



NIDEC CORPORATION

## Global ESG Conference Presentation Material

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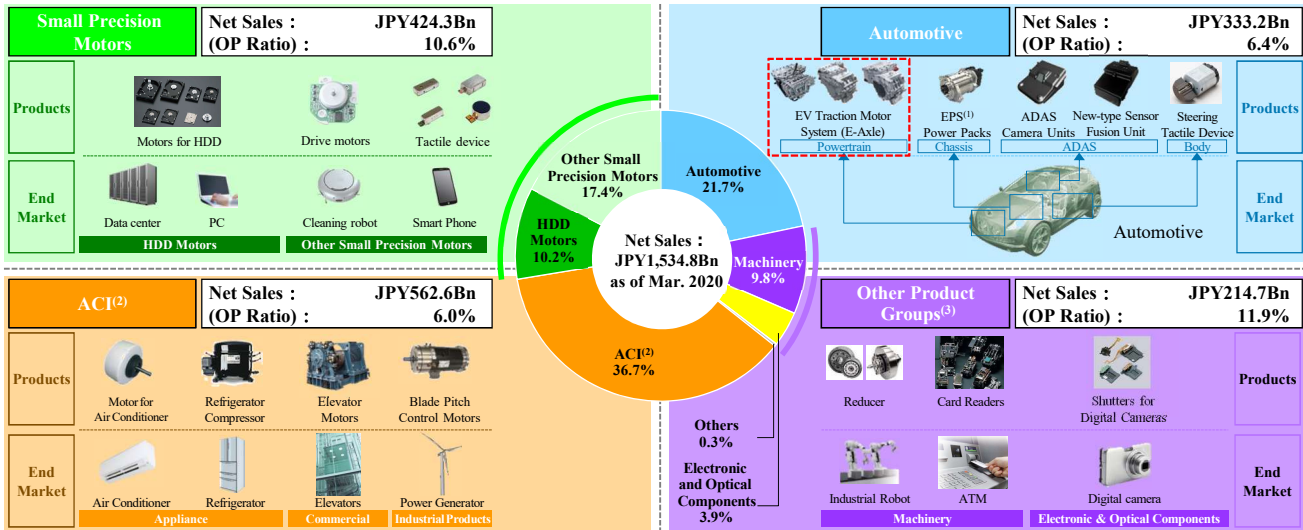
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### Disclaimer Regarding Forward-looking Statements

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# Product Portfolio: Aligned to the Best End Markets

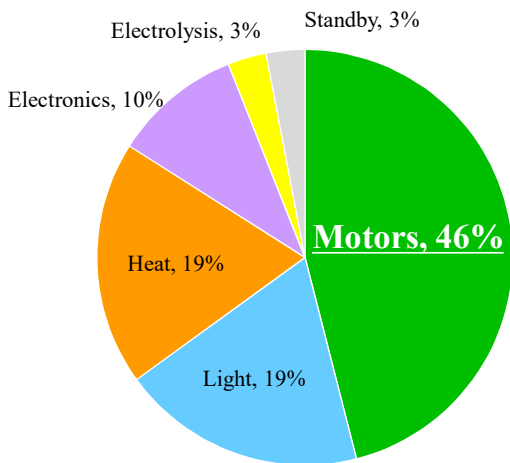


1. EPS: Electric Power Steering  
 2. Appliance, Commercial and Industrial Products  
 3. Includes Machinery, Electronic and Optical Components, Others

# Energy-efficient and Environmentally Friendly Products



Global Electricity Consumption



Source: (IEA Energy Efficiency Series, Paul Waide and Conrad U. Brunner, et al. 2011)

- Motors are the core components of anything working with electricity.
- Motors account for approximately half the world's power consumption.
- We will supply efficient motors globally and contribute to the reduction of CO<sub>2</sub> emissions and the economic development of emerging countries.



# Achieving Long-term Growth through Solving Various Global Agenda such as Climate Change, Widespread of 5G, Labor Shortage



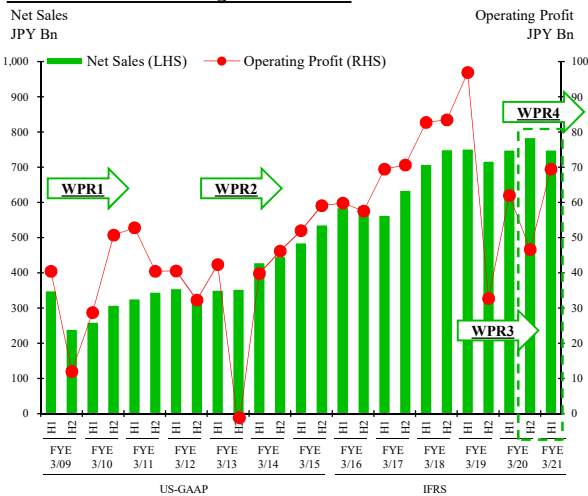
1. Internal Combustion Engine  
2. Automatic Guided Vehicle

# Strong Financial Performance Even Under COVID-19

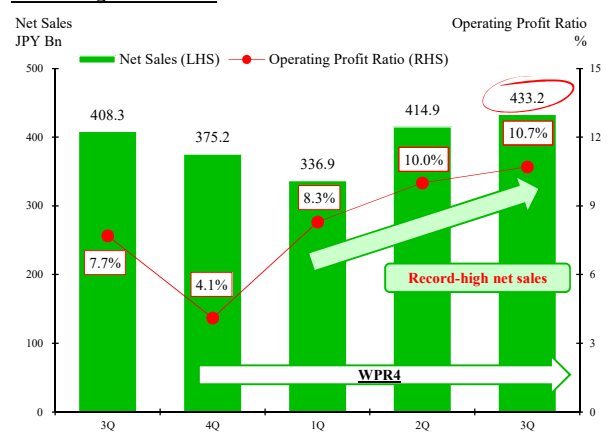


WPR (Double Profit Ratio) is cost reduction initiatives implemented to recover profitability with multiple proven track records, taking "unprecedented slowdown caused by COVID-19" as a large opportunity to enhance structural reform.

