

History of Nidec Group

On July 23, 1973, Shigenobu Nagamori, who was then 28 years old, established Nihon Densan Corporation (now Nidec Corporation) with three friends, including current Chairman Hiroshi Kobe, in Nishikyo-ku, Kyoto. With the aspiration of “becoming No. 1 in the world,” the four young men started to manufacture and sell small AC motors.

Sales Trend



1980s~1990s

Nidec becomes the world's top HDD motor manufacturer

In 1983, an US computer manufacturer launched the first business personal computer (PC) equipped with a hard disk drive (HDD) as a memory device. The PC was a hit thanks to its HDD's high-speed processing, and the demand for it increased. Having started the production of 8-inch models in 1979 and 5.25-inch models in 1981, Nidec Corporation launched the production of 3.5-inch models in 1984, and 2.5-inch models in 1988, as PCs became increasingly compact. In March 1989, Nidec Corporation purchased Shinano Tokki Co., Ltd., a company in competition with us in the HDD motor business, acquiring 90% of its global market. Nidec Corporation made a debut on the Tokyo Stock Exchange's first section (current Prime Market) in September 1998.

2000s~

Strengthening the HDD motor business and promoting business diversification

Nidec Corporation had its stock listed on the New York Stock Exchange in 2001 (and delisted the stock later). In 2000, by launching the mass production of HDD motors that used the fluid dynamic bearing (FDB) instead of the ball bearing, and by maintaining a high market share, the company solidified its status as a leading HDD motor manufacturer. In the meantime, Nidec Corporation diversified its businesses, including the automotive power steering motor business, whose product development started in 1995, and its mass production in 2000. The company now boasts the largest global market share of this business.

2010s~

Growing into a global comprehensive motor manufacturer through M&As

2014 saw Nidec Corporation open Nidec Research and Development Center, Japan (current Nidec Shin-Kawasaki Technology Center), and Production Engineering Center (current Nidec Keihanna Technology Center) in 2015, to build a system for basic motor researches and technological innovation in manufacturing. HDDs' global shipments reached their peak of approximately 650 million units in 2010, to start declining to approximately 120 million units, down approximately 80% of the peak, in 2023. With the decline in demand for HDD motors, Nidec Corporation decided to shift its focus to automotive, and appliance, commercial and industrial businesses, and actively purchased companies strong in these areas via M&A. These activities led us to become a comprehensive motor manufacturer that supplies motors, ranging from super-small ones to large ones, to any and all fields of business.

2020s~

Becoming a growth company that can respond dynamically to environmental changes

July 2023 marked Nidec Corporation's 50th anniversary. With this timing, the company's name, together with those of our group companies, were changed to names that start with “Nidec” in April that year. By effectively combining the strengths of the individual companies, which possess a variety of technologies in a wide range of fields, we are committed to creating new functions and values. In April 2024, the company launched a new management system, led by Mitsuya Kishida as President and CEO, and announced in July a plan to achieve a sales target of 10 trillion yen in the fiscal year of 2030. As a company that actively engages in activities for the 17 Sustainable Development Goals (SDGs) to realize a sustainable society, Nidec Corporation upholds a major strategic theme, “Be a company that is positively evaluated for its ESG management!,” and contributes to creating a sustainable and affluent society.

Nidec's history of growth via M&A

Around 1995, researches were conducted on the use of the FDB as HDDs' growing capacity started requiring motors' rotation to be more accurate. However, with no bearing manufacturers producing FDBs, Nidec Corporation embarked on their development and production. After purchasing companies with required technologies, including Tosok Corp. and Kyori Kogyo Co., Ltd. in 1997 and Copal Co., Ltd. and other companies in the following years, Nidec Corporation started mass-producing FDB-equipped HDD motors in 2000, and acquired a large market share. While the success of the FDB-equipped HDD motors was

critical to us, Nidec Corporation diversified its businesses to be prepared for possible failures by purchasing other companies via M&A to enter into businesses outside HDD motors. The 1998 acquisition of Shibaura Densan and the purchase of Y-E Drive Corp. in 2000 served as stepping stones for Nidec Corporation's entry into the appliance, commercial, and industrial markets. Even though the entry barrier was high for the power-steering motor business, and we were unable to expand our customer base, our commercial network broadened after the acquisition of French company Valeo S.A.'s actuator business in 2006.

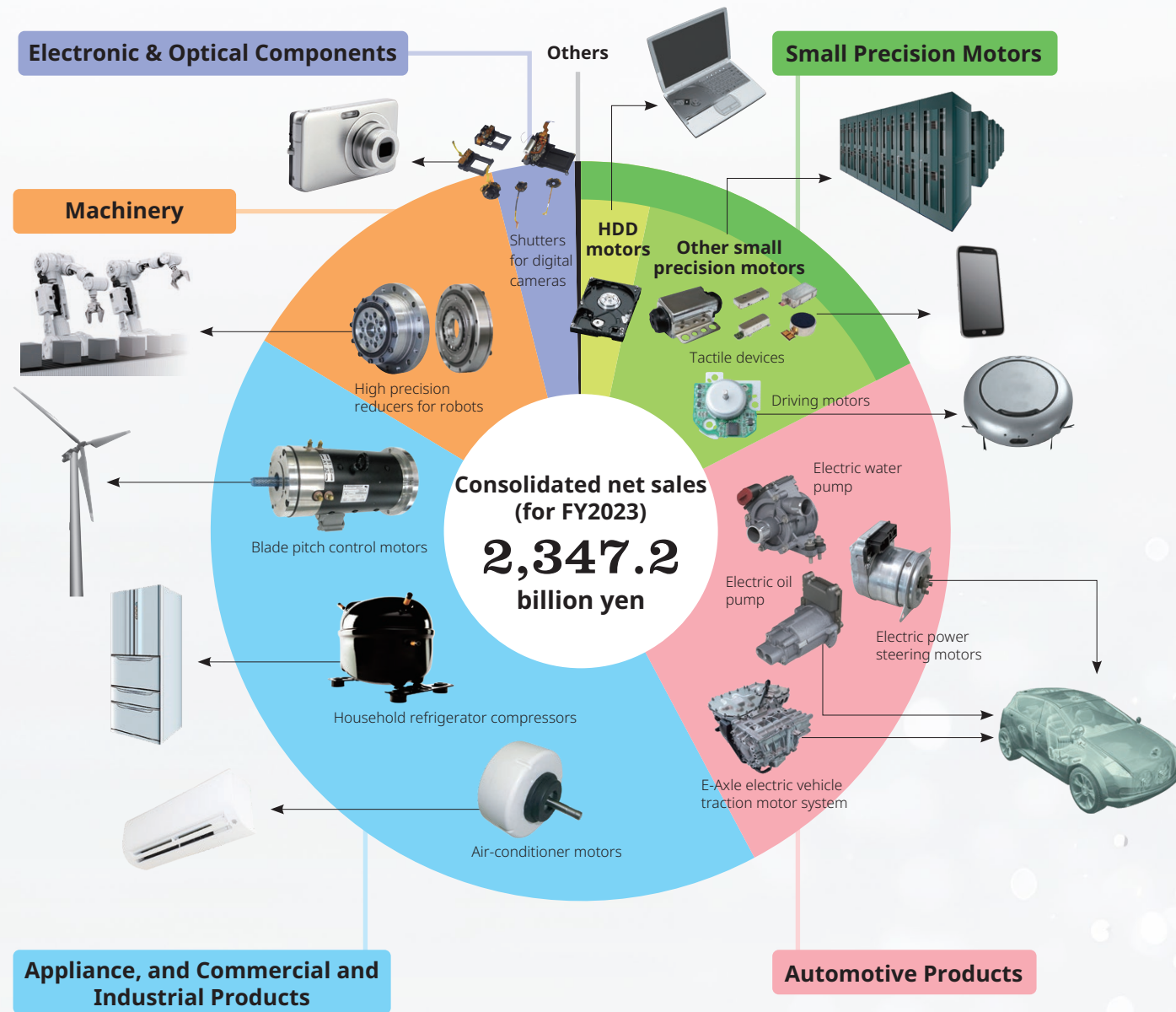
After the decline of the HDD market, Nidec Corporation launched M&A in the automotive business, where we were able to aim for further growth by utilizing our long-nurtured technologies, and in appliance, commercial, and industrial businesses, to successfully diversify our businesses. In the automotive business, we combined our electric power steering motors with electronic control units (ECUs) – a new technology we had acquired through M&A – to develop power packs that are light and compact, and keep noise levels to a minimum. In addition,

by purchasing Mitsubishi Heavy Industries Machine Tool Co., Ltd. (current Nidec Machine Tool Corporation) – a company excellent at producing gear cutting machine – in 2021, Nidec Corporation entered into the machine tool business. As gear cutting machines are critical in producing reducers, owning the technology to make the machine tools is an element that makes us competitive in the reducer business. Nidec Corporation's strength lies in its ability to not simply expand businesses but create synergies and new values via M&A.



