

**Nidec Group
Supply-Chain CSR Guidebook**

Dear valued business Suppliers:

This guidebook presents a set of guidelines developed by Nidec Corporation with an expectation that they will provide practical CSR guidance to our valued supply chain partners (collectively referred to as “Suppliers”). The primary objective of this guidebook is to drive the sustainable competitiveness of the Nidec Group and its Suppliers by fostering our core values and, ultimately, enhancing trust with our stakeholders into the future. The guidelines encompass five areas of focus: regulatory compliance, human rights, labor ethics, occupational health and safety, and environmental conservation.

Given today's increasingly globalized business environment, companies across the world are addressing the need to align their business conduct with reasonable expectations of a broad range of stakeholders based on internationally recognized ethical standards. We aspire to embrace these evolving stakeholder expectations in ways that further cement our long-standing supply chain relationships and that strike the right balance between cultural diversity and universal business norms. Eventually, we hope to see both the Nidec Group and its Suppliers reap the well-deserved fruits of sustainable business growth going forward.

It is not an exaggeration to say that our stakeholders are paying ever-closer attention to every choice and move we make in the course of business. Whether the Nidec Group and its Suppliers can responsibly capitalize on forthcoming growth opportunities depends largely on how effectively both sides will collaborate to develop an ethical work environment that meets social expectations.

The Nidec Group Supply-Chain CSR Guidebook draws on internationally recognized good practice standards all Suppliers to the Nidec Group are expected to follow.

Through our ethical partnerships we can advance together to make our CSR and environmental goals a reality. Based on this thinking, we strongly expect your suppliers to share our ethical trade ambitions expressed in this guidebook.

Best regards,

Akira Sato

Executive Vice President

Chief Financial Officer (CFO)

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1. Business Integrity

The Nidec Group and its supply chain partners (“Suppliers”) have an ethical responsibility to perform business operations with integrity, fairness and transparency, consistent with the spirit and intent of internationally recognized guidelines. All Suppliers of the Nidec Group are expected to comply with applicable legal, regulatory, ethical and social requirements of the countries, regions, cities and other jurisdictions, in which they conduct their businesses.

1) Prohibition of Bribery

- Suppliers shall not engage in activities that violate applicable laws, rules and regulations.
- Bribery and corruption pose serious risks in today’s global work environment, underscoring the need for employees to avoid improper behavior or conflict of interest. Suppliers shall not tolerate any form of bribery and corruption and may not provide or accept unreasonably valuable favors, expensive gifts or entertainment, which could influence and often adversely affect the business relationships with customers, agents, suppliers, subcontractors, intermediary firms, consulting firms and other service providers.
- Particular care must be taken when interacting with government officials. Suppliers shall not, directly or indirectly, provide or promise to provide cash, gifts, meals, entertainment or other items of monetary value to domestic or foreign government-related individuals or their family members in the expectation that a business advantage will be received in return.

2) Fair Competition

- Suppliers shall not engage in any unlawful or unethical business practices, including but not limited to:
 - All forms of extortion and embezzlement
 - Any activity that involves, uses, or benefits anti-social forces
- Suppliers shall not engage in any unfair business practices, including but not limited to:
 - Abuse of superior bargaining position, or imposing unreasonable disadvantages on supply chain partners
 - Conspiracy or collusion with competitors, or any other conduct that obstructs fair and free competition

3) Information Disclosure

- Suppliers shall disclose material information regarding labor, health and safety, environmental practices, business activities, structure, financial situation and performance in accordance with applicable regulations and prevailing industry practices.

4) Intellectual Property Rights

- Suppliers are expected to protect their own intellectual property rights and also shall ensure that their inventions do not infringe on intellectual property rights of others.

5) Information Security

- Suppliers shall ensure proper handling of confidential corporate data by maintaining appropriate procedures for safeguarding their information assets from unauthorized access, misuse, tampering, disclosure or leakage. In this connection, particular attention must be paid to the following:
 - Maintenance and improvement of a security framework aimed to protect their information

assets and thereby prevent damage to the Nidec Group and its stakeholders.

- Management and protection of customer/supplier data and employee personal information.
- Compliance with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

6) Whistle-blowing System

- Suppliers shall develop an internal reporting system that all directors, officers, and employees (including regular, part-time, contingent, temporary and limited-term employees) are encouraged to use to report and raise concerns about any activity suspected of being in violation of laws and regulations, which prohibit unethical practices such as accounting fraud, bribery and corruption, as well as health and safety breaches.
- Suppliers shall maintain appropriate procedures aimed to:
 - ensure the confidentiality and anonymity of any employee who in good faith reports a concern or a violation of a law, and
 - protect the person from any form of retaliation, such as harassment, discrimination, threat or termination.

7) Product Safety

- Suppliers shall pay utmost attention to product safety in all aspects of business, including product planning, development, design, manufacturing, sales and after-sales service. In addition, Suppliers are expected to comply with all safety standards based on laws and regulations while constantly seeking to surpass those standards to ensure continuous compliance.
- Suppliers shall promptly investigate and identify the root cause(s) of any product safety hazard by tracing the production history and shall ensure notifications to the Nidec Group companies concerned.

8) Quality Management

- Suppliers shall implement the PDCA (Plan-Do-Check-Act) cycle on an ongoing basis to improve the quality of their products through the establishment, maintenance, and modification of an effective quality management system.