Track Record of Executing Previous WPR



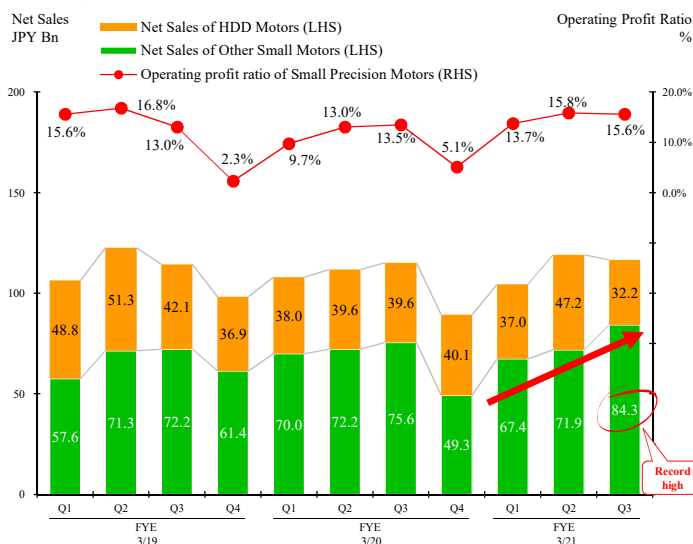
Sound Progress of WPR4



## Strong Financial Performance Even Under COVID-19: Small Precision Motors

Sales of other small precision motors hit a record due to new stay-home demand

### Quarterly results of Small Precision Motors

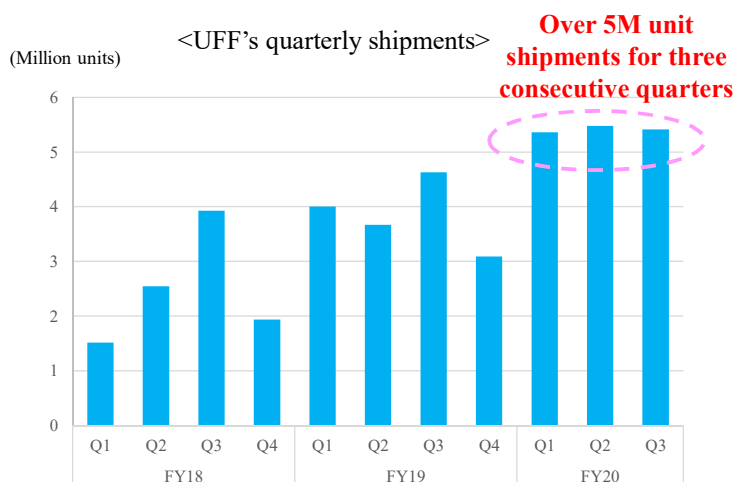


1. BLDC: Brushless DC motor



## Demand Boosted by Work-From-Home in “With Corona” Era

Ultra thin/ultra small fan motor “UltraFlo FDB (UFF)” supports the solid demand for work-from-home



## Preparation for 5G Era (Product Lineup for Thermal Management)

On the back of explosive increase of digital data due to fully-fledged launch of 5G, Nidec offers solutions to the heat generated by faster CPU

<Sales target for thermal management products>



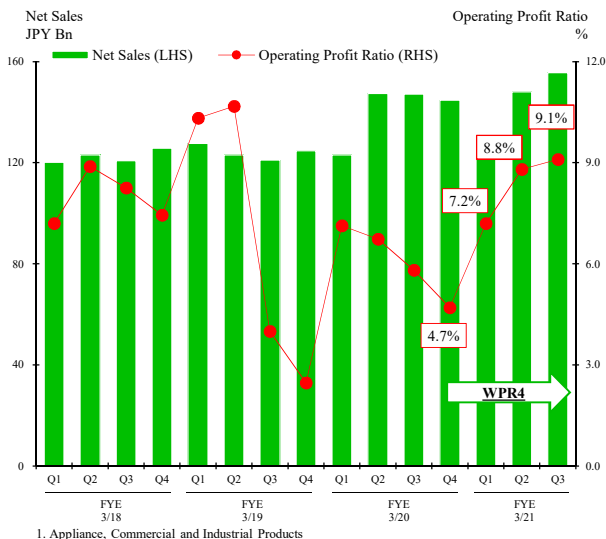
Heat pipe/ module	Heat-sink/ module
<p>Components with the effective thermal conductivity</p>	<p>Cooling components with a heat radiation fin or fan</p>
Vapor chamber/ module	Liquid cooling system
<p>Thinner components spreading the heat flatly</p>	<p>Cooling system for high heating elements where air cooling is not sufficient</p>

This slide includes forward-looking statements. See Disclaimer on Page 2.