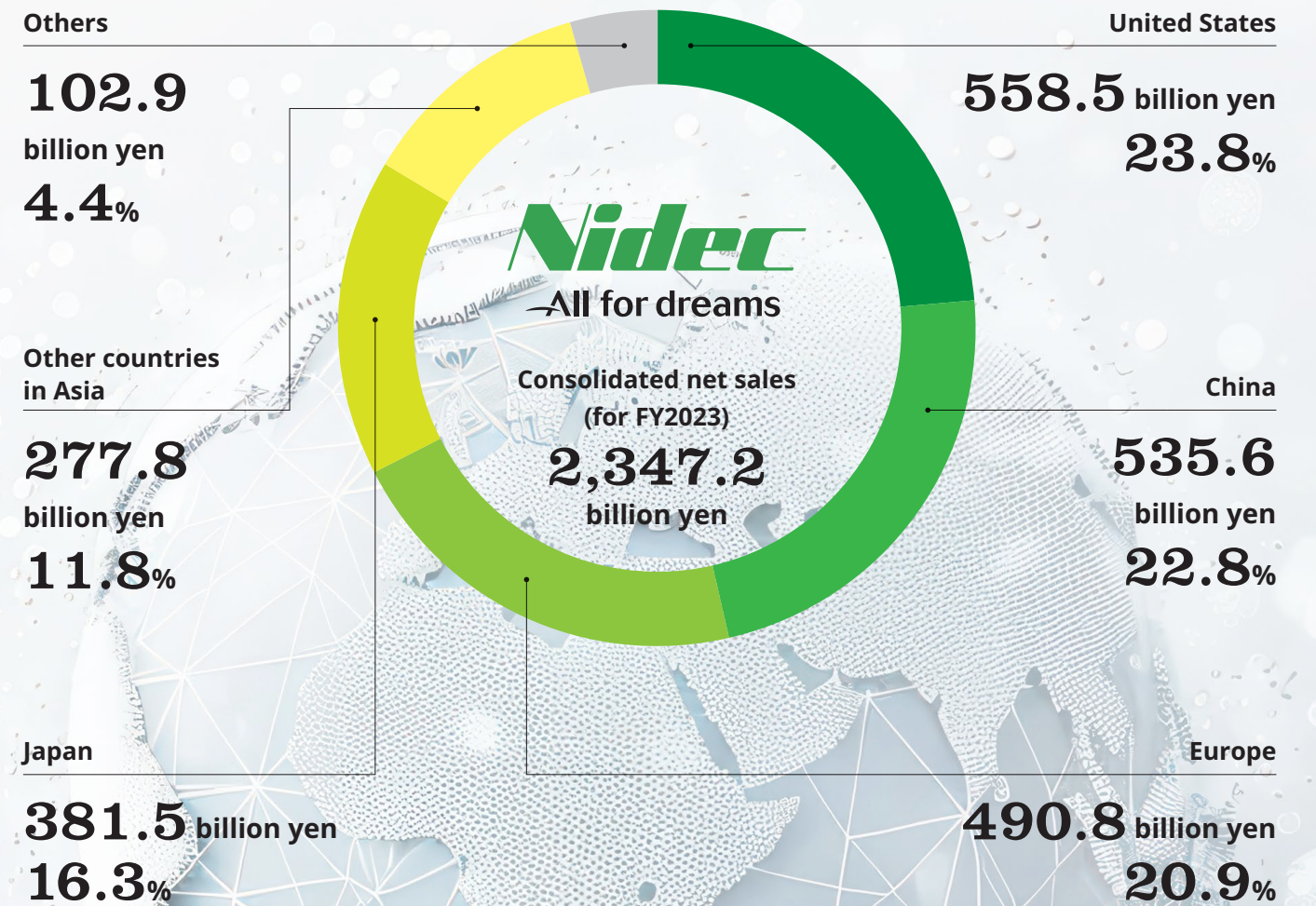
NIDEC offers a wide variety of motors ranging from precision small to super-large, as well as applied products and services in IT, office automation, home appliances, automobiles, commercial and industrial systems, environment and energy, and many other fields. We will contribute to the enhancement of people's lives and the development of industries by continuing to deliver highest quality, indispensable, and widely desired products for the common good of all, through active M&As and organic growth.

Consolidated Net Sales by Product Group



Product group	FY2023		
	Net sales (Billions of Yen)	Operating profit (Billions of Yen)	Operating profit ratio (%)
● Small Precision Motors	415.7	37.5	9.0
● Automotive Products	580.9	-31.2	-5.4
● Appliance, and Commercial and Industrial Products	966.1	114.9	11.9
● Machinery	298.4	43.9	14.7
● Electronic & Optical Components	81.8	13.2	16.1
● Others	4.2	0.3	8.2
Total	2,347.2	162.6	6.9

Consolidated Sales by Region*



* Based on the countries where consolidated Group companies selling products to external customers are located

Business Sites

NIDEC Group operates globally with business sites in 48 countries/regions.

Number of group Companies

348

Number of employees

101,112

Number of countries/regions with business sites

48

(as of March 31, 2024)

Value Creation Process

NIDEC will fulfill its mission of “contributing to the world by producing the highest quality motors in the world” by providing solutions to the common issues of humankind through its business activities.



External environment

- Popularization of AI
- Decarbonization
- Power saving / labor saving
- Improvement of living standards
- Electrification and automation of vehicles

INPUT

Input

Financial capital

- Consolidated total assets: **3,160,400 million yen**
- Shareholders' equity ratio: **51.6%**

Intellectual capital

- R&D expenses: **81,100 million yen**

Human capital

- Consolidated number of employees: **101,112**
- Global human resources
- Diverse human resources
- Employee training hours per person (non-consolidated): **11.6 hrs**

Social capital

- Number of group companies: **348**
- Number of countries/regions with business sites: **48**
- Joint research with universities, research institutes and companies

Manufacturing capital

- **More than 200** production bases
- Capital investment: **112,000 million yen**

