

Messages from Outside Members of the Board of Directors



Shinichi Sato
Remuneration Committee Member

Governance at Nidec is being continuously enhanced through the establishment of the Nomination Committee and Remuneration Committee, and the operation of the Sustainability Committee, and appropriate measures are being taken from the perspective of sustainable increase in corporate value and consideration for stakeholders. A well-functioning whistle-blowing system ensures that any misconduct, such as improper accounting treatment, is handled with extreme agility and integrity, with thorough preventive measures implemented immediately.

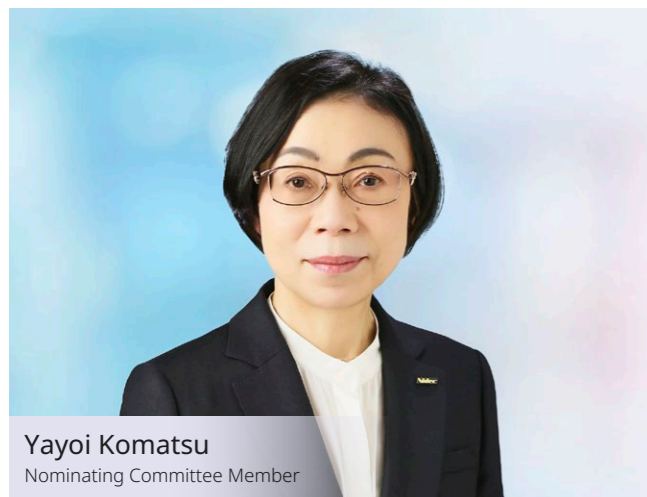
The Board of Directors is engaged in active and intensive discussions. In particular, questions from outside directors are answered with sincere and detailed explanations from internal directors and those in charge of agenda items, and discussions focus on the outlook for and measures to address various risks

associated with important investment projects and financial matters. Given the current situation in which the risk of unimaginable problems emerging in any part of the world is extremely high, it will be important to add the following themes to the discussion: identifying issues and risks from a bird's eye view of the many bases located in various regions, business fields, and the entire Group; and monitoring the effectiveness of the cross-organizational check function. In addition, I hope that foreign nationals with management experience in global companies, both internally and externally, will join the Board of Directors in the future.

In recent years, the world has entered a chart-less era, with a rapid paradigm shift, heightened geopolitical risks, and unprecedented fragmentation and instability in markets. Under these circumstances, it will be even

more important for Nidec to be determined to open the new era with animal spirits and imagination, based on the tangible and intangible assets it has cultivated over the years, from the perspective of continuity and change. If we can create new social value with determination and steadily link this to sustainable growth, I believe that Nidec will be able to further enhance its corporate value and evolve into a global company that can be relied upon even in a chart-less era.

In light of this situation, I will, as an outside director, gather diverse information from a global perspective, carefully supervise the progress of management goals and the state of governance by drawing on my experience and knowledge, and raise issues and make recommendations as necessary.



Yayoi Komatsu
Nominating Committee Member

FY2023 was the first year in which the appointment process of the president was made transparent, and I participated in the discussion of the appointment of the new president at the Nomination Committee. Five vice presidents were appointed as candidates for the new president, and after the new president was selected, a collegial system was established to support the president. We were very careful in the process of selecting the candidates for president, but the selection process was carefully carried out based on the Nidec's policy. As an outside director, I felt that it was necessary to have regular opportunities to interact with senior employees and to listen to the opinions of younger employees.

The Board of Directors meetings are proceeding

smoothly thanks to the enhanced business study sessions and pre-briefings. A large number of questions and opinions have been raised by outside directors, including at pre-briefings, and Nidec has responded sincerely to these questions and opinions, further stimulating discussions. Thanks to the comments made by Shigenobu Nagamori, Chairman of the Board, I can deepen my understanding of the background of the agenda and the Nidec's view on the future direction. As for the future members of the Board of Directors, I am looking forward to the appointment of female directors from within the Company and the appointment of foreign directors to enhance the incentive for foreign employees. A number of accounting errors were found between 2023 and 2024. However, these were properly

reported to the Board of Directors, and necessary steps are promptly being taken to improve relevant systems. I feel that we must continue to aim for system optimization in each area of the Company.

The direction of One NIDEC is being systematically unified across the entire Group, and this is expected to gradually exert positive effects. I believe that from this point onward, the technologies acquired through M&A will be combined with existing technologies to produce even greater results and innovation, and that employees will deepen interaction with each other. As an outside director, I will support the technology development division that props up the growth of the Nidec Group and contribute to the creation of a system that enables diverse human resources to make the most of their abilities.



Takako Sakai
Nominating Committee Member
Remuneration Committee Member
Sustainability Committee Chairman

Having participated in various committees, including the Audit and Supervisory Committee, Remuneration Committee, Sustainability Committee, and Nomination Committee, since my appointment as an outside director in June 2020, I feel that the Nidec Group has been steadily establishing a governance system. Especially in FY2023, during the selection process for the new president by the Nominating Committee, I was able to examine the image of a suitable leader for the Nidec Group through the performance evaluation of each candidate and discussions with outside directors, touching on the attitude of the person leading each department and his/her thoughts on colleagues and the Company. In addition, through attending the press conference announcing the new president and the ESG presentation for investors, I was able to fulfill my

accountability as an outside director regarding the decisions made by the Board of Directors and their appropriateness and rationality. I believe I had good opportunities to reconsider what is required of me to enhance corporate value.

The Board of Directors conducts annual questionnaires and their reviews, and issues pointed out by outside directors have been steadily improved. Furthermore, laboratory and plant tours, research presentations, and training on related laws and regulations are provided depending on agenda items, which provide good opportunities to understand the characteristics of the products handled and initiatives to strengthen compliance. On the other hand, while a certain level of diversity has already been maintained among the members of the Board of Directors, I look

forward to the presence of female internal directors on the board in the future.

Now that the new structure under President Kishida is gaining ground, I hope that the Nidec Group will steadily transform its portfolio and further develop new fields such as AI-related businesses by leveraging the Group's existing technologies. I also hope that the Nidec Group will develop related growth fields and further enhance its corporate value. In order for the Nidec Group to survive the fierce competition, I would like to, as an outside director, support investment in human resource development under the new structure. As the global situation becomes more complex, I will sincerely play my role to help Nidec continue to contribute to society by speedily providing solutions as it has always done.



