

## Message from the Director in Charge of Sustainability



**Fumiaki Ushio**  
Senior Vice President

**We will listen more carefully than ever to the voices of our customers, and achieve strong and flexible company growth.**

Since I took charge of sustainability management in January 2024, I have been approaching my work with a stronger awareness of the importance of listening than ever before. This is because, in order to achieve strong and flexible corporate growth, it is essential to listen more carefully than ever to the various voices surrounding our company, as the prerequisite for realizing this is that “the direction of the business strategy that the company is aiming for and the path to solving the social issues that the world is seeking to address are in alignment”.

Today, we are facing global structural changes such as the energy revolution in response to climate change, the impact of pandemics, and geopolitical turmoil, while at the same time we are in the midst of a technological turning point, as typified by the rapid evolution and spread of artificial intelligence (AI). We have changed our management strategy and investment direction in response to these changes in social conditions that are progressing at the macro level.

In this context, we have set the most important themes for ensuring the sustainability of our management for 2021 based on the results of interviews with senior management and institutional investors, and have been working to reduce risks and discover opportunities in 15 areas (materiality) related to the environment, products, human resources, supply chains, and governance. For a global manufacturing company like ours, the most important factors in adapting to unforeseen changes are “environment” and “people,” which can have a cross-cutting impact on these materiality areas.

### Listening to the voice of the environment

As a company that operates a global-scale business in the field of motor and other drive technologies, we have a responsibility to improve the environmental characteristics of the products we provide, while at the same time minimizing the amount of energy and resources used in all processes from material procurement and manufacturing to disposal. These are also initiatives that will lead to the realization of a Circular Society, a global issue, and the reduction of greenhouse gases, which is at the core of climate change countermeasures, and by adding new environmental value to our product design concepts and manufacturing methods, we will achieve business growth that meets the expectations of society. We have announced our net zero CO<sub>2</sub> emissions initiative for our entire supply chain by 2050. We are learning about the rational approaches required of our company through advice from our customers and participation in international initiatives, and putting them into practice. This includes reporting on climate change and water usage through the CDP (a global disclosure platform for environmental information), analyzing and disclosing the impact of climate change on our business in line with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), and formulating greenhouse gas reduction targets for 2030. This target was recognized as a scientifically based target for achieving the “1.5°C target” in the Paris Agreement, and it has been certified as an SBT by the international climate change initiative SBTi (Science Based Targets

initiative). In both cases, effective collaboration with a wide range of value chains will be necessary on the path to achieving the plan.

### Listening to the voices of people

At our offices around the world, we have over 100,000 employees of diverse nationalities, races, religions, cultural backgrounds, and specialties, who are supported by many customers, business partners, and people in the surrounding communities as they carry out their work. This suggests the importance of taking responsible business actions that are internationally acceptable while understanding the cultural assumptions that differ from country to country, and also shows that close dialogue with the value chain is the key to the continuation of our business.

Furthermore, the presence of many employees from various backgrounds means that the pool of human resources that will carry our company into the future is that much deeper. Through our extensive pool of human resources, we focus on the potential of each and every one of our employees, and we aim to create a workplace environment where employees can find motivation and joy in their work while increasing flexibility in the way they work, as well as to discover and develop human resources who can open up opportunities for the growth of the company and themselves. To achieve this, it is necessary to carefully align the skills required by the company with the work and life perspectives of the individual employees, and we recognize that the construction of a process that makes this possible is a core issue in our Human Resources Strategy. The “Global HR Strategy

Committee” established in April 2024 is the first step in such a process.