Natural capital

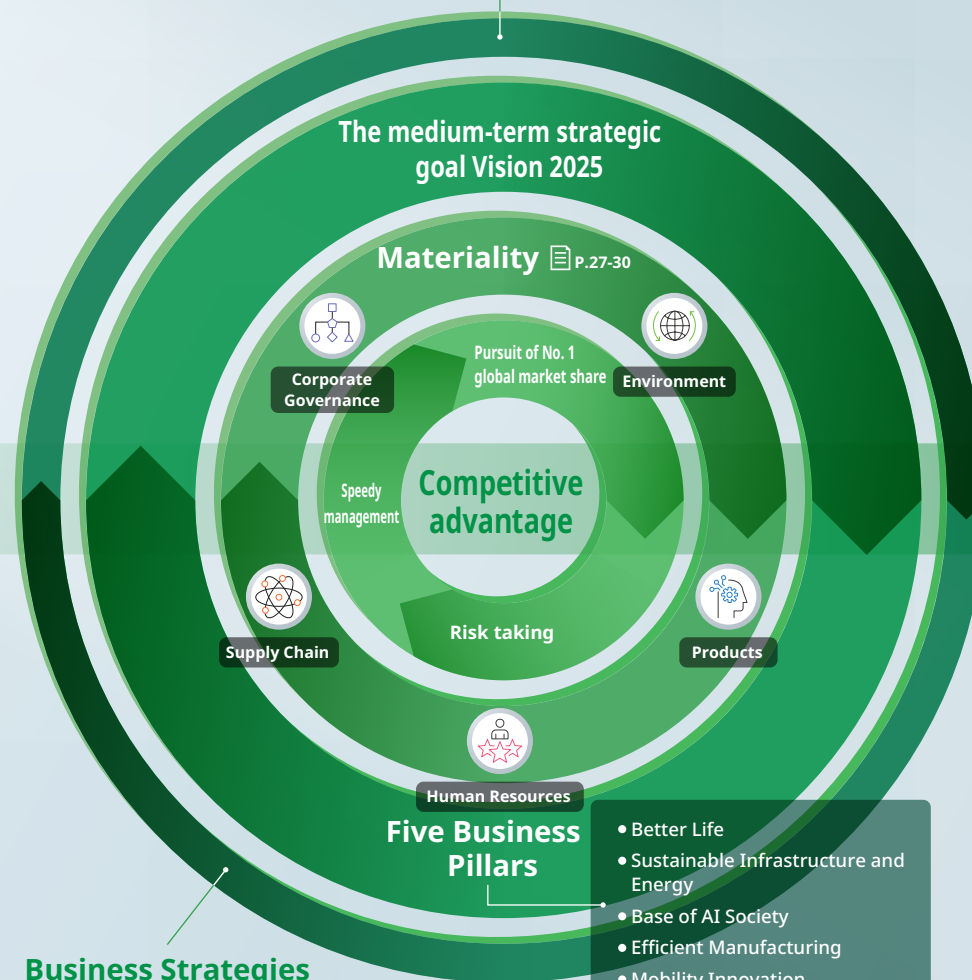
- Total energy input: **2,460,021 MWh**
- Water resources input: **8,233,000 m³**

BUSINESS MODEL

Business model

Sustainability management

- P.25-30 Sustainability that Realizes Value Creation
- P.37-44 Human Resources Strategy
- P.45-46 Technology Strategy
- P.50-60 Environment Strategy
- P.61-62 Supply Chain Management



OUTPUT

Output



E-Axle / Automotive motors



Reducer modules



Brushless DC motors



Fan motors, vapor chambers



Nearline HDD motors

OUTCOME

Outcome

Financial capital

- Net sales: **2,347,200 million yen**
- Operating profit: **162,600 million yen**
- Operating profit ratio: **6.9%**
- Profit attributable to owners of the parent: **124,900 million yen**

Intellectual capital

- Number of patents held*1 (as of March 31, 2024): **10,793**

Human capital

- Average length of service (non-consolidated): **12.6 years**
- Managerial positions held by women and female directors: **22.9%**

Social capital

- Participation in national projects of industry-government-academia collaboration NEDO*2 Green Innovation Fund*3 project "Development of nextgeneration motors"

Manufacturing capital

- Manufacturing high-quality products
- Promoting cost reduction activities

Natural capital

- Renewable energy introduction ratio: **12.5%**
- Reducing CO₂ emissions in the supply chain

GOAL Vision

Global company that grows sustainably for the next 100 years and beyond

- Providing solution business
- Maximizing organizational strength
- High stock price
- Achieving a market capitalization: **10 trillion yen**

*1 Including those held by group companies in Japan and major overseas group companies in the appliance, commercial and industrial segment.
 *2 NEDO: New Energy and Industrial Technology Development Organization
 *3 Green Innovation Fund: established on December 25, 2020 in the Green Growth Strategy Through Achieving Carbon Neutrality in 2050 formulated by the Ministry of Economy, Trade and Industry with other relevant ministries and agencies to create a virtuous cycle of economy and the environment.

Capitals of NIDEC Group

NIDEC Group aims to become a “top-class” global company that continues to grow for over 100 years by strengthening its capitals through the inheritance of its corporate culture and strengths of “Pursuit of No.1 global market share”, “Speedy management” and “Risk taking”.

Financial capital



A sound financial structure that achieves medium- to long-term improvements in corporate value

We have emphasized growth investment, and have pursued profitability and growth centered on HDD motors through the maintenance of a sound financial structure and M&A. From now on, we will also focus on new growth areas, and will position ROIC management as an important management indicator. In FY2023, we achieved record-high free cash flow, and we are appropriately allocating and investing these funds in each business with the aim of improving corporate value in the medium- to long-term.

Cash Allocation for Improving Corporate Value

Our company's top priority is to improve our ability to generate cash flow, and we allocate the cash we generate to the areas of “growth investment,” “shareholder returns,” and “interest-bearing debt control” in a way that contributes to improving our corporate value over the medium- to long-term. This type of capital allocation leads to further improvements in our ability to generate cash flow.

P.35-36 Financial Strategy

Manufacturing capital



Developing business globally with stable, high-level technological capabilities

Our group has cultivated a variety of manufacturing technologies, centered on those related to motors, at more than 300 group companies and more than 200 production bases around the world. We will continue to contribute to the realization of a sustainable society and the resolution of global social issues by safely utilizing the technologies and know-how we have accumulated over the past 50 years in product development, manufacturing, and business activities.

Establishing a safe, secure work environment

We are working to create a safe and healthy working environment for employees at all NIDEC Group locations, including newly established offices and locations added through M&A. We are working to ensure the safety of our manufacturing processes and equipment on a global level, with the aim of eliminating serious workplace accidents.

P.43-44 Human Resources Strategy
(Promote occupational safety and health, and health-oriented business management)

Intellectual capital



Contributing to business through the creation of intellectual added value

Our company places importance on contributing to business through the creatio portfolio management and rights utilization that are competitive on an international level in line with the product life cycle, and we develop business activities based on detailed research while respecting the intellectual property rights of other companies. We will promote product development that focuses on the SDGs and the resolution of global social issues, and secure international competitive advantage, with the aim of achieving a sustainable society.

Creation of next-generation technology that generates profits

By linking the activities of the research institute more closely to business, we will promote the self-reliance and autonomous growth of the entire NIDEC Group, and achieve high performance and profits. By having each member of the R&D team have a perspective on creating new businesses and organically combining each technology and know-how, we will form a strong technical group. We are working to contribute to society through technological evolution, aiming for a market capitalization of 10 trillion yen.

P.45-49 Technology Strategy

Human capital



Human Capital Management as the Cornerstone of the NIDEC Group's Integration

We regard human capital as the cornerstone of the NIDEC Group's growth strategy during its second founding period. Through the transfer of leadership from the founder to the new president, we aim to become a “global company that continues to grow for over 100 years” based on “NIDEC-ism” and “NIDEC way”. While recognizing diversity, we will develop a human resources strategy and human capital management that allows all employees to compete globally and work towards the same goal under the philosophy of “One NIDEC”.

NIDEC Global Personnel Policies and the Creation of a System for Developing Human Resources

Based on our corporate philosophy, corporate slogan, and NIDEC way, we have compiled our basic approach to company organization and human resources as the “NIDEC Global Personnel Policies”, and are putting these into practice. In addition, in order to establish a group management system that looks ahead to the next 50 years, we are building a succession plan and a system for producing the organizations and human resources needed to maintain sustainable management, no matter who the leader is.

P.37-40 Human Resources Strategy
(Further Evolution in the Second Founding Period -Building independent and self-reliant organizations and developing human resources)

Social capital



Building relationships of trust with diverse stakeholders

Our group considers our customers, business partners, local communities, employees, shareholders and the global environment to be our main stakeholders, and we consider it an important management issue to meet the expectations of these stakeholders through communication with them. We will build mutual trust with diverse stakeholders through dialogue that respects human rights and ensures transparency and fairness, and we will contribute to the sustainable growth of society as a whole.

Respect for Human Rights in Supply Chains

In order to prevent human rights violations in the supply chain, we make our suppliers aware of the “NIDEC Group Supply-Chain CSR Promotion Guidebook” and the “NIDEC Group Human Rights Policies”. We also identify potential human rights risks and determine the priority of our initiatives through the NIDEC supplier CSR self-assessment.