## Strong Financial Performance Even Under COVID-19: ACI<sup>(1)</sup>

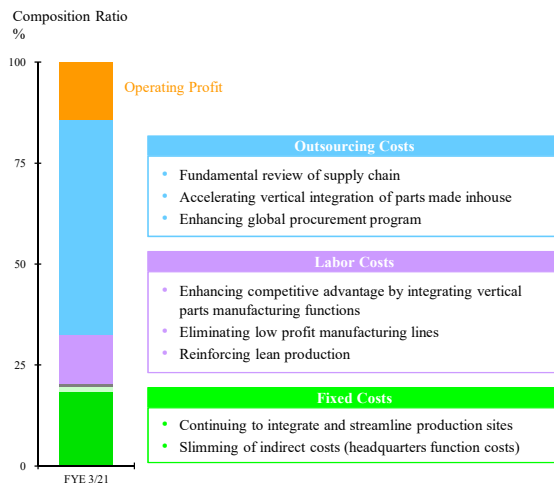
Implementing drastic measures (WPR4) to reform the profit structure in ACI<sup>(1)</sup>

### Sound Progress of WPR4 in ACI<sup>(1)</sup>



1. Appliance, Commercial and Industrial Products

### Undergoing Drastic Review of Cost Structure





## Battery Energy Storage Systems that Support the Use of Renewable Energies



Power conversion system essential for BESS



BESS (Battery Energy Storage System) system in Germany



Micro-grid system in Chile



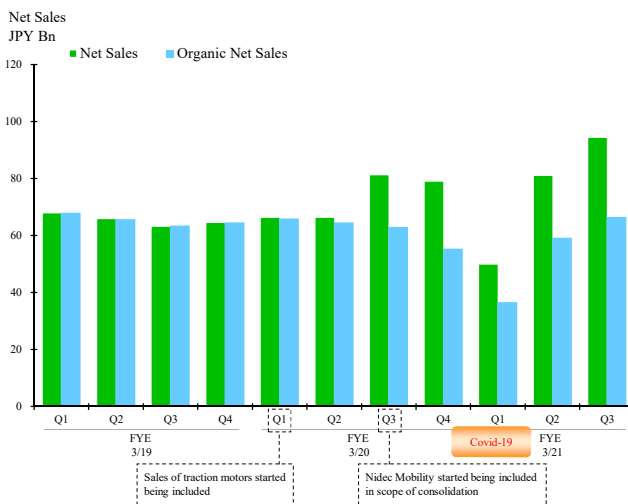
Photovoltaic power generation plant in a suburb of Ciminna, Sicily, Italy

## Strong Financial Performance Even Under COVID-19: Automotive

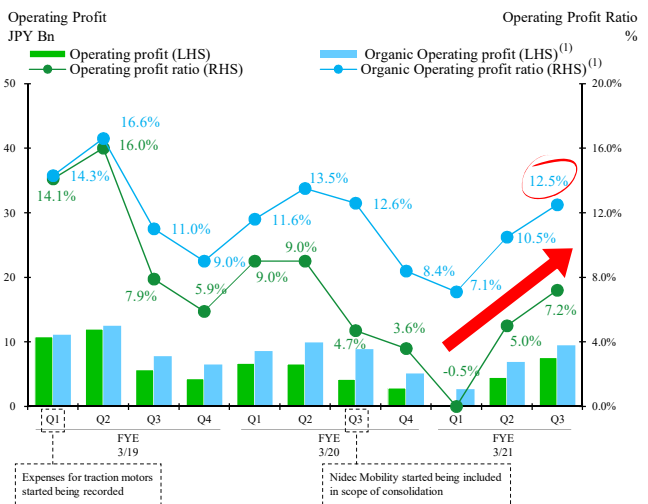


Profitability of organic automotive business<sup>(1)</sup> maintained double-digit operating profit ratio after bottoming out in Q1 FYE 3/21

### Quarterly Net Sales



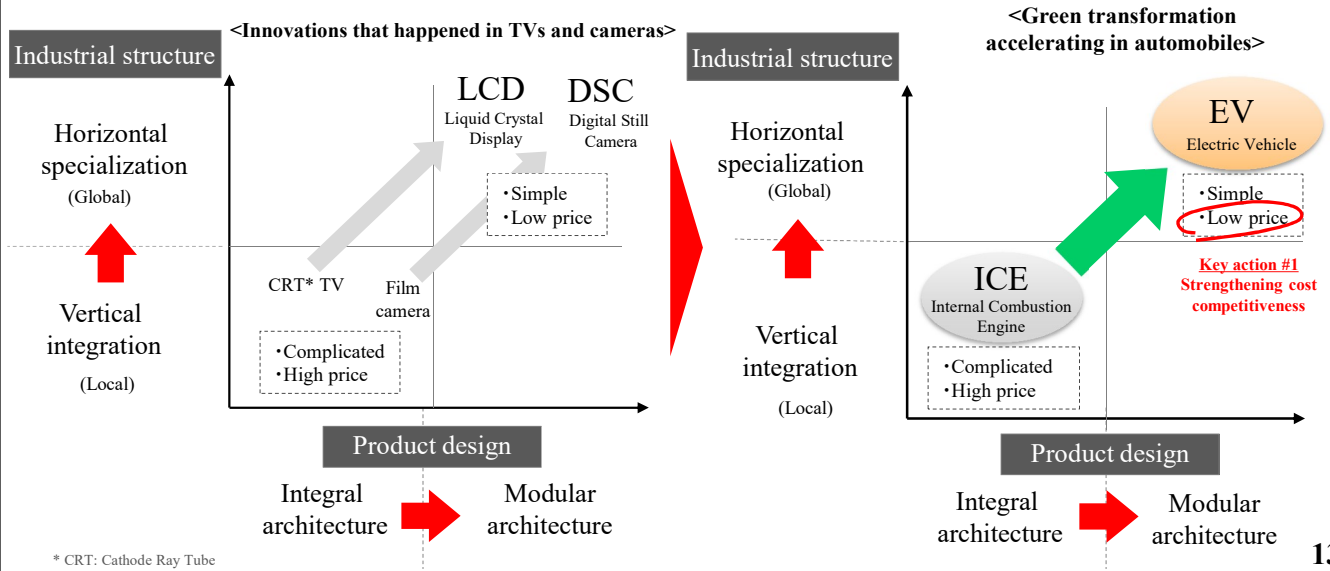
### Quarterly operating profit and operating profit ratio