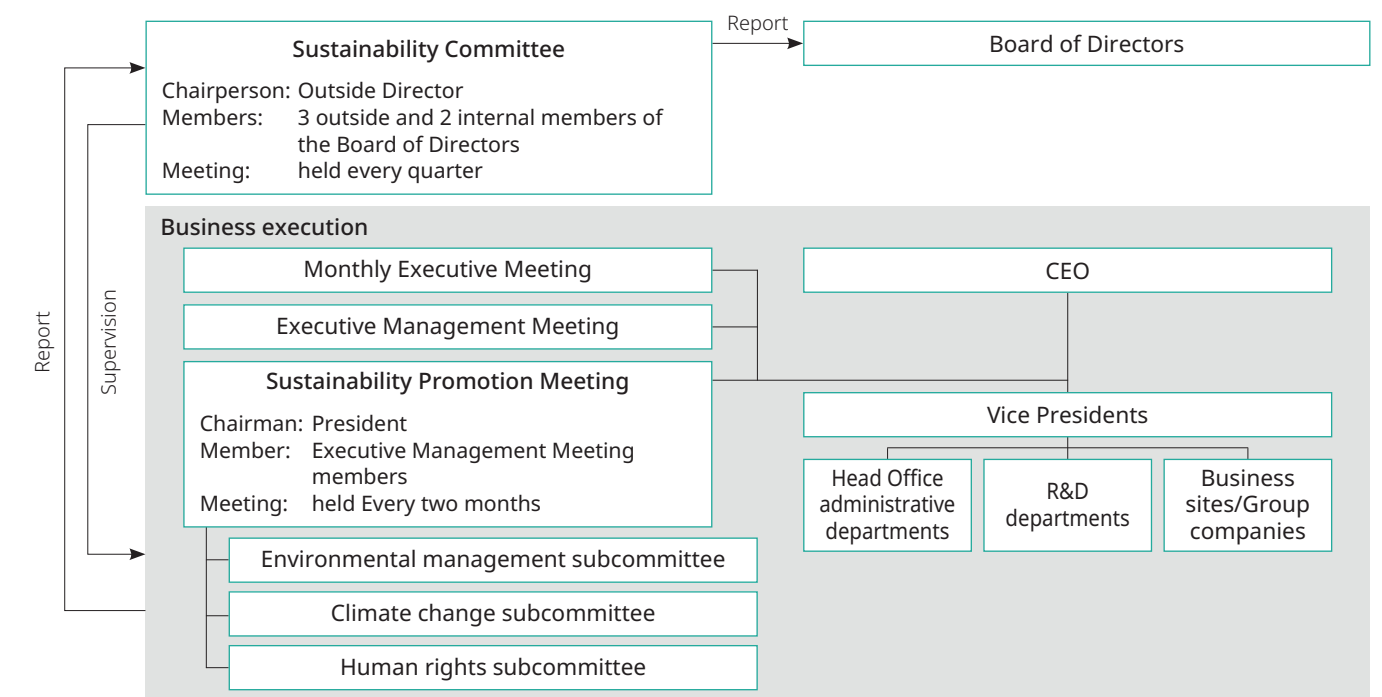
In addition, the human rights perspective is essential for meaningful communication with a wide range of internal and external stakeholders, and its importance will only increase in the future. Following the formulation of a human rights policy that applies to the entire Group, we will continue to deepen our understanding of its essential nature and build a system to understand the realities of our company and supply chain from a social perspective.

### Governance Structure for Sustainability

As a governance structure necessary for addressing various issues related to sustainability management, including materiality, we have established the Sustainability Promotion Meeting as an executive body and the Sustainability Committee as a supervisory body. The Sustainability Promotion Meeting meets every two months in principle, where the president and other executive officers discuss the progress of implementation plans and issues, as well as sharing information on new social demands. The content of the meeting is reported to the Sustainability Committee, which is made up of a majority of outside directors, and is then shared with the Board of Directors. In June 2024, we introduced a system linking the remuneration of executive officers to the company’s ESG performance.

In order for our company to achieve sustainable growth in the future, it is essential that we work in partnership with our stakeholders. We hope that you will understand the intent behind our sustainability initiatives, and we look forward to your candid feedback.