Aya Yamada
Audit and Supervisory Committee Member
Nominating Committee Member
Remuneration Committee Member

As the corporate governance code is constantly changing due to the wave of globalization, it is not easy for a business entity like the Nidec Group, which has a wide range of overseas businesses, to keep up with the changes. Where geopolitical fluctuations and associated business changes require constant and agile decision making, the Nidec Group maintains governance by flexibly reviewing its organizational structure, carrying out DX in its finances, and other measures. It is noteworthy that Nidec goes beyond organizational and institutional responses to ensure that executive-level employees visit the work site to communicate directly with employees there in an effort to build face-to-face relationships with them. I feel that the connections between people make governance strong.

A new president was elected by the Nomination Committee in FY2023. The Nomination Committee discussed the selection

process with the perspective of outside directors, and I believe that this led to an opportunity to help the Company as a whole build awareness and deepen understanding of the new structure. We believe that this foundation has enabled a smooth transition from the traditional top-down decision-making framework to a decision-making framework based on Group-wide discussions.

The Board of Directors has made further progress in organizing agenda items, and the significance and effect of decision-making have been clarified in relation to related laws and regulations. It has become customary for briefings on agenda items to be held prior to the Board of Directors meetings, allowing directors to obtain detailed information and to learn about the question-and-answer session with other directors, which promotes understanding and stimulates discussion. As the effectiveness of the Board

of Directors has improved, I look forward to increasing its diversity in the future with the participation of those with branding and ESG expertise.

Nidec is undergoing a period of major change, and along with organizational reform, it is undertaking a bold reorganization of its business portfolio. The direction to adopt the advantages of bottom-up decision making (diversity and flexibility), while retaining the advantages of top-down decision making (speed and unity), should be highly evaluated. Nidec's untiring spirit to take on challenges and resilience to overcome failures and make them a source of success are its unique strengths and should be cherished throughout the next 100 years. I will do my best to balance these strengths internally and properly communicate Nidec's transformation to the outside world, thereby supporting its contribution to the world as a global company.



Hiroe Toyoshima
Audit and Supervisory Committee Member
Sustainability Committee Member

Nidec has strengthened its supervisory function over management by having a majority of six of its 11 directors consist of highly independent outside directors, and is working to build an appropriate governance system. When problems occur, it earnestly and thoroughly investigates the causes and works to quickly address the problems. Nidec is willing to flexibly change its governance system and pursue further effectiveness. I appreciate that the spirit of the three essential attitudes: (1) passion, enthusiasm, and tenacity, (2) work hard and smart, and (3) do it now; do it without hesitation; do it until completed, is also effective in improving governance.

At the Board of Directors meetings, outside directors ask questions and express their opinions frankly and actively, and I feel that the function of monitoring management is being fulfilled. The briefings prior to the Board of Directors

meetings, various study sessions to understand the wide range of businesses, and meetings for exchanging opinions with executive officers play important roles in understanding the agenda of the Board of Directors meetings and are indispensable for ensuring the effectiveness of the Board of Directors. In addition, under the new management structure, President Kishida has joined the Board of Directors, and discussions have become more intense and active, enabling faster and more flexible management decisions than ever before. I believe these developments are a sign that the transition to the new structure is proceeding smoothly. On the other hand, I feel that there is an issue in that we do not have many direct interactions with the executives of overseas Group companies. In the future, I hope that executives in charge of overseas and executive candidates will actively participate in the pre-briefings and

executive meetings and increase opportunities to realize One NIDEC through direct dialogue with outside directors.

Nidec has grown into a 2 trillion-yen company in a short period of time, but I feel that it is still a young company that continues to grow voraciously, expanding its business with the aim of achieving consolidated net sales of 10 trillion yen. Even if it fails due to its youth, the Company has the underlying strength to turn those failures into future growth, and I strongly expect further growth. As an outside director who is a member of the Audit and Supervisory Committee, I will pay utmost attention to the risks associated with business growth and expansion, and actively provide advice and recommendations regarding the establishment of a monitoring and supervisory function system, thereby contributing to the sustainable enhancement of Nidec's corporate value.



Kunio Umeda
Audit and Supervisory Committee Member
Sustainability Committee Member

Nidec started in 1973 with four people in a small prefab shed, but has now become the world's No. 1 comprehensive motor manufacturer. With offices in more than 40 countries, it has become a large corporation with more than 100,000 employees and net sales of more than 2 trillion yen on a consolidated basis. While the Japanese economy has been stagnant since 1995, Nidec's remarkable progress is a source of pride for Japan and a testament to its successful governance. Nidec is now making great strides to achieve its FY2030 net sales target of 10 trillion yen.

In April 2024, Nidec launched a new structure for the next era, led by Founder and Chairman of the Board Nagamori, Chairman Kobe, who has been with Nagamori for over 50 years, and President Kishida. Since I became

an outside director in June 2024, I have attended Board of Directors meetings and other meetings, and I am always amazed at Chairman of the Board Nagamori's insightful, candid, apt, and witty remarks. At the same time, I have high expectations for Nidec's new path to be paved by the initiative of President Kishida, who is full of enthusiasm. I also expect Nidec to raise the awareness of all Group employees by clearly stating that it is committed to becoming a corporate group that contributes to preserving the global environment and enriching the lives of people around the world, while adhering to its code of conduct of "Do it now; do it without hesitation; do it until completed," and the spirit of "Passion, enthusiasm, and tenacity."

The world is currently in the midst of a period of

historic change. We are facing major problems: first, geopolitical risks; second, risks of changes in the global environment itself, such as climate change, loss of biodiversity, and the increase of infectious diseases; and third, population decline and the resulting serious labor shortage. These problems will have a major impact on the future of Nidec and the lives of its employees. In the future, crisis management not only by the national and local governments, but also by companies and individuals, will become more important. Based on my experience of being in charge of various crisis management issues during my time at the Ministry of Foreign Affairs, I intend to contribute to the crisis management of Nidec and its employees as an outside director.

Materiality Initiatives

Build a fair, transparent and highly effective governance system

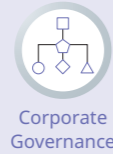
Materiality

[Board of Directors]

- 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

[Nominating Committee / Remuneration Committee]

- 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



Corporate Governance

In FY2023, the Board of Directors' Meeting continued to be highly evaluated for its supervisory function, and we confirmed that our Board of Directors' Meeting is functioning appropriately. We will continue to consider countermeasures based on these results and strive for continuous improvement. With regard to the policy for the selection of directors and executive vice presidents, the selection criteria, and the determination of candidate proposals, etc., the Nomination Committee was established as an advisory body to the Board of Directors' Meeting in November 2022, and deliberations are being carried out. In FY2023, the president was selected. In addition, with regard to executive remuneration, the Remuneration Committee deliberated on the remuneration level and reported its findings to the Board of Directors' Meeting.