1. Excluding impact of traction motor related business which are still in the early investment phase and Nidec Mobility acquired in 2019 which is still under PMI

## Vision for Traction Motor Business (Product Architecture)

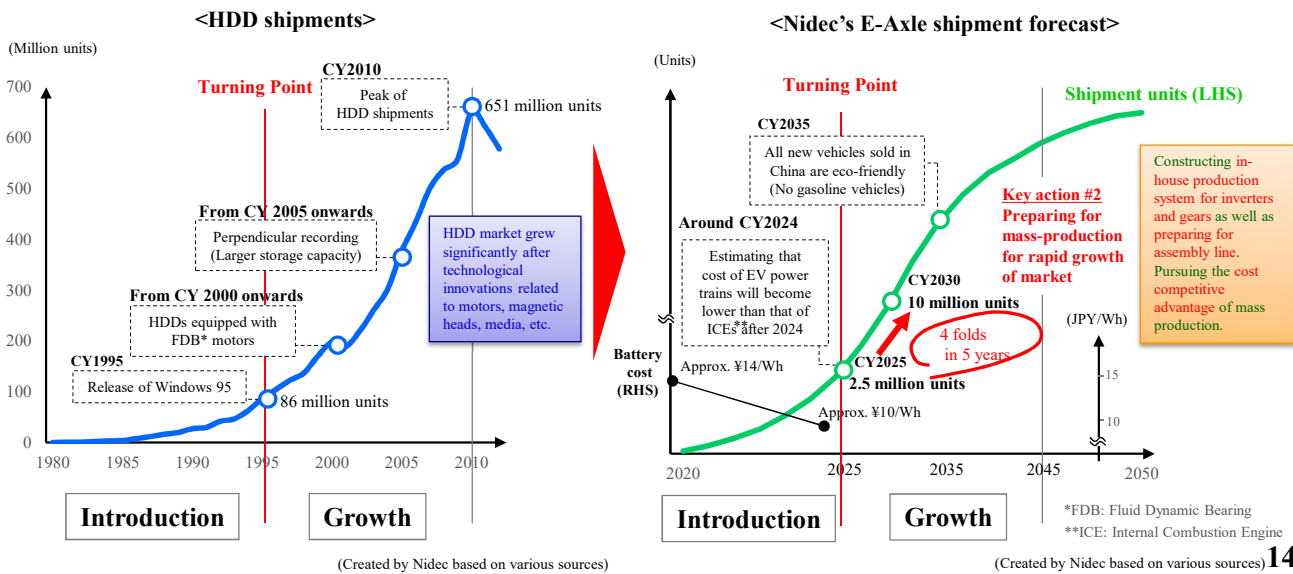
Green transformation is triggering innovations in the auto industry, similar to those in the TV and camera industries that occurred in the past



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## Vision for Traction Motor Business (Product Life Cycle Theory)

Growth we experienced for over 30 years in the HDD industry is expected to happen in the automotive industry, triggered by electric vehicle development



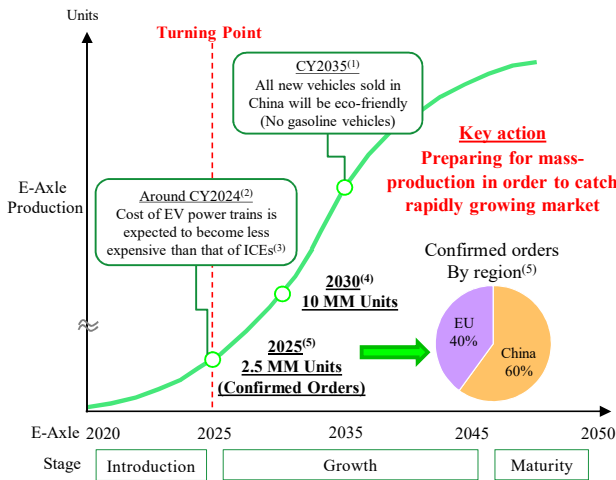
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# Nidec's Solution to Climate Change: Long Term Growth Strategy of E-Axle

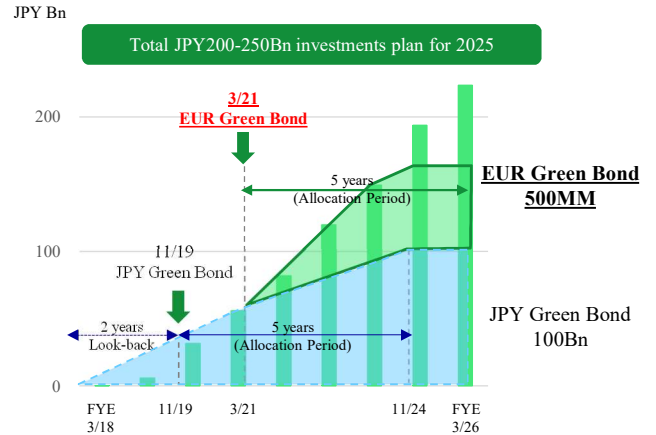


**Capturing first-mover advantage by building broader product line-up and preparing for a 10 MM unit production of E-Axle in FYE 3/2031**

## Nidec's E-Axle Shipment Plan



## Investment Plan for E-Axle by 2025 (Cumulative amounts)



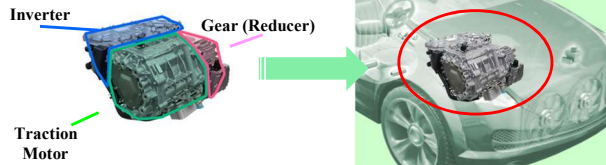
1. Company expectation based on targets established by China Society of Automotive Engineers, "the Energy-saving and New Energy Vehicle Technology Roadmap 2.0"  
 2. Based on Nidec estimate  
 3. Internal Combustion Engine  
 4. Nidec estimates based on number of confirmed orders and enquiries from clients, including EV and PHEV  
 5. Based on confirmed orders