P.61-62 Supply Chain

Natural capital



Contributing to a sustainable global environment

As a company that operates globally, the NIDEC Group has positioned “contributing to a sustainable global environment” as one of its key sustainability issues, and is aiming to achieve net zero CO₂ emissions from its business activities by FY2040, and net zero CO₂ emissions including its supply chain by FY2050. In order to achieve these goals, we will promote the introduction of renewable energy, energy-saving activities, the development and supply of products that contribute to decarbonization, the analysis of the business impact of climate change risks and opportunities, and the incorporation of climate change measures into management strategies.

Efforts to achieve net zero CO₂ emissions

In order to achieve net zero CO₂ emissions in the future, we have undergone third-party verification of our CO₂ emissions for the first time in FY2023, and have set medium-term CO₂ reduction targets through FY2030. This target has been certified as a Science Based Target (SBT). In addition, we have set the themes of “contributing to decarbonization through products” and “reducing CO₂ emissions from business activities” as KPIs for materiality, and we are working to reduce CO₂ emissions by supplying products that contribute to the promotion of the electrification of mobile vehicles and introducing renewable energy in our business activities.

P.50-60 Environment Strategy

Business strategies that distinguish NIDEC from other companies

What is the core business strategy that has supported and will continue to support NIDEC's growth journey from its founding to the present, and from the present to the future?

Pursuit of No.1 global market share

The most important pillar of NIDEC's business strategy is "pursuit of No. 1 global market share." This strategy consists of three elements: ① Be the first to market, ② Technological development ahead of competitors, and ③ Thorough pursuit of cost competitiveness. Specifically, we make advance investments before the occurrence of demand for a product and capture a majority market share when the demand occurs. After that, we drive down costs to keep our competitors at bay and create a situation where we have an advantage over our competitors. By using this strategy, NIDEC has captured the world's top share for many products, including HDD motors. Given the fact that oligopolies involving a few big companies are found in many industries, the strategy of "pursuing No. 1 global market share" is perfectly rational.

Speedy management

Speed is NIDEC's greatest weapon. Make a decision and take action as quickly as possible—this is another pillar of NIDEC's business strategy. An order received from 3M in the United States for motors for cassette duplicators became the driving force behind NIDEC's growth during its founding years. It is no exaggeration to say that NIDEC won this order because it had accepted on the spot 3M's extremely difficult request to "reduce the size of the motor by 30%." For automotive products, the lead time is usually three to four years, but we continue to work at the same kind of speed as when we developed that motor for 3M. In the case of the E-Axle traction motor system for electric vehicles, for which we received orders from the Guangzhou Automobile Group in 2017, we commenced mass-production from zero—no plant, no facilities and no people—in only about one year. NIDEC clearly practices speedy management.

Risk taking

"Take a risk when needed." This is another pillar of NIDEC's business strategy. Even though market expansion is expected in the future, if you hesitate to take risks and your market entry is delayed, then you will fall behind your competitors and will not be able to gain the benefits of market expansion. In the case of HDD motors, we made large-scale investments before full-fledged market expansion. We built production plants and secured the capacity to mass produce HDD motors on a large scale, ahead of our competitors. This led to us gaining an overwhelming position in the market. For the electric vehicle (EV) product business, we are making advance investments without hesitation and working to establish a production system for a traction motor system for EVs, whose demand is expected to grow rapidly in and after 2025.

Abundant management resources that support the company's business strategies

1. Numerous products with the largest market share in the industry (Financial foundation)
2. Over 100,000 employees around the world (Human resource foundation)
3. More than 200 production sites around the world (Production foundation)
4. Strong experience and expertise in M&As (Growth foundation)

Corporate culture that turns adversity into opportunity for growth

What are the characteristics of NIDEC's corporate culture that sees adversity as an opportunity and takes on challenges for continuous growth?

The existence of a corporate culture that forms the basis of all business activities

NIDEC has embraced the following three essential attitudes since its founding:

- ① "Do it now; do it without hesitation; do it until completed"
Do what you can do immediately now, instead of thinking you will do it tomorrow or sometime later, and do it until it's completed.
 - ② "Passion, enthusiasm and tenacity"
Gushing passion, welling enthusiasm, and tenacity that fights against difficulties—these are the three core principles that form the foundation of everything we do at NIDEC.
 - ③ "Work hard and smart"
Work hard and smart to produce output that cannot be achieved just by working in an ordinary way.
- NIDEC has achieved continuous growth since its foundation on July 23, 1973. This has been possible only because of the existence of the three essential attitudes, which serve as the foundation for our daily business activities, and the corporate culture which we should go back to when we face difficulties.

Corporate culture that views adversity as an opportunity

"A problem is always accompanied by its solution." NIDEC has achieved continuous growth by turning obstacles into opportunities. When our major manufacturing plant for HDD motors was submerged by the floods that occurred in Thailand in 2011, thanks to local employees' tireless efforts, the plant was able to resume normal operations very quickly, thus helping maintain its competitive advantage. NIDEC MOBILITY CORPORATION (former OMRON Automotive Electronics Co., Ltd.), which joined the NIDEC Group in 2019, has also been growing by transforming adversity into opportunity. When sales fell by half in the first quarter of FY2020 due to the suspension of operations of its customers' plants, the company streamlined its business operations in every aspect. As a result, the company managed to maintain operating profit at around the break-even point in the fourth quarter of the same year, and during the subsequent period that saw a recovery in sales, the company witnessed a sharp increase in operating profit.

Corporate culture instilled throughout the organization

NIDEC's corporate culture is not just for the management. In the WPR[®] Project, which was launched in 2009, thousands of ideas has been submitted from frontline workers on the manufacturing floor for cost reduction and efficiency improvement. These ideas have become a big driving force for the progress of the project. NIDEC's growth is supported by the corporate culture instilled throughout the organization and "shop floor capability" that has been accumulated over the years.

* WPR=Double Profit Ratio. Focusing on cost reduction and improving efficiency, the WPR Project aims to secure a surplus even if sales decline by half, and when sales return to the original level, to double profitability from the previous level.

Philosophy that lies at the root of the corporate culture: "Pursuit of the world's No. 1 position for continuous growth"

As exemplified by Nagamori's remarks such as "Anything but first is equivalent to last place," and "A snake that doesn't shed its skin will die," pursuit of the world's No. 1 position for continuous growth has been upheld since Nidec's founding and is built into the DNA of the company. Only high-ranking companies have been able to survive in many industries, and there are some cases where a company's growth is impeded by its dependence on existing businesses. Pursuit of the world's No. 1 position for continuous growth can be said to be perfectly rational as a business strategy.

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 CO₂ 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.