Toward the future

In terms of ensuring the effectiveness of the Board of Directors' Meetings, providing sufficient information on each agenda item and ensuring opportunities for discussion, as well as providing appropriate industry and market information in advance, will help non-executive directors to better understand the business. Therefore, we plan to continue holding preliminary briefing sessions and informal meetings* with the President and CEO, the General Managers of the business divisions, and the Vice Presidents, while enhancing the content of these sessions.

The Nomination Committee deliberates on the process of making nominations, and the Board of Directors' Meeting resolves and documents the results, enabling the company to inform candidates both inside and outside the company, and enhancing the fairness, transparency and objectivity of the process. In FY2024, we plan to work with the Human Resources Development Committee to prepare for the selection of a candidate for the position of president in FY2028. We will also continue to improve the effectiveness of the Remuneration Committee, and will continue to take the necessary measures in the future, taking into account social conditions and the requests of stakeholders.

* Meetings to explain management strategies and business, conduct on-site tours, and share opinions with investors and other stakeholders

Background to the identification of materiality

In order to ensure the effectiveness of the Board of Directors' Meeting, it is important to incorporate a new perspective with independence and objectivity from a third party. If a third party perspective is not introduced, there is a risk that the function of the Board of Directors' Meeting will not improve or may even slow down.

In addition, if the effectiveness of the Nomination Committee and Remuneration Committee is not improved and fairness, transparency and objectivity are not ensured, we recognize that this will have a significant impact on the loss of public trust due to legal and compliance violations, as well as on the improvement of corporate value and the sustainability of management.

Initiatives in FY2023

To ensure the effectiveness of the Board of Directors' Meetings, we conduct a questionnaire survey every year targeting the members of the Board of Directors' Meeting, including outside members of the Board of Directors, to evaluate the effectiveness and analyze the current issues. In addition, in order to ensure objective evaluation and analysis, we have introduced a system of evaluation by a third party (external law firm) from FY2021.

Message from the Chairman of the Board of Directors

Our Board of Directors, which is made up of members with expertise (high level of insight) and extensive experience in various fields, supervises business execution from a diverse range of perspectives and works to strengthen our decision-making functions.

In order to ensure the effectiveness of the Board of Directors' Meeting, we conduct a survey of Board members every year and use the results of an objective effectiveness evaluation (objective evaluation and analysis) by a third party to identify issues and implement countermeasures. As a result of these efforts, in 2023, the Board of Directors' Meeting received high evaluations from Board members and third parties regarding the composition, agenda, and operation of the Board of Directors' Meeting, as well as the creation of opportunities to promote understanding of the business and discussion.

At the Board of Directors' Meeting, all members, regardless of whether they are internal or external members of the Board of Directors, exchange frank and free opinions while respecting each other. As the chairperson, I will continue to make use of these diverse perspectives and manage the Board of Directors' Meetings so that they become a forum for constructive debate. I will also work to improve the "deepening of discussions on medium- to long-term management strategies and issues" that has been pointed out by third parties, and strive to achieve a governance system with greater transparency and effectiveness and to improve corporate value.

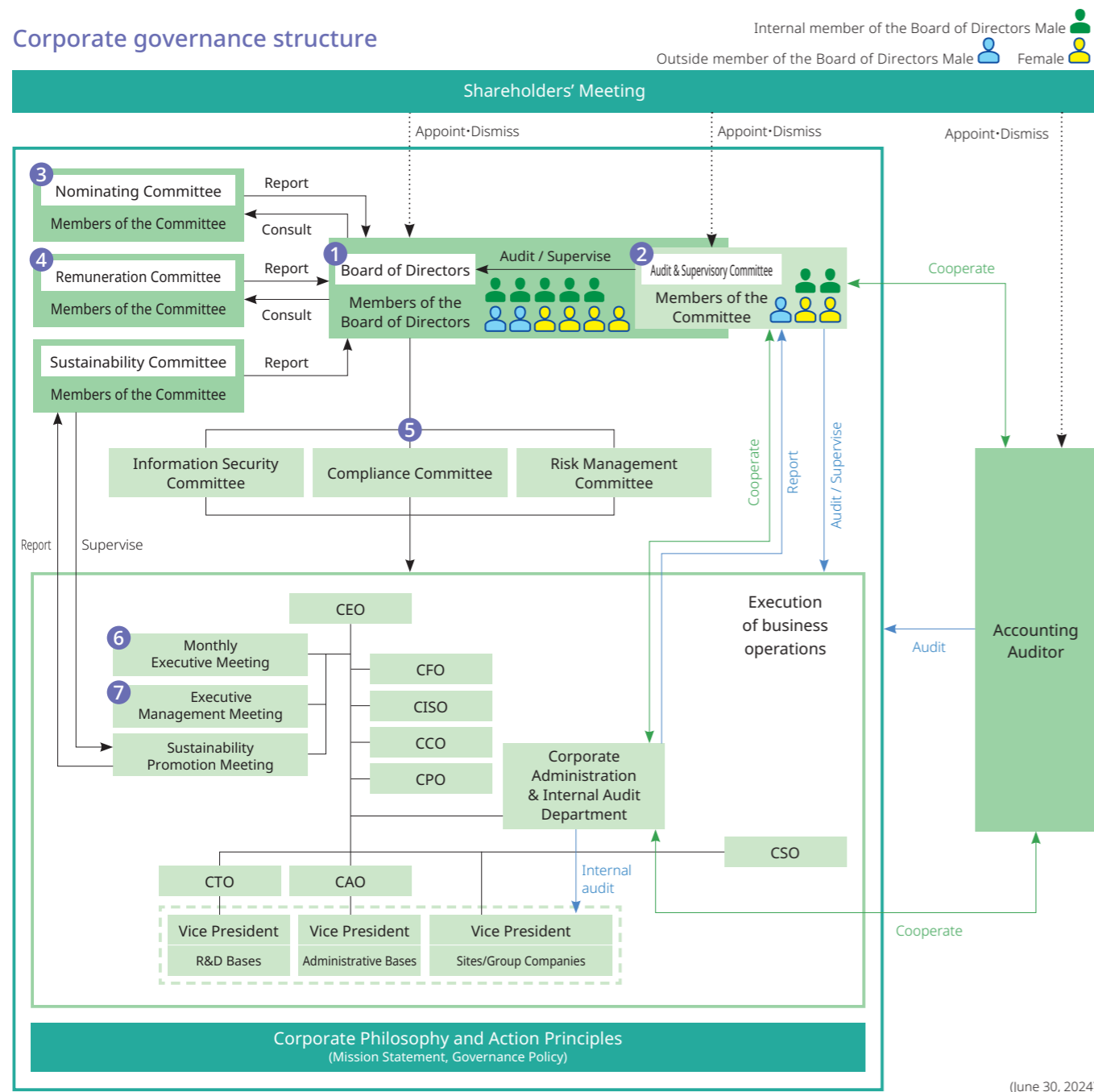
Shigenobu Nagamori
Founder and Chairman of the Board