# Nidec's Solution to Climate Change: Long Term Growth Strategy of E-Axle



## Nidec's EV traction motor system "E-Axle"

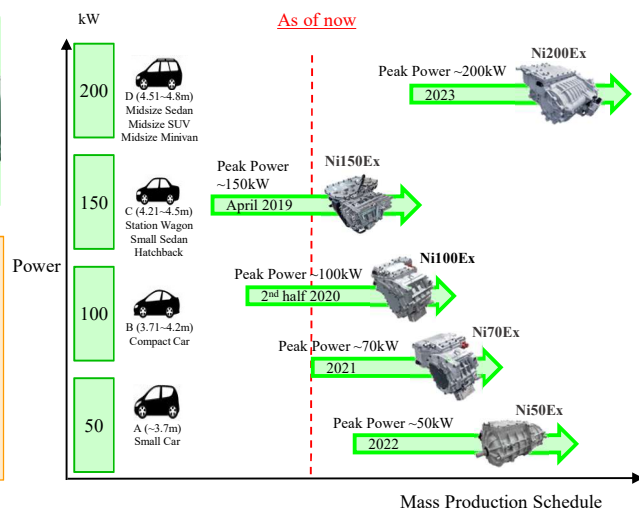
### [E-Axle Structure and key features]



- E-Axle is a fully integrated EV traction motor system that combines motors, inverters and gears, directly powering the vehicle's axle
- Since April 2019, Nidec has begun mass-production of E-Axle, and the number of E-Axle sales have exceeded 100,000 units<sup>(1)</sup>

Power performance	Sound and vibration performance
Electricity cost performance	Reducing vehicle weight

## Nidec's Broder E-Axle Product Lineup



1. Cumulative sales figures to December 2020

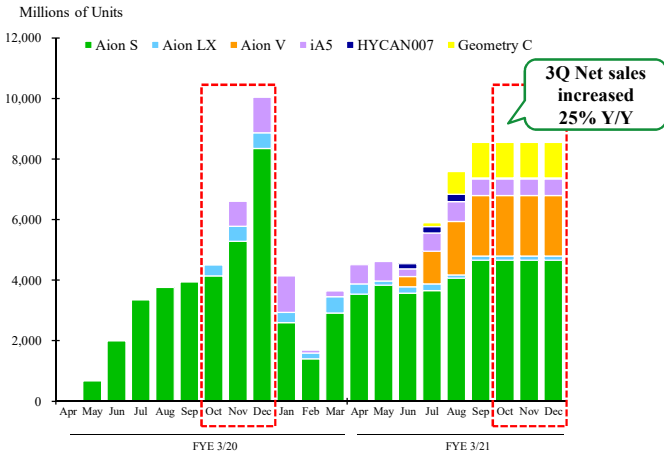


# Nidec's Solution to Climate Change: Long Term Growth Strategy of E-Axle



## Clear path to expand E-Axle sales and rapid ramp-up of auto sales adopting Nidec's E-Axle

No. of Auto Sales Adopting Nidec's E-Axle<sup>(1)</sup>



Car models that use Nidec's E-Axle as of January 1, 2021

OEM	Model
GAC New Energy Automobile	Aion S
GAC Toyota Motor	iA5
GAC New Energy Automobile	Aion LX
GAC NIO New Energy Automobile Technology	HYCAN 007
Geely Automobile	Geometry C
GAC New Energy Automobile	Aion V

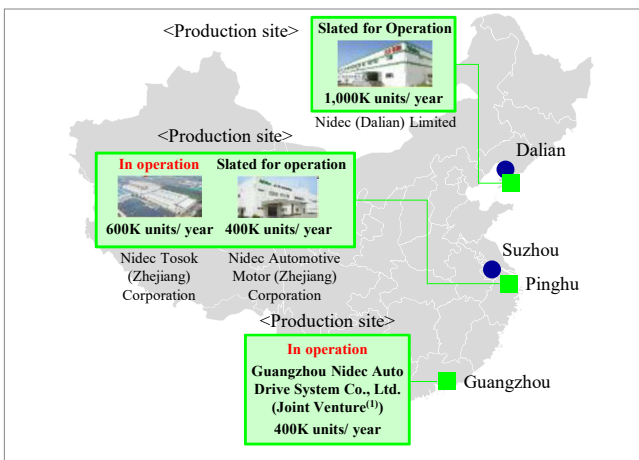
Source: MarkLines  
1. Created by Nidec based on MarkLines

# Nidec's Solution to Climate Change: Long Term Growth Strategy of E-Axle

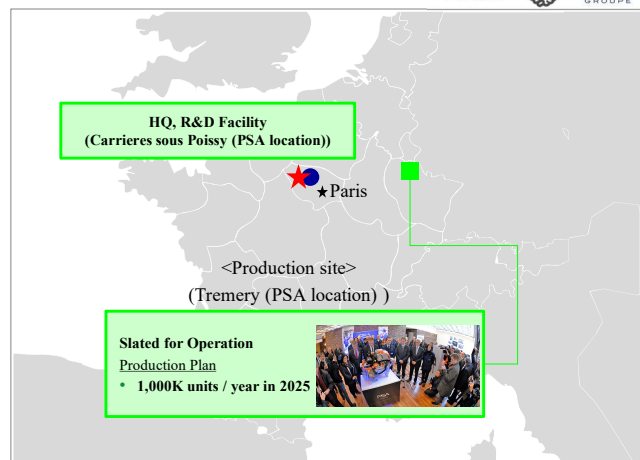


## Production Expansion in China and our strategic initiative for JV with PSA-Stellantis in Europe

Establishing Local Development and Production Capacity in China



Nidec PSA emotors<sup>(2)</sup>



★ Headquarter ■ Production sites ● R&D sites

1. Joint venture with GAC Components Co., Ltd., a member of China-based Guangzhou Automobile Group Co., Ltd.  
2. Joint venture with Groupe PSA-Stellantis