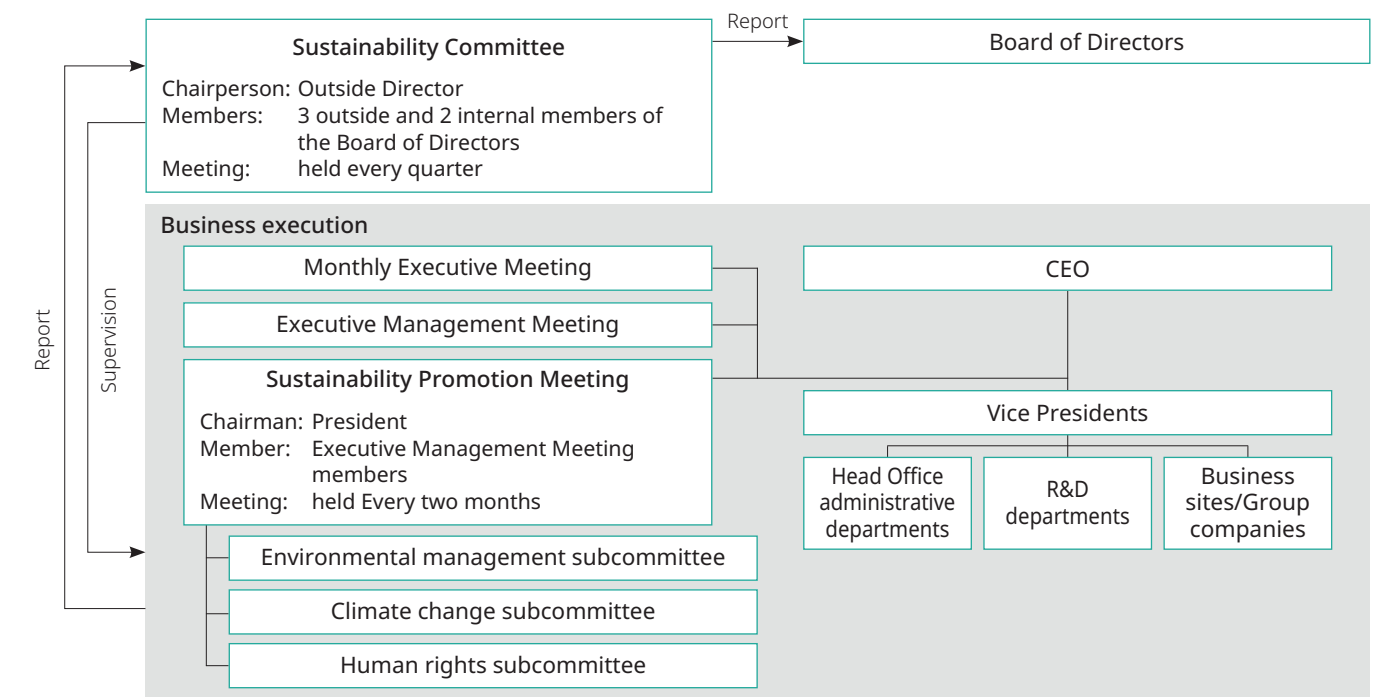
In addition, the human rights perspective is essential for meaningful communication with a wide range of internal and external stakeholders, and its importance will only increase in the future. Following the formulation of a human rights policy that applies to the entire Group, we will continue to deepen 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

STEP 1

Understanding and organizing material issues

Based on the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) Standards, the items on which ESG evaluation institutions place importance, social issues, and our business environment, we have organized the items that we consider important in terms of both risks and opportunities in our business and have selected 44 candidate items for materiality (material issues) to be prioritized.

STEP 2

Evaluating material issues from the perspective of stakeholders

For the 44 candidate items for material issues, we conducted a questionnaire survey targeting institutional investors in Japan, Asia, Europe, and the U.S. We asked investors who hold many shares of our company and investors who have experience in ESG engagement to evaluate the importance of each candidate item.

STEP 3

Evaluating material issues from the perspective of our company

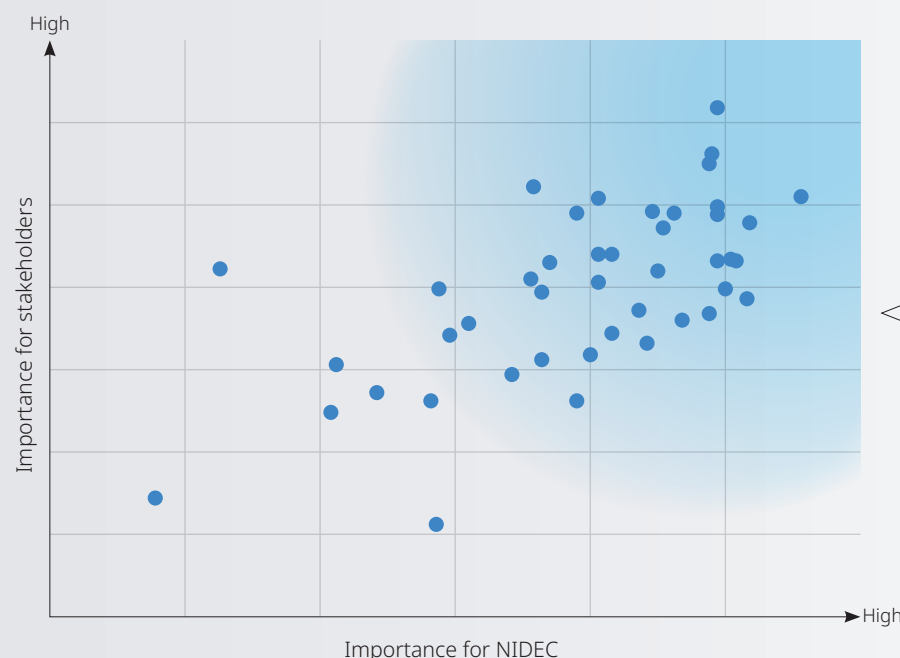
We conducted a similar questionnaire survey of Nidec’s directors, executive officers, and overseas management officers.

STEP 4

Identifying material issues after evaluating their validity by the Vice Presidents and the Board of Directors.

Based on the results obtained in Steps 2 and 3, the management selected the material issues to be prioritized in terms of importance for both stakeholders and NIDEC after repeated discussions. The extracted issues to be prioritized are classified into five materiality categories and 15 themes after the deliberation of the Board of Directors.

Identification of Materiality





NIDEC’s materiality

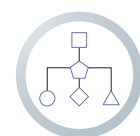
- Environment**
Contribute to environmental sustainability
- Products**
Provide products and services adapted to social change
- Human resources**
Retain and develop diverse talent
- Supply chain**
Build an internationally competitive supply chain to solve social issues
- Corporate governance**
Create a solid governance system

Please see the next page for details.

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	Contributing through Automotive Products <ul style="list-style-type: none"> Reduce CO₂ emissions by introducing the EV traction motor system (E-Axle/BSG): Cumulative total from FY2020 to FY2025: 11,700,000 t-CO₂ Reduce CO₂ emissions by introducing electric power steering (EPS-PP/EPS) motors: Cumulative total from FY2020 to FY2025: 26,261,000 t-CO₂ Reduce CO₂ emissions by introducing electronic brake booster (EPS-PP/EPS) motors: Cumulative total from FY2020 to FY2025: 10,029,000 t-CO₂ Contributing through the small precision motors <ul style="list-style-type: none"> Reduce CO₂ emissions by introducing motors for compact EVs: 35,000 t-CO₂ per year Reduce CO₂ emissions by introducing motors for e-bikes: 32,000 t-CO₂ per year 	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"> By FY2025, increase the introduction ratio of renewable energy to 40% on a consolidated basis Annually disclose a climate change scenario in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations 	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"> Reduce the volume of waste generated in intensity per unit sales by at least 3% from the level of FY2022 	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"> Fully complete water risk assessments at all production sites 	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"> 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 Implement quality management reforms in the automotive-related business, and establish an overall quality control organization and system by FY2025 Conduct assessment of all newly developed products and all products during the manufacturing process to reduce product safety risks 	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"> Continuously launch new products that lead the Five Big Waves to resolve social issues Continue to pursue the high efficiency and miniaturization of motors that contribute to energy and resource saving 	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 ₂ 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"> 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 	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.

Category	Materiality	Theme to be addressed	Sub-theme	KPI (FY2025)	Progress in FY2023
 Human Resources	Retain and develop diverse talent	Maintain and foster globally competitive human resources	—	<ul style="list-style-type: none"> Promote the discovery and development of global leaders <ul style="list-style-type: none"> Strengthen the development of management personnel, including global human resources Establish and make functional a global talent management system <ul style="list-style-type: none"> Establish regional HR management Clarify positions subject to head office management Establish a global mobility policy 	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"> Achieve the targets below related to women's empowerment (non-consolidated) <ul style="list-style-type: none"> Ratio of female directors*: 20% or higher All managerial positions held by women: 9% or higher Ratio of female candidates for managerial positions*: 15% or higher * Executive officer or higher position, including outside directors * Referring to female employees in positions immediately prior to managerial positions Recruit non-Japanese directors 	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"> Ensure a safe and comfortable work environment Reduce the number of serious accidents (those resulting in death or permanent disability) to zero Improve the Lost-time injury frequency rate Realizing health management as a unified NIDEC Group Receive certification as a White 500 Company (in the large enterprise category) under the 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program 	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"> Follow proper labor practices Manage working hours of employees, including those in managerial positions, from the perspective of occupational safety Reduce average overtime hours by improving productivity Respect human rights Clarify human rights policies for workers including those in the supply chain, and spread them among employees 	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"> Conduct human rights due diligence on major suppliers: Implementation rate for high-risk suppliers by 2025: 100% 	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.