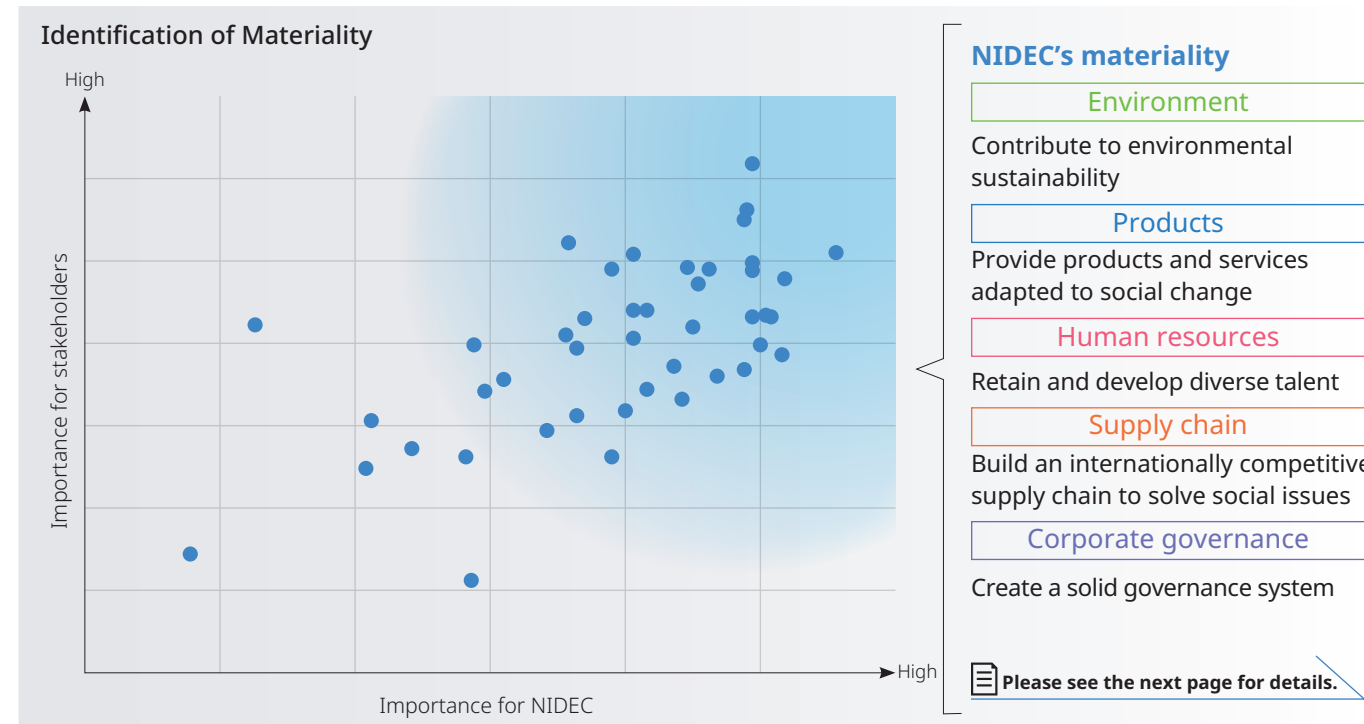