**Our CSR Initiatives / Smarter Operation**



**CSR Charter<sup>(1)</sup>**

1. Work Sincerely and Honestly
2. Coexist Harmoniously with the Environment
3. Respect Human Rights
4. Ensure Occupational Safety and Hygiene
5. Maintain Good Relations with Society

*Nidec's ultimate objective as a socially responsible business entity is to ensure sustainable growth that generate stable employment*



**SMART2030**



**30%** cut in operational CO<sub>2</sub> emissions by FYE 3/2031



**Our Special Focus**

**Impacting through our Business / Smarter Products**



**Energy-efficient Motor**



**Solving Global Agenda**



Climate Change (Global Warming)



Widespread of 5G



Labor Shortage



**Green Bond Framework**

1. Nidec established the "CSR Charter," which stipulates the company's basic stance for its relations with the society based on the "UN Global Compact" and the "Electric Industry Code of Conduct in 2018.

	Priority Issues	Target	KPI
 Environment	<b>Environmental Load Reduction</b>	Consistent reduction in energy consumptions and environmental emissions attributable to operations	5% reduction (intensity) from FYE 3/16 benchmark
	<b>Environments Contribution through Products</b>	Quantitative assessment of product-specific environmental performance	Overall framework in place for measuring total CO <sub>2</sub> emissions reduced per year
	<b>Environment Conservation</b>	Active participation in local environmental conservation efforts	Specific action program in place at each business unit
 Society	<b>Diversity</b>	A diverse workforce and leadership	8% of all managerial positions held by women <sup>(1)</sup>
	<b>Globally Competent Talents</b>	Training programs in place on a group-wide basis	Number of program participants or workshops held
 Governance	<b>Corporate Ethics</b>	Code of Conduct aligned with internationally accepted standards	EICC*-based CSR management system covering 80% of operations worldwide
	<b>Internal Control</b>	Consistent management soundness and transparency	Strict compliance with internationally accepted corporate governance guidelines
	<b>Risk Management</b>	Highly viable risk management procedures implemented on a global basis	Global risk management system adopted by all operations

1. On a non-consolidated basis of Nidec Corporation

## ESG Initiatives

### Environment Climate change initiative SMART2030 taking hold

#### SMART2030 (Sustainable Manufacturing And Resilient Tomorrow)

A 30% cut in operational GHGs\* by FY2030 (from FY2017 levels)

#### Key Steps

- More energy-efficient operations (LED lighting for new facilities, energy-saving air conditioning, AI-backed manufacturing processes)
- Using renewable sources of energy
  - Draw renewable electricity directly from power suppliers
  - Purchase certified renewable electricity using a Green Power Certification System
  - Generate renewable electricity using solar panels, etc.

\*GHG: Greenhouse Gas

### Society D&I\*\* Promotion Office launched (April 2020)

\*\*D&I: Diversity & Inclusion

Building strength by leveraging the power of multiple points of view

#### Key Roles

- Attain productive development based on gender equality and work-life balance by:
  - helping employees enhance work efficiency, improve time management skills, and boost health
  - creating and maintaining career development framework
  - staying committed to the predetermined gender diversity target of women holding at least 8% of managerial positions

### Corporate Governance Transition to a company with audit and supervisory committee

5 out of 9 Board seats to be held by external members (including 2 women) upon shareholder approval.

Reinforcing the Board's oversight capability

#### Key Changes

From

- Board members (Internal: 6, External: 2)
- Audit & Supervisory Board members (Internal: 2, External: 3)

To

- Board members not serving on Audit and Supervisory Committee (Internal: 2, External: 2)
- Board members serving on Audit and Supervisory Committee (Internal: 2, External: 3)

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## Nidec's SMART2030 (Sustainable Manufacturing And Resilient Tomorrow)

### SMART2030



Smarter Operation

#### Qualitative Target



#### Identify and publicize:

- climate change-related risks and opportunities
- mitigation/adaptation measures



#### Quantitative Target

30% cut in operational CO<sub>2</sub><sup>(1)(2)</sup> emissions by FYE 3/2031

#### Priority measures to achieve the goal

##### Energy-efficient operations

- LED lighting for new facilities
- Energy-saving air conditioning
- AI-backed manufacturing processes



Nidec Sankyo Corporation employees check the company's energy efficiency



Nidec Tosok (Vietnam) Co., Ltd.'s air conditioning equipment with an energy-saving operation control system



Solar panels installed on the roof of Nidec (Zhejiang) Corporation's building

##### Renewable electricity

- Purchase renewable electricity directly from power suppliers
- Purchase certified renewable electricity using a Green Power Certification System
- Generate renewable electricity using solar panels, etc.



Nidec Research and Development Center, Japan Operates Entirely on Renewable Energies

1. Operational CO<sub>2</sub> emissions: Scope 1 (direct emissions from owned or controlled sources) and Scope 2 (indirect emissions from the generation of purchased energy)  
2. Base year of the quantitative target: FYE 3/18

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## Nidec's Focus on Employee Health

Aiming to enhance corporate value further through productivity reform by enhancing employees' health, motivating and encouraging employees

### Nidec's declaration of health-oriented management

Nidec Group considers its employees' health and satisfaction as its important source of management, and promotes measures to realize "health-oriented management".