Category	Materiality	Theme to be addressed	Sub-theme	KPI (FY2025)	Progress in FY2023	
 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"> Continue to have the effectiveness of the Board of Directors evaluated by a third party 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 	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"> Increase transparency and fairness in the retirement and dismissal process of directors Improve the effectiveness of the Remuneration Committee and ensure the objectivity and transparency of remuneration decisions for directors 	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"> Based on the assumption of 4 trillion yen for sales volume, enhance audit resources in both quality and quantity 	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"> 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) Identify serious non-compliance risks and take priority measures Provide compliance education to all employees of NIDEC Corporation once a year 	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"> All risks disclosed on the securities reports are evaluated by the department in charge, and the risks to be addressed in priority are identified Reduce the impact of the risks to be addressed in priority on our business Manage the progress of reducing such impact and the residual risks 	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"> Reduce the number of serious information security incidents to zero 	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.

Review of the medium-term strategic goal Vision 2025

Review of Financial Performance

In July 2021, we established the medium-term strategic goal Vision 2025. This clarified our financial and non-financial targets for 2025 as milestones on the path to achieving consolidated sales of 10 trillion yen in FY2030. Regarding financial targets, we have set a target of 4 trillion yen in consolidated sales for FY2025, and have

set a target of doubling sales per employee and operating income as a goal for improving productivity. We have also set a target of 15% or more for company-wide ROIC. The progress made towards these financial targets is as follows.

	Target for FY 2025	Results for FY2023
Consolidated net sales	4 trillion yen	2.3472 trillion yen
Improved productivity (net sales and operating profit per person)	Double sales and profit per person	Sales per employee in FY2020: 11.5 million yen ▶ In FY2023: 19.01 million yen (65% increase) Operating profit per employee in FY2020: 1.14 million yen ▶ In FY2023: 1.32 million yen (16% increase)
ROIC	Over 15%	4.5%

On April 1, 2024, Mitsuya Kishida was appointed president, and a new management structure was launched. With the keyword "One NIDEC," we are strongly promoting various measures, including the integration of technologies and human resources on a global basis, with the aim of achieving group-wide integrated management, or overall optimal management that grows while creating synergies among the group companies.

In July 2024, we announced the "medium- to long-term direction" under the new structure. The target sales of 10 trillion yen for 2030 remains unchanged, with 7 trillion yen to be achieved through autonomous growth and 3

trillion yen through new M&A. We have also established Five Business Pillars as areas we will focus on in the future. We aim to provide motors, related products and services in fields that align with global social trends, such as Base of AI Society, Productivity Efficiency, Mobility Innovation, Sustainable Infrastructure and Energy, and Home Appliances and Commercial Equipment that Support Our Lives. We also have a wealth of human resources and technology acquired through M&A and other activities around the world. By taking stock of these, bringing together the necessary technology and human resources, and making good use of them, we hope to pursue growth in our five business pillars.

Five Business Pillars

Better Life	Sustainable Infrastructure and Energy	Base of AI Society	Efficient Manufacturing	Mobility Innovation
Improving quality of life Pursuing reliability, safety and health	Contributing to infrastructure maintenance by efficient generation, storage and utilization of energy	Anticipating explosive demand and responding to required evolution	Leading labor-saving, automation, acceleration and high precision in manufacturing	Electrification and automation of eco-friendly vehicles
Home appliances	Power generator	Data center	Machine tools and Press machines	Automotive components
Commercial equipment (HVAC/elevators)	Battery Energy Storage System (BESS)	Semiconductor inspection / wafer transfer robot	Precision reducers	E-bike

Review of Non-Financial Performance

ESG evaluation

Our ESG-related goals are: ① to solve social needs by accumulating world-leading, world-No.1 technologies; ② to promote ESG management centered on net zero CO₂ emissions; and ③ to strengthen our organization and governance as One NIDEC. In response to this, we

have set five ESG materiality issues and 15 associated themes as important issues, while collecting opinions not only from within the company but also from external sources such as institutional investors. To promote action on these ESG materiality issues, we established the ESG Materiality Steering Committee, which is chaired

by the president and brings together all of our executive officers to discuss important issues. The ESG Materiality Steering Committee began in May 2021 and has held a total of 29 meetings (five in FY2021, 12 in FY2022, and 12 in FY2023). Through the 29 meetings, we discussed the progress and issues of each of the five materiality issues and 15 themes, and decided on measures. As a result of these discussions and measures, in FY2023, our CDP climate change score and water score improved in many areas, and our overall score improved from C to B.

In FY2024, we will incorporate ESG indicators into executive remuneration and accelerate the promotion of

Net Zero CO₂ Emissions Target

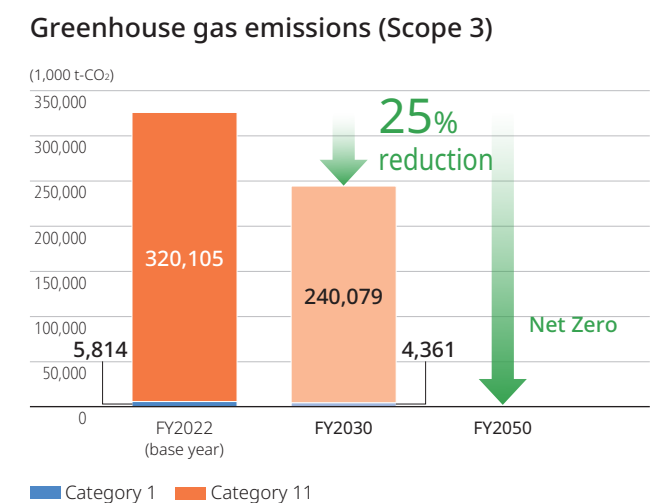
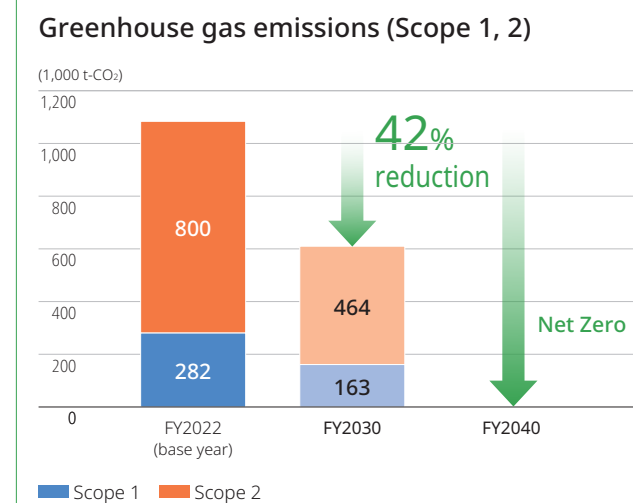
Although we expect energy consumption to increase in proportion to business growth in the future, we will contribute to the realization of a decarbonized society by setting medium- to long-term targets to achieve net zero in Scope 1 and 2 by FY2040 and aiming for net zero in Scope 3 by FY2050, and promoting initiatives to achieve these targets.

the 15 themes associated with ESG materiality. In line with this, we have reviewed the management structure of the ESG Materiality Steering Committee and established a new Sustainability Committee. Furthermore, the Environmental Management Subcommittee, the Climate Change Subcommittee, and the Human Rights Subcommittee have been established under the Sustainability Committee, and multiple departments are working together to discuss and implement sustainability initiatives from a perspective that is closer to that of frontline employees than in the past.

In FY2022, we expanded the scope of our CO₂ emissions calculations to include all business domains, and in FY2023 we underwent third-party verification of our CO₂ emissions. In March 2024, we set new CO₂ reduction targets for 2030. This target was recognized as a target based on scientific evidence for achieving the "1.5°C target" in the Paris Agreement, and we received SBT certification from the international climate change initiative SBTi (Science Based Targets initiative).