Founder and Chairman of the Board

(FY)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Board of Directors system design	Company with an Audit & Supervisory Board												Company with an Audit & Supervisory Committee Enhance the supervisory function of the Board of Directors and improve the soundness and transparency of business management					
Separation of supervision and execution	Executive officer system introduced																	
	Respond to global business expansion and rapid changes in the business environment																	
Outside members of the Board of Directors			Outside members of the Board of Directors appointed Improve the effectiveness of management oversight and transparency in decision making		Female outside members of the Board of Directors introduced Improve diversity		Outside members of the Board of Directors increased Further improve effectiveness of the Board of Directors											
			Ratio of Outside Directors 															Ratio of Outside Directors
Advisory Committee for the Board of Directors	Nomination Committee																	
	Remuneration Committee																	
	Sustainability Committee																	
Outside Directors' Meeting (informal meeting)																		
Board of Directors effectiveness evaluation																		

Corporate governance structure



(June 30, 2024)

1 Board of Directors
Status of operation

The Board of Directors makes material management decisions and oversees the Group's business operations as a whole. The Board of Directors includes highly independent Outside Members, to enhance the supervisory function of the company's business operation and improve management transparency and objectivity. Pursuant to the resolution passed at the Shareholders' Meeting in June 2024, the Board of Directors consists of 11 directors, 6 of whom are outside directors.

Themes of deliberations at the Board of Directors meetings

Themes of deliberations/reports at the Board of Directors meetings (FY2023)

Category	Percentage
Human resources	27.01%
Financial results	32.11%
Individual matters	20.44%
Compliance, risk management, internal control	5.11%

Category	Percentage
Business strategies, sustainability, governance	6.57%
M&A	7.30%
Shareholders' meeting, shareholders	1.46%

Example of topics for deliberations (FY2023)

- Individual topics**
- CAPEX for increasing production of large-scale precision reducers in Japan
 - Conclusion of contract and establishment of joint venture with Embraer S.A.
 - Utilization of the Shigenobu Nagamori Memorial Museum

- M&A topics**
- Nidec Machine Tool's acquisition of Nidec OKK as a subsidiary
 - TOB (Take-Over Bid) to make TAKISAWA a wholly owned subsidiary of the company

Efforts made in FY2023 to ensure effectiveness

- We will continue to hold preliminary briefing sessions for outside members of the Board of Directors, ensuring that they are fully provided with information on each matter and have opportunities to discuss it.
- We will implement the following initiatives with the aim of promoting non-executive directors' understanding of the business and deepening communication.
 - Regular holding of informal meetings (at least four times a year: business briefings, direct visits or web-based tours of domestic and Group companies) and sharing of opinions from investors and other stakeholders
- Continuation of the President and CEO and the head of the business division giving an overview of the business at the Audit Committee
- Information dissemination, such as explaining the relationship between investment projects and medium- to long-term strategic goals at the Board of Directors' Meeting
- Timely distribution of news releases and other necessary information to outside members of the Board of Directors
- Review of the timing of proposals and reports for regular matters (consideration of bringing forward, etc.), and equalization of the number of proposals per month

FY2023 evaluation results

- ① In general, the following points were evaluated.
 - The Board of Directors' Meeting is functioning well
 - The composition of the Board of Directors' Meeting (number of members, ratio of internal and external directors, etc.), frequency of meetings, number of items discussed, and meeting time are appropriate
 - Communications regarding the convening of the Board of Directors' Meeting are accurate and smooth, and the secretariat's operations are effective
 - There is an opportunity to request additional information to clarify any points of uncertainty regarding the agenda item under discussion
 - There is open discussion (not formal, but free and constructive discussion and exchange of opinions) at the Board of Directors' Meeting
- ② The effectiveness of the Board of Directors' Meetings was also highly evaluated by a third party (external law firm) in terms of the composition and operation of the Board of Directors' Meetings, and it was confirmed that a system had been established to ensure that the Board of Directors' Meetings were conducted in a way that encouraged full and frank discussions, and that such discussions were in fact being held in a free and open manner, including by outside members of the Board of Directors. The overall supervisory function of the Board of Directors' Meeting was also highly evaluated, and it was confirmed that the preliminary briefing sessions held before the Board of Directors' Meeting also contribute greatly to improving the function of the Board of Directors' Meeting. This third-party evaluation system was introduced in FY2021.

As issues to be addressed, it was pointed out that, as in the FY2022, there should be further discussion on medium- to long-term management strategies and issues (including analysis of the causes of failure to meet targets), and further improvements are considered necessary.

Initiatives for FY2024

- The following initiatives will be implemented with the aim of promoting a better understanding of the business through the provision of appropriate information to non-executive directors, and leading to more fulfilling deliberations at Board of Directors' Meetings.
 - A yearly schedule of preliminary briefing sessions will be created to create opportunities for regular information provision, and the themes of informal meetings will be reviewed each year, with regular meetings to be held at least four times a year
 - The "main questions and opinions that should be shared" raised at preliminary briefing sessions are introduced at the Board of Directors' Meeting by the person in charge of the deliberation agenda or report
- Important matters discussed at the Audit, etc. Committee are shared with outside members of the Board of Directors other than the Committee members, and minutes are also distributed to other committees (e.g. the Sustainability Committee)
- The Board of Directors' Meeting materials should include an analysis of the expected risks and countermeasures, particularly the factors and countermeasures for the negative aspects.
- The "Formulation of the Annual Business Plan" and "Formulation of the Medium-Term Management Plan" should be discussed regularly, and a forum for discussion of the content of the plans and management strategies should be established.