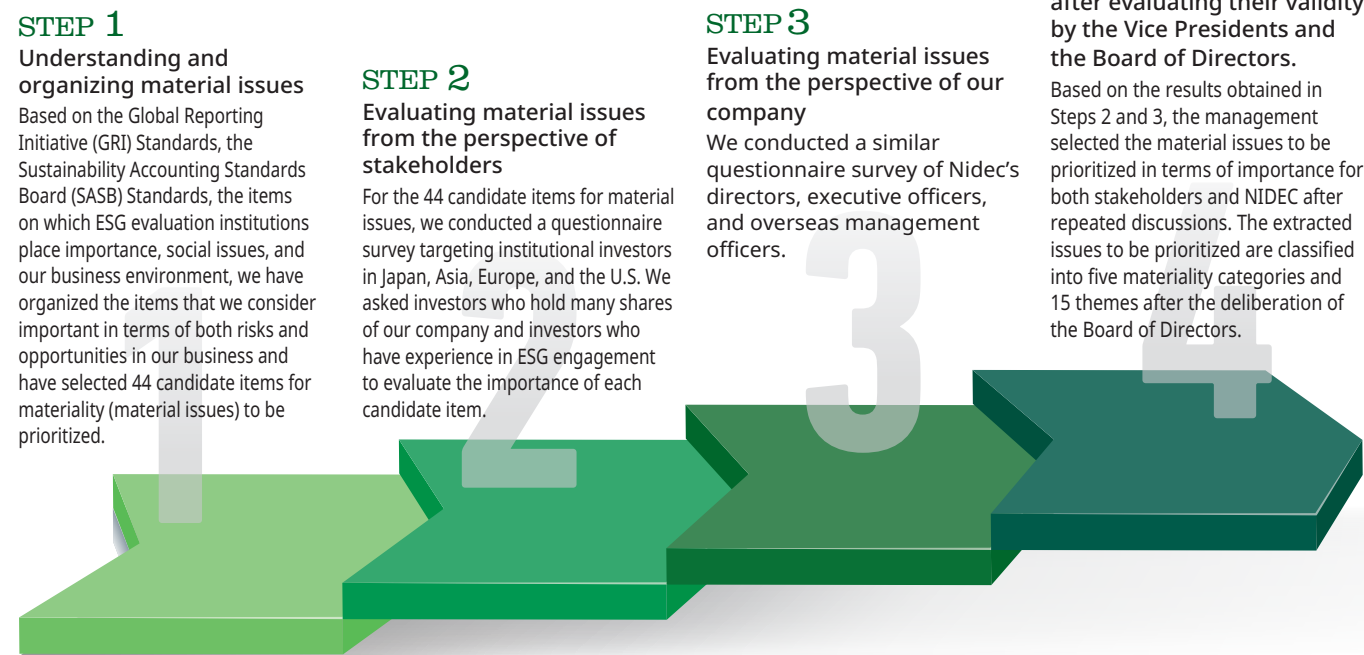
#### Sustainability promotion system