Our employees' health is invaluable to themselves and their families. We also consider that our employees challenging proactively and continuing to play an active part will lead to materializing "a company that will last more than 100 years". We declare to establish "health-oriented management" as the foundations to support the next generation society together with our employees and their families, and aim to become a company where each member continues to give their best performance with passion and enthusiasm.

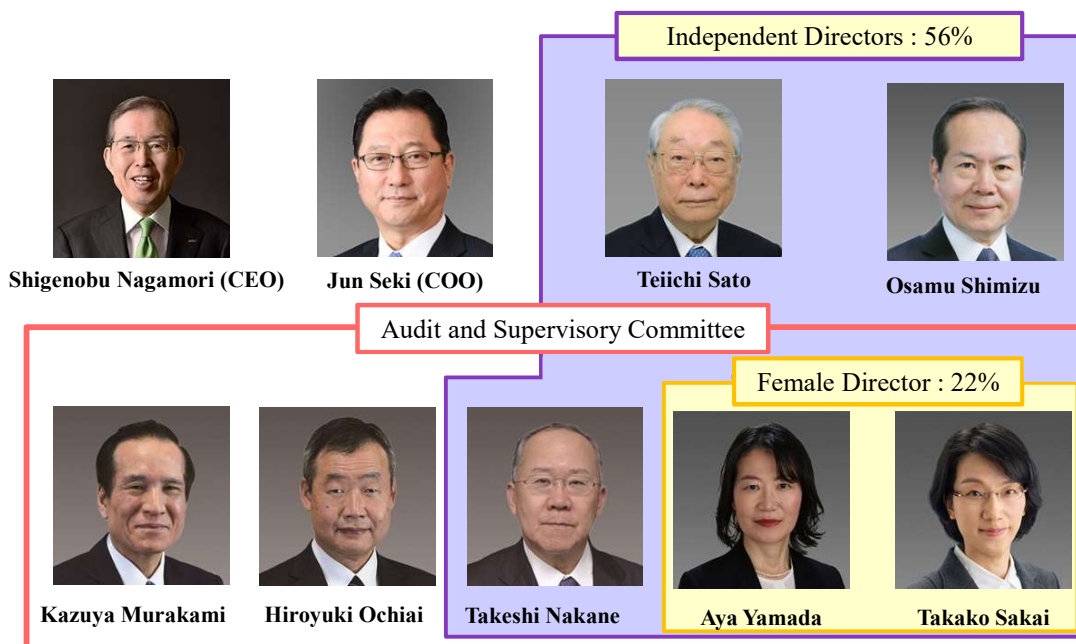
Founder, Chairman and CEO Shigenobu Nagamori



#### <Concrete measures>

- **Health Promotion Committee** has been established to facilitate liaising with the management, the corporate health insurance association, industrial doctors and employees.
- In light of reducing the risk of COVID-19 infection, **phased reduction of smoking hours** is under way and total smoking ban on Nidec's premises is expected by the end of FY2021.
- Further improvements and **measures for health promotion** will be implemented through analyses of our employees' health conditions and issues.

## Diversity on Boards



## ■ Evaluation by Society

Included in the FTSE4Good Index Series and the FTSE Blossom Japan Index



FTSE4Good



FTSE Blossom  
Japan

Received three-star “eruboshi” status



Selected for the MSCI Japan Empowering Women (WIN)

**2020** CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

Selected as “Nadeshiko” Brand



# Appendix

### 【Mission Statements】

1. **Employment stability** based on sustainable business growth
2. Available supply of highest quality, **indispensable and widely desired products** for the common good of all
3. Pursuit of **the top leader position** in each of the company's chosen paths

### 【Challenges】

“Passion, Enthusiasm, Tenacity”

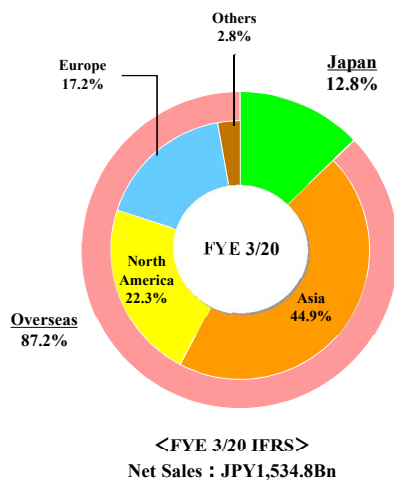
“Working hard and smart”

“Do it now; do it without hesitation;  
do it until completed<sup>(1)</sup>”



1. Translation of the motto on the picture

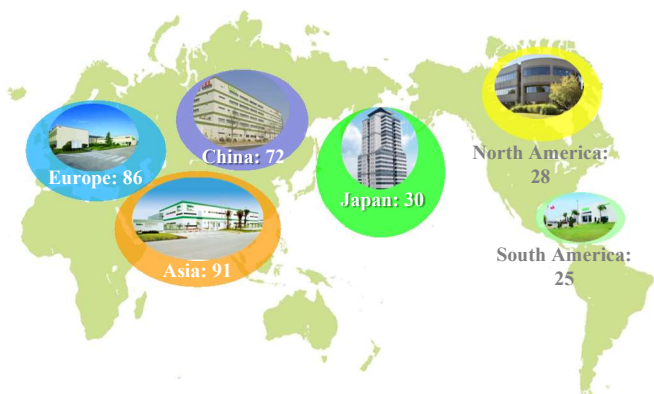
### Historical Net Sales by Region <sup>(1)</sup>