Skills matrix

Name	Professional skills and experience required of members of the Board of Directors * Maximum of three							
	Business strategy	Technology and R&D	Internationality, global experience	Human resources development	Environment and society	Legal affairs, compliance	Finance and accounting	Governance, risk management
Shigenobu Nagamori	○	○						○
Mitsuya Kishida	○		○					○
Hiroshi Kobe	○	○						○
Kazuya Murakami			○			○	○	
Hiroyuki Ochiai			○		○			○
Shinichi Sato	○						○	○
Yayoi Komatsu		○		○	○			
Takako Sakai				○		○	○	
Aya Yamada			○	○		○		
Hiroe Toyoshima			○			○		○
Kunio Umeda			○		○			○

2 Audit and Supervisory Committee

The Audit and Supervisory Committee audits the execution of duties by the Board of Directors' members, and receives audit reports from the Accounting Auditor.

Composition of members and the chairperson

	Total committee members	Full-time members	Internal Members of the Board of Directors	Outside Members of the Board of Directors	Chairperson
Composition	5	2	2	3	Internal member of the Board of Directors

Cooperation between the Audit and Supervisory Committee and accounting auditors

In addition to quarterly meetings, the Audit and Supervisory Committee and the accounting auditors meet about two or three times a year whenever necessary. In these meetings, they exchange information and opinions on audit results, audit systems, audit plans, audit implementation status and the like.

Cooperation between the Audit and Supervisory Committee and the internal audit department

The Corporate Administration & Internal Audit Department, Nidec's internal audit department, regularly hold meetings with the Audit and Supervisory Committee to report on the results of the Nidec Group's internal audits. In addition, the Audit and Supervisory Committee exchanges opinions and shares information with the Corporate Administration & Internal Audit Department as necessary, and requests the Corporate Administration & Internal Audit Department to conduct on-site audits.

3 Nomination Committee

The committee is headed by Takako Sakai, an outside member of the Board of Directors, and consists of two internal members and three outside members of the Board of Directors. The committee deliberates on matters such as the policy and criteria for the selection of directors and executive officers, as well as succession plans and ideas for the selection of candidates for the positions of directors, president and executive vice presidents.

4 Remuneration Committee

The committee is headed by Aya Yamada, outside member of the Board of Directors, and consists of two internal members and three outside members of the Board of Directors. The committee deliberates on matters such as the formulation of remuneration decision policies related to executive remuneration, and the design of remuneration systems (establishment of performance targets, the rationality of performance-linked remuneration, the appropriateness of remuneration structure, and individual remuneration amounts based on remuneration systems).

Policies on remuneration for Members of the Board of Directors

1. Basic policy

The remuneration for Nidec's directors is determined based on the following policy, to enhance the company's global competitiveness and secure the sustainable growth of its businesses.

- Increase motivation toward improving corporate value;
- Contribute to securing talented managerial human resources; and
- Ensure that the level of the remuneration is appropriate for the scale and area of Nidec's businesses.

2. Composition of the remuneration

- Outside Members of the Board of Directors (excluding those who are members of the Audit and Supervisory Committee)
Fixed remuneration
- Founder and Chairman of the Board
Fixed remuneration
- Members of the Board of Directors (excluding those who are Outside Members of the Board of Directors and members of the Audit and Supervisory Committee)
Fixed remuneration : Variable remuneration (bonuses) : Performance-linked share-based remuneration = 3:1.5:1

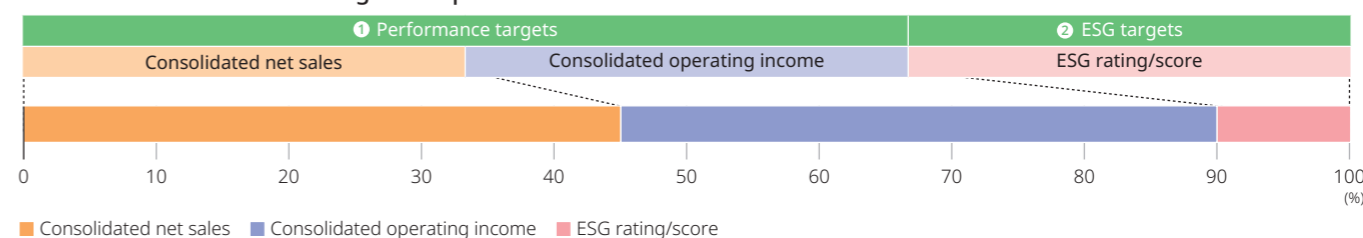
Remuneration type	Description	Payment method
Fixed remuneration	• Determined based on job rank	Monthly in cash
Variable remuneration (bonuses)	• Degree of achievement of the target consolidated net sales and consolidated operating profit of the previous fiscal year • Taking into consideration the performance of the directors • Variable within a range from zero to twice the median of variable remuneration	Monthly in cash
Performance-linked share-based remuneration	• Each year, points are provided based on the standard amount for each position multiplied by a performance-linked coefficient*. * Points are pointed within a range from 0% to 200% depending on the degree of achievement of the previous year's consolidated sales, operating income targets and the number of stocks that achieved their ESG evaluation targets. • After three fiscal years, the company's shares equivalent to the accumulated points and the amount of money equivalent to the shares converted into cash are provided and paid	After three fiscal years (shares and money)

Reflecting ESG targets in performance-linked compensation for directors

From 2024, a performance-linked coefficient will be incorporated into the performance-linked share-based remuneration for directors (excluding the Founder and Chairman of the Board, outside members of the Board of Directors, and directors who are members of the Audit, etc. Committee) in accordance with the degree

of achievement of performance targets in a single fiscal year, etc. The degree of achievement of ESG targets will be determined based on the ESG rating or score of the Company by MSCI, FTSE, and CDP, and will be reflected in the performance-linked coefficient.

Evaluation indicators and weights for performance-linked coefficients



3. Procedure to decide the remuneration amounts

The amounts of fixed and variable remunerations for individual directors (excluding members of the Board of Directors who are members of the Audit and Supervisory Committee) are determined by the Board of Directors based on reports submitted by the Remuneration Committee, which is a voluntary advisory

body, in accordance with the criteria specified by this policy. Similarly, the details of the performance-linked share-based remuneration are determined by the Board of Directors based on reports submitted by the Remuneration Committee.