# Materiality of the NIDEC Group

In 2021, we identified the issues that are important for enhancing our corporate value over the medium- to long-term and for fulfilling our mission of “contributing to the earth with the world’s most advanced motors”. To ensure effective and steady implementation of our materiality initiatives, we have set 15 action themes in the five materiality categories. And, for each theme, we have set KPIs, which we intend to achieve by FY2025. We incorporate the KPIs into the new medium-term strategy and various strategies such as those for the environment and Human Resources, and work on them to enhance the sustainability of our business. We may change the materiality issues, action themes and KPIs taking into consideration their validity according to the business environment in the future.



## Process of Materiality Initiatives

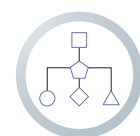


## Materiality

Category	Materiality	Theme to be addressed	Sub-theme	KPI (FY2025)	Progress in FY2023	
 Environment	Contribute to environmental sustainability	Realize a carbon-free society	Contribute to decarbonization through products	<b>Contributing through Automotive Products</b> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by introducing the EV traction motor system (E-Axle/BSG): Cumulative total from FY2020 to FY2025: 11,700,000 t-CO<sub>2</sub></li> <li>Reduce CO<sub>2</sub> emissions by introducing electric power steering (EPS-PP/EPS) motors: Cumulative total from FY2020 to FY2025: 26,261,000 t-CO<sub>2</sub></li> <li>Reduce CO<sub>2</sub> emissions by introducing electronic brake booster (EPS-PP/EPS) motors: Cumulative total from FY2020 to FY2025: 10,029,000 t-CO<sub>2</sub></li> </ul> <b>Contributing through the small precision motors</b> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by introducing motors for compact EVs: 35,000 t-CO<sub>2</sub> per year</li> <li>Reduce CO<sub>2</sub> emissions by introducing motors for e-bikes: 32,000 t-CO<sub>2</sub> per year</li> </ul>	In the Automotive Products business, we are developing the third generation of E-Axle models, which have technological advantages such as low cost, high profitability, functional integration, and high-speed rotation, and we plan to increase sales volume in FY2024. In the small precision motors business, we are developing and improving our production system for drive motors for e-bikes. We are preparing for the growth of the e-Bike market by starting up a new plant, and we aim to contribute to a decarbonized society with environmentally friendly next-generation models.	
			Reduce GHGs emissions attributable to business activities	<ul style="list-style-type: none"> <li>By FY2025, increase the introduction ratio of renewable energy to 40% on a consolidated basis</li> <li>Annually disclose a climate change scenario in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations</li> </ul>	Aiming to increase the introduction ratio of renewable energy, we are promoting initiatives that focus on both energy conservation activities and the introduction of renewable energy at each business site. Regarding the TCFD Recommendations, we have completed scenario analysis of climate change impacts.	
			Manage waste and hazardous waste	—	<ul style="list-style-type: none"> <li>Reduce the volume of waste generated in intensity per unit sales by at least 3% from the level of FY2022</li> </ul>	We are promoting activities to save resources and reduce defective products by reviewing product design, and we aim to reduce the amount of waste and valuable resources generated in FY2023 by 4.7% compared to FY2022 on a per-unit sales basis. We also place importance on improving material yield, and we aim to achieve reductions by improving processing losses during manufacturing.
			Handle water risks	—	<ul style="list-style-type: none"> <li>Fully complete water risk assessments at all production sites</li> </ul>	Using Aqueduct and the Water Risk Filter, we assessed the water risks at all production sites. We investigated the impact on business in five areas: flooding, water shortages, water quality, water supply fluctuations, and regulations/reputation, and identified flooding and water shortages as important risks. We identified 12 sites with high risk: five in China, three in Thailand, two in Vietnam, and two in India, and confirmed that risk countermeasures were being taken at these sites.
 Products	Provide products and services adapted to social change	Pursue product safety and quality	—	<ul style="list-style-type: none"> <li>Create a database for chemical substances contained in products to make it easier for the development department to determine the choice of materials, and shift to an environment-oriented development system</li> <li>Implement quality management reforms in the automotive-related business, and establish an overall quality control organization and system by FY2025</li> <li>Conduct assessment of all newly developed products and all products during the manufacturing process to reduce product safety risks</li> </ul>	The Small Platform Motor & Solutions Business Unit has already complied with the current regulations of advanced environmental countries. In preparation for future legal regulations and stricter social demands, we are working to reduce the amount of lead used and to utilize recycled resin materials. The Automotive Products Business Unit is focusing on improving quality, and is ensuring product quality and process quality through project deliverable audits. The global quality management division is holding meetings attended by the quality assurance departments of each NIDEC Group company, and is working to understand and share quality information.	
			Respond to changes in the technological environment and the industrial structure	—	<ul style="list-style-type: none"> <li>Continuously launch new products that lead the Five Big Waves to resolve social issues</li> <li>Continue to pursue the high efficiency and miniaturization of motors that contribute to energy and resource saving</li> </ul>	We strive to develop products and technologies that contribute to reducing the environmental impact on society and our customers, and we continue to promote the spread of these products. We promote research and development that contributes to energy and resource conservation, CO <sub>2</sub> emissions reduction, and improved recyclability through the development of more efficient motors and products that are smaller, lighter, thinner, and more compact.
			Protect and utilize intellectual properties	—	<ul style="list-style-type: none"> <li>Transform our IP portfolio to one that responds to social and business changes, including decarbonization and power and manpower saving, and use the new IP portfolio</li> </ul>	Strengthened the construction and management of IP portfolios in line with product lifecycles, respect for the intellectual property rights of other companies, and market trend analysis. The proportion of the IP portfolio related to the SDGs, centered on the “Five Big Waves”, also remained at a high level of 56%. In 2024, the company was selected for the “Clarivate Top 100 Global Innovators 2024” for the second year in a row.