1. Net sales is based on the location of the client excluding internal transactions

### 332 Group Companies Operating in 44 Countries <sup>(2)</sup>

### Expanding Global Network



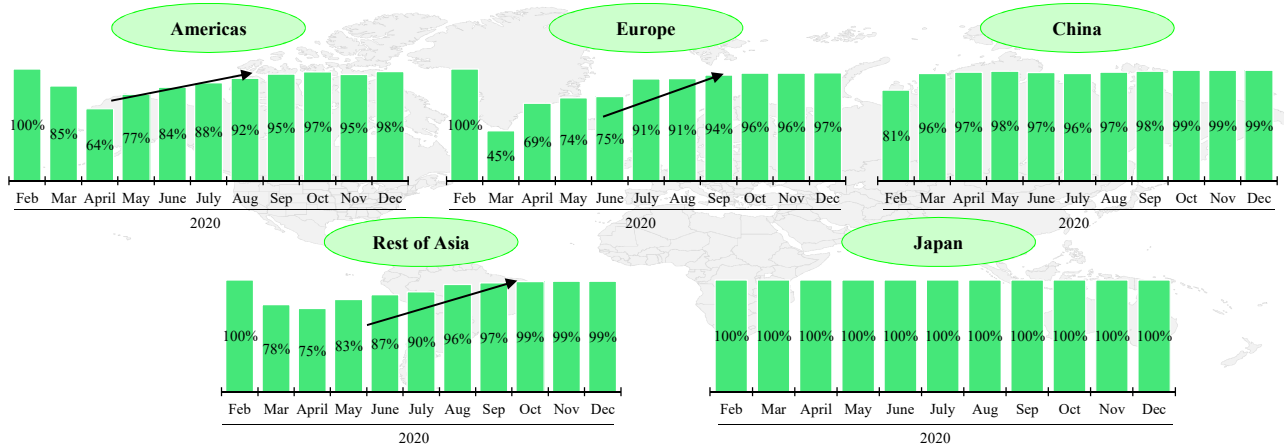
2. As of 31 March 2020



# Operational Impacts from COVID-19

## Operational Impacts from COVID-19

Changes in regional productions where the pre-pandemic average utilization ratio assumed to be approx 100% (on a month-end basis)



# Strategies for CASE<sup>(1)</sup> Era

## Automotive: Strategies for CASE<sup>(1)</sup> Era (Examples of Systematization and Modularization)

**Seat system**

ECU<sup>(2)</sup>    Seat adjuster motor    Seat air conditioning Fan    Seat tactile device

**Product strategy for CASE<sup>(1)</sup> era**

**Door system**

ECU<sup>(2)</sup>    Door motor    Door lock module    Internal switch

**Pump module**

Electric oil pump module    Electric water pump module

**Electric power steering system**

EPS<sup>(3)</sup> powerpack (Column type)    EPS<sup>(3)</sup> powerpack (Rack type)











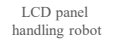










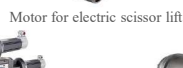



**EV traction motor system**

E-Axle traction motor system lineup



Ni150Ex (150kW/3900Nm)    Ni100Ex (100kW/2400Nm)    Ni70Ex (70kW/1600Nm)    Ni50Ex (50kW/1600Nm)    Ni200Ex (200kW/4200Nm)

1. CASE: Connected, Autonomous, Shared and Electric  
 2. ECU: Electronic Control Unit  
 3. EPS: Electric Power Steering

## Nidec's Product Lineups Expanding into Robotics

Service/ Communication robots	Commercial/ Industrial robots	Logistics/ Agricultural fields
 Wide angle optical image stabilizer camera module (TiltAC)  Tactile device  Wide angle camera module  TiltAC Module  Ultra-flat geared actuator  Motor for wheel drive  Reducer  DC servo module 	 Wafer/ LCD transfer robot  Reducer series  LCD panel handling robot  Universal AC/ servo drive  Robot controller  AC servo motor  Robot module  Encoder  Pressure sensor  Frameless motor	 Drone motor  Automated guided vehicle S-CART  Aperture unit for drone  Motor for pallet truck  Motor for warehouse conveyor  Motor for electric counter-balance forklift  Motor for electric scissor lift  Geared servo motor  Motor for construction/ mining/ agriculture 

## Nidec Green Bond Framework - Overview

Use of Proceeds	Project Evaluation and Selection
<ul style="list-style-type: none"> <li>To finance and/or refinance Eligible Projects (capital expenditures and R&amp;D expenses for the production of traction motors for EVs)                      ※ the use of proceeds of this transaction will be allocated to new projects</li> <li>Look back period: 24-month</li> </ul>  	<ul style="list-style-type: none"> <li>Selection is executed by Nidec's Finance Department upon discussion with IR-CSR Promotion Department and relevant Business Units</li> <li>Final approval is made by the Vice President in charge of the Finance Department</li> </ul>
Management of Proceeds	Reporting
<ul style="list-style-type: none"> <li>The Finance Department will track and monitor the allocation of the proceeds biannually</li> <li>Pending allocation to eligible projects, unallocated proceeds will be invested or maintained in cash and cash equivalents</li> </ul>	<ul style="list-style-type: none"> <li>Allocation Reporting                             <ul style="list-style-type: none"> <li>Annually until full allocation and on a timely basis in case of material developments</li> <li>Accompanied with compliance review from Sustainability until full allocation</li> </ul> </li> <li>Impact Reporting                             <ul style="list-style-type: none"> <li>Annually disclose impact metrics throughout the term of the green bond</li> <li>✓ Number of shipped traction motors per year</li> <li>✓ CO<sub>2</sub> emissions avoided by replacing conventional combustion engines with traction motors<sup>(1)</sup></li> </ul> </li> </ul>



**External Reviewer**  
 **SUSTAINALYTICS**

1. Calculated the differences in amount of estimated CO<sub>2</sub> emissions from electric vehicles operations and combustion engine vehicle operations