- Reduce Scope 1 and Scope 2 emissions by 42% compared to FY2022 by FY2030
- Reduce Scope 3 emissions by 25% compared to FY2022 by FY2030

NIDEC Group's medium- to long-term targets for reducing CO₂ emissions



* Scope 1: Direct greenhouse gas emissions from the business itself (fuel combustion, industrial processes).
Scope 2: Indirect emissions associated with the use of electricity, heat and steam supplied by other companies.
Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions from other companies related to the business's activities).

Governance Structure

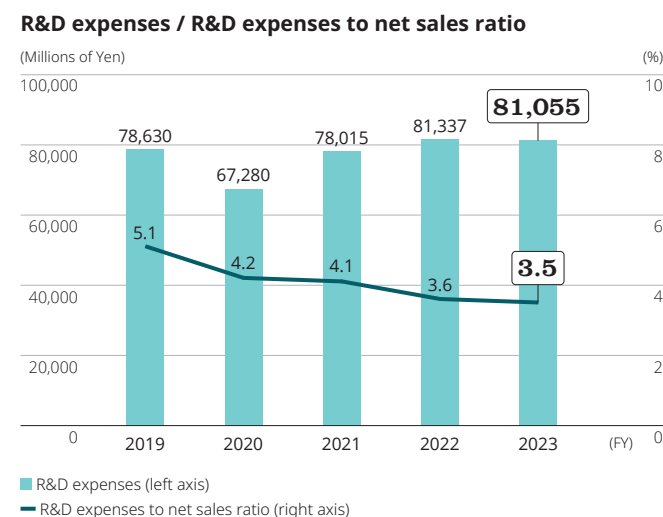
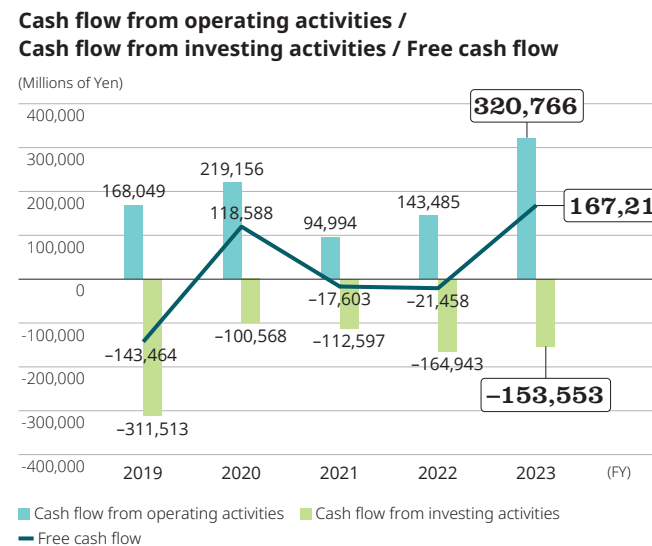
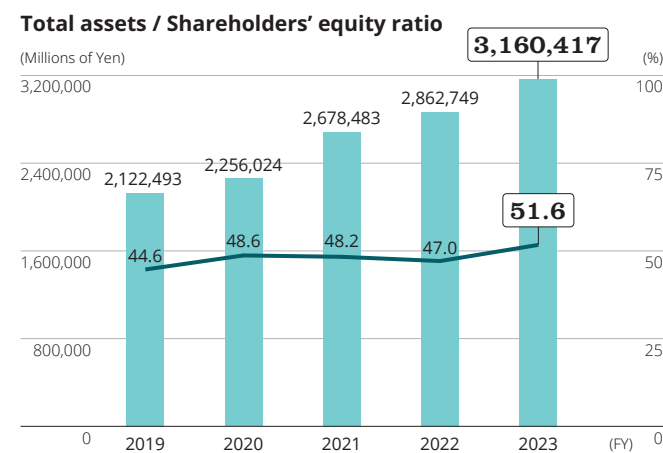
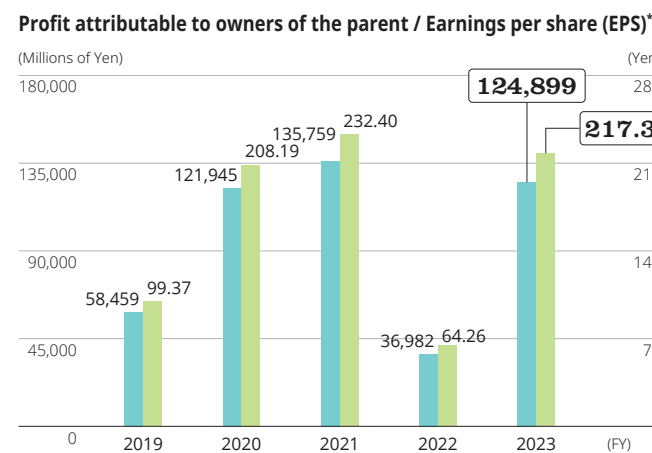
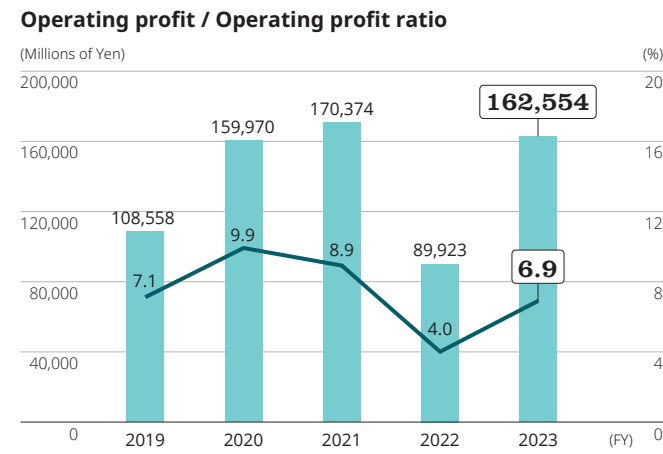
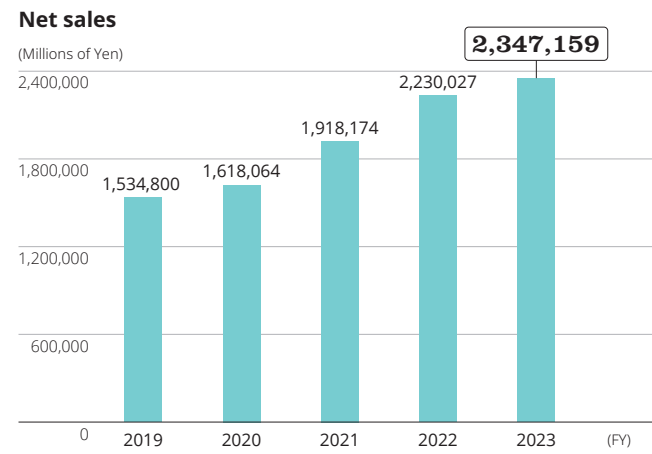
In February 2021, the Company established the Remuneration Committee, in August 2022, the Sustainability Committee, and in November 2022, the Nomination Committee. Each committee is composed of three or more directors selected by resolution of the Board of Directors' Meeting, with a majority of the

members being independent outside members of the Board of Directors.