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 Human Resources	Retain and develop diverse talent	Maintain and foster globally competitive human resources	—	<ul style="list-style-type: none"> <li>Promote the discovery and development of global leaders                             <ul style="list-style-type: none"> <li>Strengthen the development of management personnel, including global human resources</li> </ul> </li> <li>Establish and make functional a global talent management system                             <ul style="list-style-type: none"> <li>Establish regional HR management</li> <li>Clarify positions subject to head office management</li> <li>Establish a global mobility policy</li> </ul> </li> </ul>	In terms of executive development, the Human Resources Development Committee discusses succession plans from a medium- to long-term perspective, identifies candidates for the next generation of management personnel, and carries out strategic training. In addition, the Nomination Committee appoints the new president. In terms of career development support, we provide career support for young employees through career plan sheets and training. We also provide leadership training and educational videos for managers, and strengthen support for the career development of their subordinates.
		Promote diversity	—	<ul style="list-style-type: none"> <li>Achieve the targets below related to women's empowerment (non-consolidated)                             <ul style="list-style-type: none"> <li>Ratio of female directors*: 20% or higher</li> <li>All managerial positions held by women: 9% or higher</li> <li>Ratio of female candidates for managerial positions*: 15% or higher</li> </ul> </li> <li>* Executive officer or higher position, including outside directors</li> <li>* Referring to female employees in positions immediately prior to managerial positions</li> <li>Recruit non-Japanese directors</li> </ul>	We promote organizational development that aims to revitalize relationships between employees and improve the performance of the organization as a whole. We have introduced organizational performance surveys and workplace workshops, and are working to foster an organizational culture that promotes decision-making based on a vision while respecting diverse opinions.
		Promote occupational safety and health, and health-oriented business management	—	<ul style="list-style-type: none"> <li>Ensure a safe and comfortable work environment</li> <li>Reduce the number of serious accidents (those resulting in death or permanent disability) to zero</li> <li>Improve the Lost-time injury frequency rate</li> <li>Realizing health management as a unified NIDEC Group</li> <li>Receive certification as a White 500 Company (in the large enterprise category) under the 2025 Certified Health &amp; Productivity Management Outstanding Organizations Recognition Program</li> </ul>	Health seminars are held by occupational physicians to improve employees' health literacy. Themes are set based on the results of annual health surveys. Employees with high health risks are given individual health guidance and encouraged to undergo detailed examinations, and efforts are made to improve and enhance the health of all employees.
		Respect human rights and follow proper labor practices	—	<ul style="list-style-type: none"> <li>Follow proper labor practices</li> <li>Manage working hours of employees, including those in managerial positions, from the perspective of occupational safety</li> <li>Reduce average overtime hours by improving productivity</li> <li>Respect human rights</li> <li>Clarify human rights policies for workers including those in the supply chain, and spread them among employees</li> </ul>	We raise awareness of human rights in conjunction with International Human Rights Day and Human Rights Week, and implement e-learning and compliance training. We use SAQs at NIDEC Group sites to ensure that the NIDEC Group Human Rights Policies are well known and to promote individual corrective action. In order to prevent human rights risks in the supply chain, we are implementing SAQs with our suppliers and prioritizing risk assessment and response. We are also conducting micro-management of working hours, and making employees and their superiors aware of the need to adjust work when employees reach their working hours.
 Supply Chain	Build an internationally competitive supply chain to solve social issues	Sustainable procurement considering environmental and social aspects	—	<ul style="list-style-type: none"> <li>Conduct human rights due diligence on major suppliers: Implementation rate for high-risk suppliers by 2025: 100%</li> </ul>	Examined internal operational rules with reference to industry trends regarding human rights due diligence. To address the issue of identifying human rights risks in the NIDEC Supplier CSR Self-Assessment (SAQ), we conducted a survey by adding questions about specific products and regions. We measured the probability of human rights violations occurring and the severity of the damage based on supplier information, and identified human rights risks and prioritized initiatives. We are planning to conduct individual interviews and surveys with suppliers that are considered to be at high risk by further refining the evaluation of SAQ items.