Total amount of remuneration by category of directors and by type of remuneration, and the number of eligible directors

Category	Total amount of remuneration (million yen)	Total amount by type of remuneration (million yen)				Number of eligible persons
		Fixed remuneration	Variable remuneration	Performance-linked remuneration	Retirement benefits	
Members of the Board of Directors (excluding those who are members of the Audit and Supervisory Committee and outside members of the Board of Directors)	139	139	—	—	—	2
Audit and Supervisory Committee members (excluding outside members of the Board of Directors)	38	38	—	—	—	2
Outside directors	56	56	—	—	—	7

* The introduction of the performance-linked share-based remuneration system was resolved at the 45th Annual General Meeting of Shareholders held on June 20, 2018. The amounts of expenses recorded for the fiscal year under review according to the Japanese standard are provided above. Outside members of the Board of Directors are not covered by the system.

4. Forfeiture, etc. of remuneration (clawback/malus)

The amounts of fixed and variable remunerations may be reduced if the recipient has caused serious damage to the company by obtaining the consent of the recipient. Based on the performance-linked share-based compensation plan, if any individual to be issued shares

Chairperson Internal Member of the Board of Directors should, on or after the day when his/her right to receive compensation is finalized, commit an illegal action such as a material violation of his/her duties or internal rules/ regulations, the company may request that the individual pay restitution.

5 Various committees

Name	Description
Information Security Committee	The Information Security Committee is placed under the Board of Directors to formulate basic policies concerning information security, as well as to monitor the status of implementation of various information security measures and provide instructions.
Compliance Committee	The Compliance Committee is placed under the Board of Directors to discuss and decide basic compliance policies and measures, as well as to monitor the status of implementation of various compliance measures and provide instructions for improvement. The Compliance Committee meets once every three months.
Risk Management Committee	The CSR Committee is placed under the Board of Directors and is headed by Akinobu Samura, Senior Vice President (chief financial officer) in charge of CSR, who has been appointed by the Board of Directors as the chairperson. The chairperson and the committee members appointed at each site discuss and make decisions on CSR activity policies and annual plans and other important matters. Matters decided at the CSR Committee meetings are reported, or discussed if necessary, at the Board of Directors' meeting, and are put into action by the Investor Relations & CSR Promotion Department, which serves as the dedicated secretariat, in cooperation with business sites inside and outside of Japan.

6 Monthly Executive Meeting

The Monthly Executive Meeting is held once a month, and under the direction of the President, all executives share important management issues and confirm the direction of management while aligning their intentions.

7 Executive Management Meeting

The Executive Management Meeting is held twice a month and, as the decision-making body for the execution of business, it deliberates on matters to be discussed at the Board of Directors' Meeting and important management issues in advance.

8 Sustainability Committee

The Sustainability Committee is held four times a year, and under the majority of outside members of the Board of Directors, it supervises the execution of business related to sustainability and reports to the Board of Directors' Meeting.

[More Info](#) [P.50 Environment Strategy \(Governance\)](#)

Support systems for Outside Members of the Board of Directors

The General Affairs Department, which acts as the secretariat for the Board of Directors, supports the Outside Members of the Board of Directors. The General Affairs Department provides the outside directors with the company's information in a timely manner, and corresponds to their inquiries through day-to-day communication. With regard to the meetings of the Board of Directors, the General Affairs Department provides all members of the Board of Directors with materials related to the proposals for the meetings and accounting information, at the latest one day before the day of the meeting. In addition, assistance is provided by the Corporate Administration & Internal Audit Department, Nidec's internal audit department, to Outside Members of the

Board of Directors who are Audit and Supervisory Committee Members. When a meeting of the Audit and Supervisory Committee is held, meeting notices are sent out to all the Audit and Supervisory Committee Members by three days prior to the day of the meeting, while documents related to the proposals to be deliberated in the meeting of the Audit and Supervisory Committee are sent to the members, at the latest one day before the meeting. After a meeting of the Audit and Supervisory Committee, meeting minutes are sent to all Audit and Supervisory Committee Members. Furthermore, for Outside Members of the Board of Directors who are Audit and Supervisory Committee Members, various information is reported and provided as necessary by full-time Audit and Supervisory Committee Members and Nidec's executive officers.

Outside members of the Board of Directors who are not members of the Audit and Supervisory Committee have informal meetings with the Audit and Supervisory Committee members, where various information is provided by Nidec's executive officers. They also conduct on-site inspections of the business sites and group company in Japan, in person or online.

Reasons for appointment and major activities of Outside Members of the Board of Directors