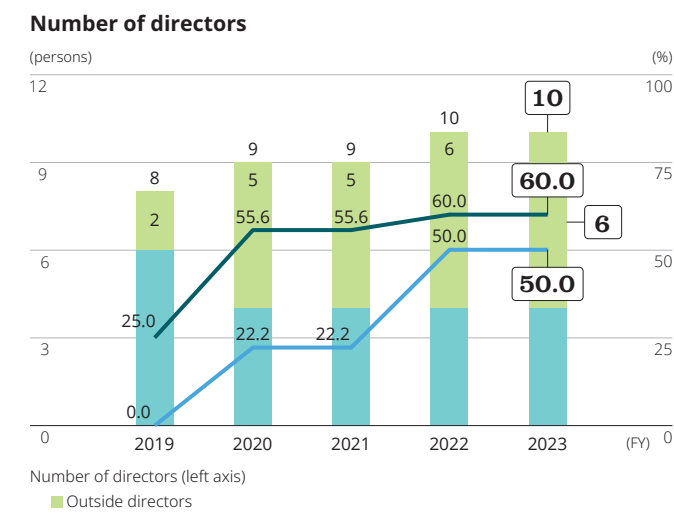
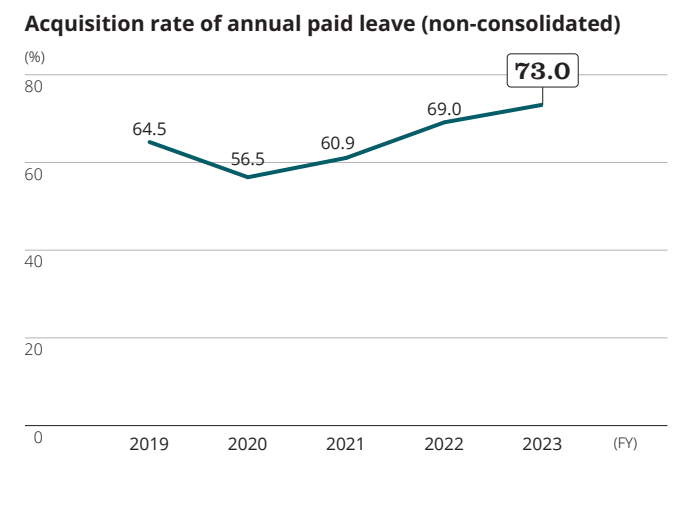
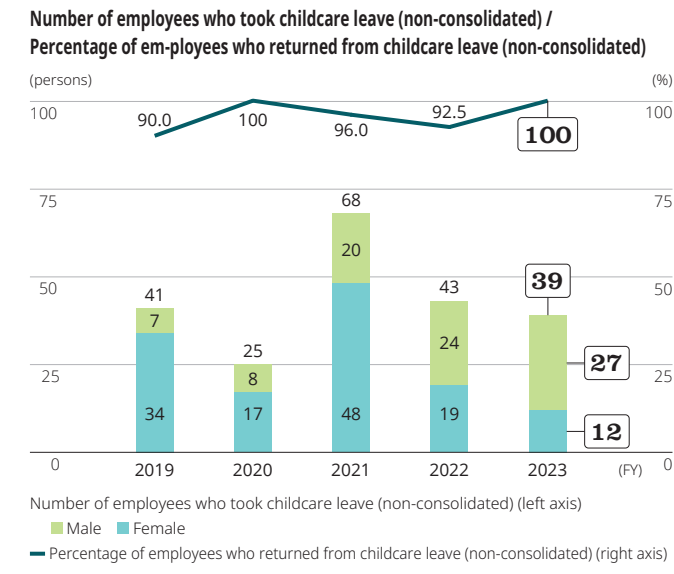
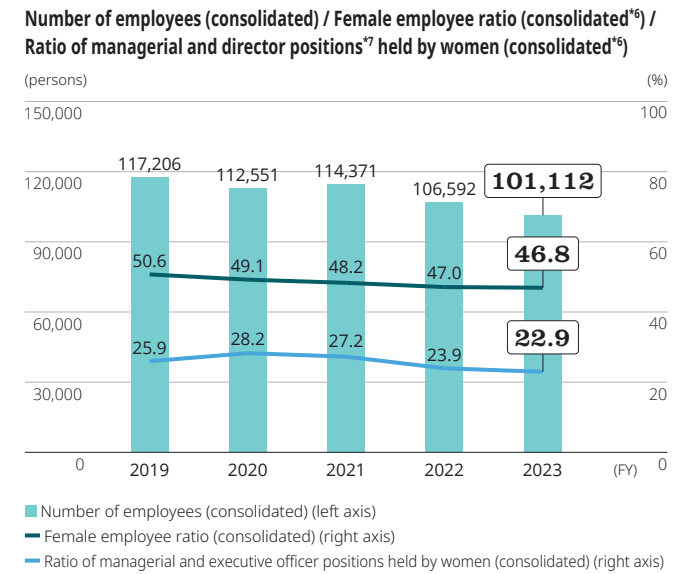
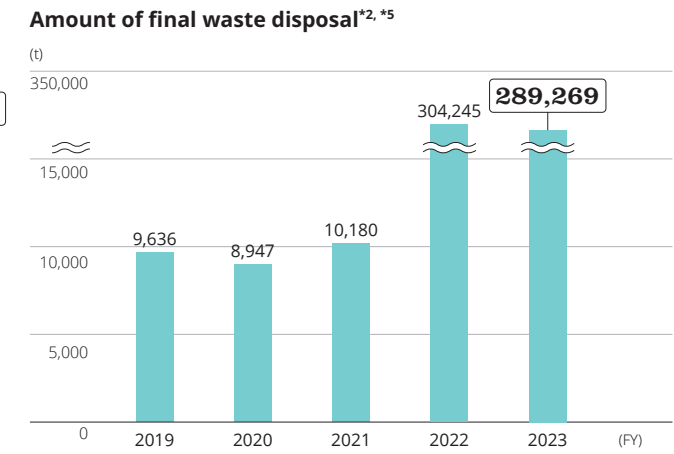
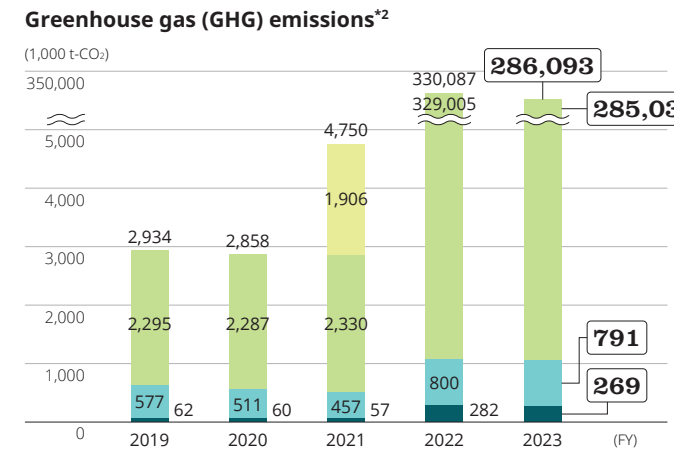
The aim is to further enhance the Company's corporate governance system by ensuring fairness, transparency and objectivity through the appropriate involvement and advice of independent outside members of the Board of Directors.

Performance Highlights

Financial Information



Non-financial Information



*1 Adjusted based on the 2-for-1 split implemented as of April 1, 2020. "EPS" and "Dividends" are expressed assuming that the stock split occurred at the beginning of FY2017.
 *2 Data coverage rate relative to sales: FY2019: 59.2%, FY2020: 58.7%, FY2021: 53.5%, FY2022: 100%, FY2023: 100%.
 *3 For calculation of the FY2022 data, IEA country-specific emission factors have started to be used. To calculate the data of FY2021 and before, the Ministry of the Environment's Calculation Method and Emission Factors Chart in the Accounting, Reporting, and Disclosure System was referred to.
 *4 The GHG emissions in FY2021 doubled compared to those in FY2020 due to the expansion of businesses subject to data acquisition in Category 1 (marked by ■). The GHG emissions significantly increased in FY2022 compared to FY2021 as calculations for categories 8, 11, 12, and 15 started.

*5 For FY2021 and before, calculation was performed based on solid waste only.
 *6 Calculation of consolidated data began from FY2019. In FY2023, 87.7% of employees of consolidated Group companies were surveyed.
 *7 Managerial positions of section chief level or higher, and officers. Outside directors are included. Section chief level: Employees who fit the description (1) or (2) below, or those in equivalent positions.
 (1) Position responsible for directing and implementing activities to achieve the daily operational goals of the organization, and for communicating the instructions of managerial staff to the relevant subordinates (2) The head of an organization with two or more subsections, or 10 or more members