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 Corporate Governance	Create a solid governance system	Build a fair, transparent and highly effective governance system	Board of Directors	<ul style="list-style-type: none"> <li>Continue to have the effectiveness of the Board of Directors evaluated by a third party</li> <li>Always maintain the ratio of outside directors in the Board of Directors at 50% or more, and the ratio of female directors at 20% or more</li> </ul>	In order to ensure the effectiveness of the Board of Directors' Meetings, a questionnaire is conducted every year for the members of the Board of Directors' Meeting, including outside members of the Board of Directors, and an evaluation of effectiveness and analysis of issues is carried out. An evaluation by a third party (external law firm) has also been introduced, and it was confirmed that the supervisory function was highly evaluated in FY2023. A Nomination Committee has been established for the appointment of directors and Vice Presidents, and the appointment of the President and review of executive remuneration are carried out.	
			Nominating Committee / Remuneration Committee	<ul style="list-style-type: none"> <li>Increase transparency and fairness in the retirement and dismissal process of directors</li> <li>Improve the effectiveness of the Remuneration Committee and ensure the objectivity and transparency of remuneration decisions for directors</li> </ul>	In order to ensure the effectiveness of the Board of Directors' Meetings, a questionnaire is conducted every year for the members of the Board of Directors' Meeting, including outside members of the Board of Directors, and an evaluation of effectiveness and analysis of issues is carried out. An evaluation by a third party (external law firm) has also been introduced, and it was confirmed that the supervisory function was highly evaluated in FY2023. A Nomination Committee has been established for the appointment of directors and Vice Presidents, and the appointment of the President and review of executive remuneration are carried out.	
			Management and enforcement of internal control	<ul style="list-style-type: none"> <li>Based on the assumption of 4 trillion yen for sales volume, enhance audit resources in both quality and quantity</li> </ul>	We are working to improve and streamline internal audit operations in order to establish a global internal audit system. And we are strengthening our voluntary audit system and monitoring all consolidated companies by utilizing DX.	
			Follow thorough compliance with laws and regulations	—	<ul style="list-style-type: none"> <li>Expand the legal affairs and compliance system to all Group companies starting from Nidec Corporation and the regional management companies (China, the U.S. and Europe)</li> <li>Identify serious non-compliance risks and take priority measures</li> <li>Provide compliance education to all employees of NIDEC Corporation once a year</li> </ul>	The hazard map project is ongoing. High-risk companies are visualized based on information on remoteness and corruption risk, and measures to mitigate risk are implemented. Human rights due diligence is also carried out to confirm that there is no forced labor or child labor within the NIDEC Group.
			Build a risk management system	—	<ul style="list-style-type: none"> <li>All risks disclosed on the securities reports are evaluated by the department in charge, and the risks to be addressed in priority are identified</li> <li>Reduce the impact of the risks to be addressed in priority on our business</li> <li>Manage the progress of reducing such impact and the residual risks</li> </ul>	Each department in charge of risk management will carefully examine whether the risk events that are the subject of evaluation reflect changes in the internal and external business environment and customer requests. In addition, the scope of risk events will be narrowed down with the aim of reducing the workload of risk evaluators.
			Promote information security measures	—	<ul style="list-style-type: none"> <li>Reduce the number of serious information security incidents to zero</li> </ul>	In addition to taking measures against external threats such as conventional cyber attacks, we are also promoting measures against "threats that lie within the company". We are focusing on education and raising awareness to prevent information leaks due to employee carelessness or rule violations, and have introduced a system to deter and detect malicious acts by internal parties.