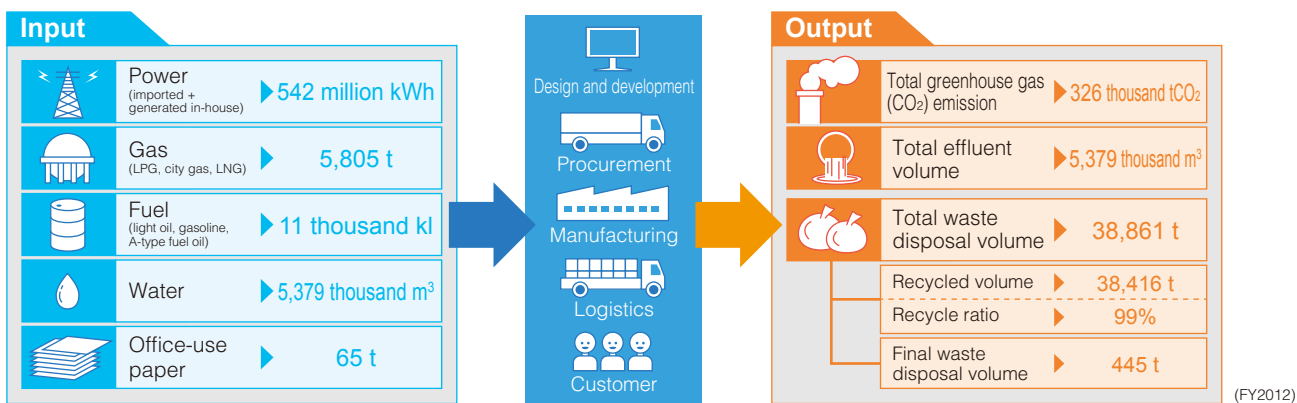
## Environmental performance

### Environmental load – Overall picture

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.

### Material balance



## Fourth Mid-term Environmental Conservation Plan

Under the fourth mid-term plan (FY2013–2015), the scope of our self-driven activity targets has been expanded to seven items from the previous five items pursued under the third plan (Reduction in power/water consumption added). In the meantime, we are also planning to broaden the scope of facilities operating under the framework of Nidec's CSR Management System from the current 11 facilities (4 in Japan\*1 and 7 overseas\*2).

Activities	Fourth mid-term plan (FY2013 - FY2015)
	FY2013 - FY2015 Targets
<b>Reduction in greenhouse gas (CO<sub>2</sub>) emission</b>	Reduce FY2013-FY2015 average annual CO <sub>2</sub> emission (intensity) from all target facilities by 3% compared to the FY2012 level
<b>Reduction in power consumption</b>	Reduce FY2013-FY2015 average annual power consumption (intensity) at all target facilities by 3% compared to the FY2012 level
<b>Reduction in water consumption</b>	Reduce FY2013-FY2015 average annual water consumption (intensity) at all target facilities by 3% compared to the FY2012 level
<b>Reduction in final waste disposal volume</b>	Reduce FY2013-FY2015 average annual final-waste disposal (intensity) at all target facilities by 3% compared to the FY2012 level
<b>Environmental management</b>	Establish a comprehensive product quality and environmental assessment system for domestic and overseas facilities
<b>Environmental contribution through products and technology</b>	Promote the development and proliferation of environment-conscious products
<b>Environmental communication</b>	Promote joint volunteer activities with external organizations for biodiversity conservation Conduct environmental awareness workshops for local communities.

### Key points of the fourth mid-term plan

We have achieved the targets for reducing the intensity of greenhouse gas (CO<sub>2</sub>) 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 CO<sub>2</sub>, 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 from the manufacturing operations. 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 recategorize it - the production site group and the non-production site group.

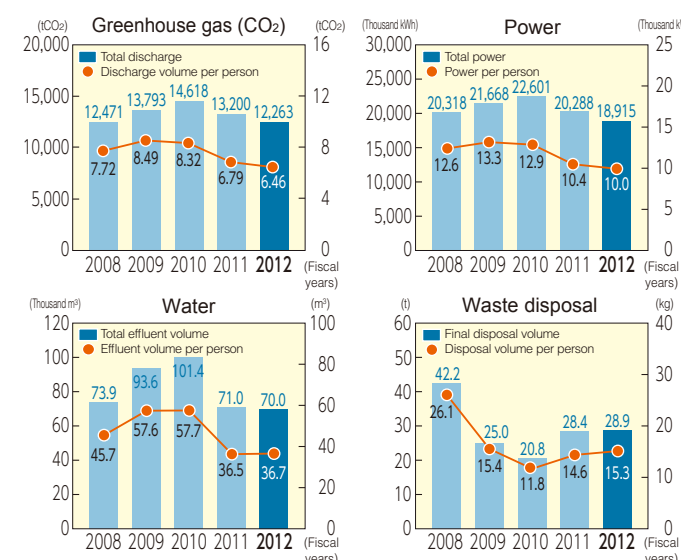
We are determined to continue our commitment to the environmental management, product-based environmental contribution and environmental communication as to which we pursue qualitative goals.

### Change in Emission/Consumption Intensity Metrics

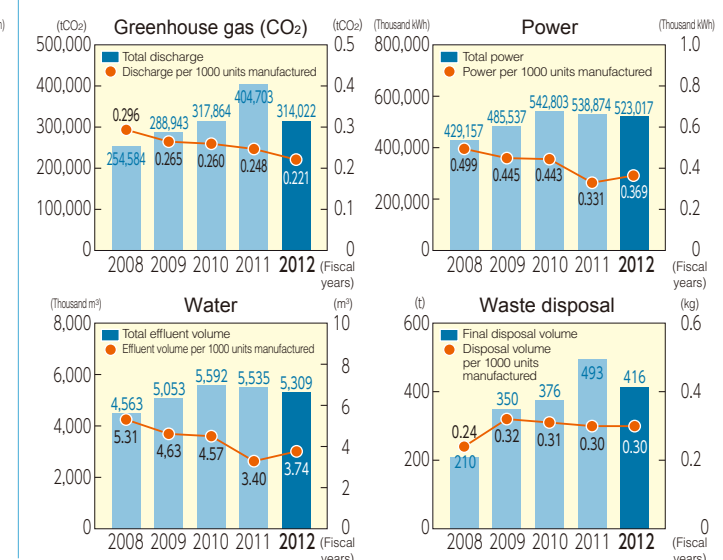
The first to third mid-term plan		The fourth mid-term plan	
Disclosure unit	Basic unit	Disclosure unit	Basic unit
Domestic site	Per one employee	Non production site	Per one employee
Overseas site	Per one thousand units manufactured	Production site	Per sales amount of one thousand US dollars

### Major environmental load

#### Domestic sites



#### Overseas sites



\*1 Domestic site: For 2008–2012, summary value of 4 sites in Japan

\*2 Overseas site: For 2008–2009, summary value of 8 sites, for 2010–2012 summary value of 7 sites