Name	Reasons for appointment	Status of attendance (number of meetings attended)				Activities
		Board of Directors	Audit & Supervisory Committee	Nominating Committee	Remuneration Committee	
Shinichi Sato	Mr. Sato has held prominent posts at the Ministry of Finance of Japan and other organizations. He will provide Nidec with advice on its overall business operations based on his high level of expertise, which will further enhance the company's corporate governance function. Since he meets all the requirements for independent directors from the past to the present in accordance with the regulations of the Tokyo Stock Exchange, Nidec judged that there were no potential conflicts of interest between him and ordinary shareholders, and therefore designated him as an independent director.	21/26	—	—	2/2	He actively made statements at meetings of the Board of Directors drawing on his superior insight in finance and accounting and abundant experience and superior insight in a wide range of fields including economics, fiscal affairs and monetary policy. He also served as a member of the Remuneration Committee, which was set up as an advisory body to the Board of the Directors of the Company. He played an important role in ensuring transparency in the process of determining remuneration for Members of the Board of Directors and determining whether remuneration is appropriate. Through these activities, he strives to supervise the management team from an independent and objective standpoint.
Yayoi Komatsu	Ms. Komatsu has held prominent posts at the Ministry of Education, Culture, Sports, Science and Technology of Japan and other organizations. She will provide Nidec with advice on its overall business operations based on her high level of expertise, which will further enhance the company's corporate governance function. Since she meets all the requirements for independent directors from the past to the present in accordance with the regulations of the Tokyo Stock Exchange, Nidec judged that there were no potential conflicts of interest between her and ordinary shareholders, and therefore designated her as an independent director.	22/26	—	1/1	—	Ms. Komatsu actively provides opinions at the Board of Directors' meetings by drawing on her abundant experience and superior insight in a wide range of fields, including technical research and development as well as human resource development. She serves as a member of the Nomination Committee, which was set up as an advisory body to the Board of Directors of the Company, and plays an important role in determining selection policy and criteria and proposals of candidates for directors and executive officers, etc. She thus supervises the management team from an independent and objective standpoint.
Takako Sakai	Ms. Sakai is currently a professor at the Graduate School of Law, Osaka Metropolitan University. She will provide Nidec with advice on its overall business operations based on her high level of expertise as a university professor, which will further enhance the company's corporate governance function. Since she meets all the requirements for independent directors from the past to the present in accordance with the regulations of the Tokyo Stock Exchange, Nidec judged that there were no potential conflicts of interest between her and ordinary shareholders, and therefore designated her as an independent director.	23/26	—	1/1	2/2	Ms. Sakai actively provides opinions at the Board of Directors' meetings, based on her sophisticated academic and professional knowledge in the tax and accounting fields as a university professor. As chair of the Nomination Committee, which was set up as an advisory body to the Board of the Directors of the Company and as a member of the Remuneration Committee, she plays an important role in determining selection policy and criteria and proposals of candidates for directors and executive officers, etc., and ensuring transparency of the process to decide remuneration for directors and determining the adequacy of their remuneration. She thus supervises the management team from an independent and objective standpoint.
Aya Yamada	Ms. Yamada is currently a professor at the Graduate School of Law, Kyoto University. Her advice, based on her high-level expertise as a university professor from an independent position, will help the Board of Directors strengthen its decision-making and audit and supervisory functions. To promote education and research, Nidec donates money to the endowed course "Advancing Electrical Equipment to Realize a Friendly Global Environment" at Kyoto University Graduate School of Engineering. The amount of the donation was 45 million yen in fiscal 2018 (compared to the total amount of donation to the University during the same fiscal year, 5,163 million yen), 39 million yen in fiscal 2019 (compared to 5,352 million yen), 39 million yen in fiscal 2020 (compared to 5,766 million yen), 39 million yen in fiscal 2021 (compared to 5,416 million yen), and 49 million yen in fiscal 2022. The donation in FY2022 includes a donation for the 125th anniversary of the University. We consider that in any year the amount of our donations is insignificant compared to the total amount donated to the University. In addition, there is an agreement for joint research between Nidec and the University's Graduate School of Engineering, and Nidec paid 18 million yen in research expenses to the University in the previous fiscal year (FY2022). Given that Ms. Watanabe's department is not the one to which Nidec made its donations or paid expenses and that Ms. Watanabe is not in a position to represent the University, Nidec believes there is no conflict of interest between Nidec and Ms. Watanabe, and therefore there is no problem regarding her independence.	24/26	14/16	1/1	2/2	She actively made statements from an independent and objective standpoint at meetings of the Board of Directors and the Audit and Supervisory Committee, drawing on her sophisticated, academic and professional knowledge in the legal field as a university professor, and fulfills the management supervisory function. She also contributed to the Audit and Supervisory Committee's audits of the execution of duties by Members of the Board of Directors as an Audit and Supervisory Committee Member. She served as a member of the Nomination Committee and a member of the Remuneration Committee, which were set up as advisory bodies to the Board of the Directors of the Company. She played an important role in determining the selection policy, selection criteria, candidates to the offices of Members of the Board of Directors, Executive Officers, etc., and in ensuring transparency in the process of determining remuneration for Members of the Board of Directors and determining whether remuneration is appropriate. Through these activities, she strives to supervise the management team from an independent and objective standpoint.
Hiroe Toyoshima	Ms. Toyoshima currently practices as an attorney. Her advice, based on her high-level expertise as an attorney, on Nidec's overall business operations will further enhance the Company's corporate governance function. Since she meets all the requirements for independent directors from the past to the present in accordance with the regulations of the Tokyo Stock Exchange, Nidec judged that there were no potential conflicts of interest between her and ordinary shareholders and therefore designated her as an independent director.	20/20	12/12	—	—	She actively made statements from an independent and objective standpoint at meetings of the Board of Directors and the Audit and Supervisory Committee, drawing on her abundant experience and expertise in fields including corporate legal affairs, compliance and M&A as an attorney-at-law, and fulfills the management supervisory function. She also contributed to the Audit and Supervisory Committee's audits of the execution of duties by Members of the Board of Directors as an Audit and Supervisory Committee Member.
Kunio Umeda	Mr. Umeda has served in key positions at the Ministry of Foreign Affairs, such as Ambassador to Brazil and Vietnam. He is expected to provide valuable suggestions and opinions for the Company's overall business matters, drawing on his extensive international experience and broad insight as a diplomat, and appropriately fulfill his role in supervising the execution of business at the Company. Since he meets all the requirements for independent directors from the past to the present in accordance with the regulations of the Tokyo Stock Exchange, Nidec judged that there were no potential conflicts of interest between him and ordinary shareholders, and therefore designated him as an independent director.	—	—	—	—	—

Internal control

Management and enforcement of internal control

Materiality

Based on the assumption of 4 trillion yen for sales volume, enhance audit resources in both quality and quantity



Corporate Governance

Background to the identification of materiality

As the NIDEC Group expands, there is a risk that it will become difficult to sufficiently guarantee the reliability of financial reporting figures unless the quality and quantity of internal audit resources are improved.

Initiatives in FY2023

The Nidec Group commits itself to enhancing its management soundness and transparency by establishing a compliance system generally required of a listed company in Japan, and clarifying its risk management responsibilities. Specifically, through the auditing activities of the Corporate Administration & Internal Audit Department, the Group aims to maintain and improve the effectiveness of its internal control over financial reporting required by Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act. In addition, the Legal & Compliance Department, the Risk Management Committee, and the Information Security

Corporate governance of Group companies

The Nidec Group companies operate under Nidec's mission statement and policies, and therefore they are incorporated in Nidec's internal control system. The Group companies, to which Nidec sends some directors and employees, have sufficient

Cross-shareholding

Policy for cross-shareholding

Nidec holds shares in the companies that Nidec has relationships with in terms of trading and cooperation in its business and other areas, when it judges that such shareholding contributes to the company's corporate value expansion through stabilization of its business from a medium-to-long-term perspective by maintaining and strengthening its relationship with those companies. Nidec assesses its cross-held shares individually at the Board of Directors meeting every year, on not only qualitative aspects such as the purpose of the shareholding, but also on quantitative aspects such as the benefits that can accrue through the shareholding from the perspective of economic rationality. According to the results of the assessment, Nidec intends to reduce the number of shares it holds if the crossheld shares are not expected to bring significant benefits.

Criteria for exercising voting rights for cross-shareholding

With regard to the exercise of voting rights in relation to cross-shareholdings, Nidec makes comprehensive

Committee are organized under the Board of Directors, under which the Legal & Compliance Office, the Risk Management Office, and the Information System Department, are placed as the secretariat respectively, working to create a corporate culture and enhance management systems for internal control.

In order to establish a highly effective global internal audit system based on the assumption of sales of 4 trillion yen in FY2025, it is essential to further sophisticate and improve the efficiency of internal audit operations. To address this, from FY2023 we have worked to prevent errors in financial reporting and to visualize risk areas and deepen audit procedures by strengthening the voluntary on-site audit system at all NIDEC Group locations and implementing monitoring of all consolidated companies using DX.

Toward the future

We will continue to expand the scope of our work and improve the efficiency and sophistication of our auditing operations using DX. We will also focus on improving the quality of our human resources, for example by training auditors with specialist qualifications, language skills and a deep understanding of the business environment. Furthermore, although the NIDEC Group is currently covered by a global auditing system with five bases in Japan (Kyoto), Europe (Amsterdam), the Americas (St. Louis), China (Shanghai), and Asia (Singapore), we will continue to expand the number of auditors in line with the increase in the number of bases to be audited due to the expansion of the Group.

discussions before making decisions on business execution that correspond to the circumstances of each company, based on specialists' opinions as necessary, thereby endeavoring to assure their independence.

decisions to vote for or against individual proposals to serve the investees' sustainable growth from the perspective of whether appropriate governance and compliance structures are in place at investee companies.

(Basic views on exercising voting rights)

With regard to the individual proposals submitted to the shareholders' meetings of the companies Nidec invests in, Nidec decides to vote for or against after confirming the following points: whether the proposals suit the purposes of the shareholding which are to maintain and strengthen the trade and cooperation relationships through medium-to-long-term investment; and particularly, whether there are any circumstances that might lead to undermining of the shareholders' value due to the restructuring of organizations, including asset transfer and mergers. Nidec opposes all proposals that are considered to violate the law or constitute antisocial behavior, in all circumstances.

Follow thorough compliance with laws and regulations

Materiality

- 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



Corporate Governance

Background to the identification of materiality

The Nidec Group sees non-compliance as a material risk that may lead to a loss of social trust and economic damage. Therefore, the Nidec Group comprehensively follows applicable laws, regulations, internal rules and standards, social ethical standards, etc. to raise executives' and regular employees' ethical awareness, develop conscience as a company, and win society's trust as we continue our compliance activities.

At present, we are working to establish and enhance a global compliance system that will enable us to address individual issues and cases arising in different regions more promptly and appropriately. We will also strengthen compliance education for employees to further raise their compliance awareness, thereby reducing compliance-related risks.

Initiative in FY2023

The Nidec Group currently has over 300 group companies in 40 countries around the world. We recognize that building a governance system for these globally distributed group companies is a crucial task in ensuring compliance. In particular, based on our past experience, we see difficulty in identifying the risks of small companies located far from major bases. Therefore, we launched a hazard map project in FY2021 with the aim of preventing compliance risks from arising at these remote small sites. In this project, we constantly identify high-risk group companies based on their distance from major sites and the information on the risk of corruption in countries where they are operating and implemented specific prevention measures in consultation with the management of such companies and other risk reduction activities. In FY2023, we also conducted human rights due diligence at the bases covered by the hazard map, and confirmed that there was no forced labor or child labor in the NIDEC Group.

Toward the future

Over the course of the three-year hazard map project, we have been able to visualize the risks faced by small companies and implement specific preventative measures. From now on, we will strengthen our face-to-face compliance seminars even further, actively listen to the opinions of our employees, and thoroughly prevent small problems from becoming big problems.

Organization

Nidec's Legal & Compliance Department, working in partnership with Regional Compliance Officers of the individual regions where the Nidec Group's business bases operate (the Americas, China, Europe, and Southeast Asia) and Compliance Managers and Promoters of individual business departments and group companies, builds and operates a global compliance system. Compliance Managers implement and operate compliance-related measures to raise the compliance awareness of the organizations under their supervision, and bear responsibility for preventing compliance violations. Compliance Promoters promote the specific compliance measures of such organizations, while serving as a liaison with the Legal & Compliance Department and Regional Compliance Officers, who provide support for individual regions' Compliance Managers and accept whistleblowing cases.

Internal reporting system

As part of the comprehensive, group-wide compliance system, we have established an internal reporting section (the Nidec Global Compliance Hotline) available for all board members, executives and employees (including regular and part-time employees, those dispatched from outside agencies, limited-term employees, and those who have retired from the Nidec Group within a year), and a third-party contact point outside the company. We also have an internal reporting hotline, "NAVEX", operated by an external vendor, which is available to directors, officers and employees of our offices in Europe and the United States. These internal reporting hotlines encourage officers and employees to report and raise issues related to accounting fraud, bribery, occupational safety, harassment, and other violations of laws, internal regulations and ethics. The hotline is available in multiple languages, and regional compliance officers in Japan, the United States, China, Europe, and Southeast Asia receive reports, and in cooperation with the Legal and Compliance Department of NIDEC Corporation, they conduct investigations and take corrective measures. To the extent possible, the results of investigations into the content of reports are communicated to the person who made the report. In addition, it is possible to make a report anonymously, and the reporter will not be disadvantaged for making the report.

In resolving the issue, we will respect the reporter's wishes as much as possible, and after confirming the facts through interviews with the relevant parties and conducting an investigation, we will strive to take appropriate measures and prevent recurrence.

Furthermore, the status of internal reports from the officers and employees of our group is regularly reported to the Board of Directors' Meeting and the Audit Committee.

	FY2020	FY2021	FY2022	FY2023
Nidec Global Compliance Hotline	116	125	119	103
NAVEX	107	218	235	312

* Although NAVEX was previously mainly used at NIDEC Group bases in Europe and the United States, the NIDEC Global Compliance Hotline Regulations were revised in April 2024 to clearly state that NAVEX is also covered by these regulations. For this reason, the number of reports received through NAVEX is also disclosed from FY2023.

Compliance seminars

As part of the compliance promotion activities, we hold compliance seminars for our group's executives and employees to maintain and improve their level of compliance awareness. For example, seminars and discussions are held on such topics as cartels,

bribery and human rights issues, with the Regional Compliance Officers serving as lecturers using the Nidec Compliance Handbook as teaching material. The compliance seminar for board members and executives is also held once a year, with the invitation of an outside lecturer.

The NIDEC Group's global compliance system