9) Responsible Sourcing of Minerals

- Minerals such as tantalum, tin, tungsten and gold currently mined illegally in the Democratic Republic of the Congo (the "DRC") and its adjoining countries have become a source of financing for armed anti-government militias, and therefore, these minerals are called "Conflict Minerals." The scope of Conflict Minerals could expand to include other minerals or their derivatives in the future. The Nidec Group expects Suppliers to reasonably assure that the Conflict Minerals used in their products do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the DRC or its adjoining countries. As appropriate, Suppliers shall work with their direct suppliers to trace the supply chain back to the smelters and refiners that process minerals included in Suppliers' products, primarily using the industry-standard reporting template. The measures and results of Suppliers' inquiry efforts shall be made available to the Nidec Group upon request.

2. Respect for Human Rights

In the global market, our business operations bring us into contact with different social, political, financial, legal and economic systems as well as different cultures, traditions and languages. It is therefore essential for both the Nidec Group and Suppliers to have solid foundations to ensure that human rights are respected and that all individuals can fulfil their capabilities in the workplace.

1) Forced Labor

- Suppliers shall not tolerate the use of forced, debt bonded labor, slavery or human trafficking in their business or supply chain.
- Suppliers shall not hold, destroy, confiscate, or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law.

2) Child/Young Labor

- Suppliers shall comply with the minimum employment age limit defined by national law or by International Labor Organization ("ILO"), whichever is higher.

3) Discrimination and Inhumane Treatment

- Suppliers shall act to eliminate discrimination over job offers and employment, and shall secure equal opportunities and fair treatment in the workplace.
- Suppliers shall provide an environment free from discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.
- Suppliers shall ensure that there is no harsh or inhumane treatment, including any physical, sexual, psychological or verbal harassment or abuse against employees, suppliers or vendors.

4) Wages and Benefits

- Suppliers shall ensure that compensation paid to employees complies with all applicable wage laws, including those relating to minimum wages, overtime pay and legally mandated benefits. Illegal, unjustified wage deductions as a disciplinary measure shall not be permitted.
- For each pay period, employees shall be provided with a wage statement that includes sufficient information to verify accurate compensation for work performed.

5) Working Hours and Holidays

- Suppliers shall comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime, and maximum hours. Further, Suppliers are encouraged to implement corrective measures in situations where the number of hours worked by employees, including overtime, repeatedly exceeds 60 hours per week.
- Unless otherwise provided by applicable local law, Suppliers shall provide all employees with a minimum of one day off per week or every seven day period. This rest period must be in addition to any annual leave provided under national legislation and practice.

6) Right of Association and Collective Bargaining

- Suppliers shall respect the right of all employees to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly, and also respect the choice of employees

to refrain from such activities.

- Suppliers shall ensure that employees and their representatives can openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

3. Harmony with the Environment

The Nidec Group and Suppliers must recognize that environmental responsibility is integral to producing world class products. In manufacturing operations, both the Nidec Group and Suppliers are under a duty to minimize their adverse effects on the community, environment and natural resources while safeguarding the health and safety of the public. Environmental adaptability enables a business not only to comply with new environmental regulations and market demands, but also to timely commercialize new environmentally conscious products and solutions.

1) Environmental Management System

- Suppliers shall establish, maintain and manage an appropriate environmental management system and continue to improve it to contribute to global environmental conservation and environmental load reduction.

2) Environmental Conservation Activities and Environmental Load Reduction

- Suppliers shall make reasonable efforts to reduce resource and energy use, greenhouse gas emissions (which are the main cause of climate change) and other emissions into the atmosphere, water use (intake), total solid waste and effluent. Suppliers must take measures to prevent pollution at source, control pollution, and promote recycling and reuse in accordance with local laws and relevant regulations.

Suppliers must use resources effectively by:

a) Optimizing resource use

- Curtail the use of natural resources, including water, forests, and metals;
- Limit the amount of packaging materials used;
- Reduce inputs in production processes;
- Reduce emissions and minimize waste generation in production processes.

b) Reusing resources

- Simplify reuse methods;
- Produce long-life products.

c) Recycling resources

- Use recycled materials;
- Reuse parts.

d) Designing products that are easier to disassemble and recycle

3) Environmental Permits and Reports

- Suppliers shall obtain all necessary environmental permits, approvals and registrations, keep them up to date, and comply with operational and reporting requirements for them.

4) Pollution Control and Resource Use Reduction

- Suppliers shall manage pollution sources, use pollution control equipment, and minimize pollutant emission and waste generation through process changes in production, maintenance, and

equipment management. Moreover, Suppliers are expected to work to conserve natural resources, including water, fossil fuels, minerals, and forest products.

5) Hazardous Substances

- Suppliers shall clearly identify chemicals that have a harmful impact on the human body and the environment by labeling their containers, and shall ensure that they are safely handled, transferred, stored, used, recycled, reused and disposed.

6) Solid Waste

- Suppliers shall identify solid waste (non-harmful waste) and work to manage, reduce and recycle it.

7) Emissions into the Atmosphere

- Suppliers shall confirm the physical properties of emissions before disposal, including volatile organic chemicals, aerosols, corrosive agents, microparticles, ozone-depleting substances, and calcined by-products generated during production processes, and implement regular monitoring, management and disposal of them. At the same time, Suppliers are expected to perform regular monitoring of the functionality and effectiveness of their emissions management system.

8) Materials Restrictions

- Suppliers shall adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

9) Water Management

- Suppliers shall implement, maintain and improve a water management system that monitors water sources, water intake and effluent discharge, analyzes their characteristics, and puts the results of monitoring and analysis in writing to reduce water use and effluent discharge. Suppliers shall also take reasonable measures to prevent pollutants from entering waterways.

10) Energy Consumption and Greenhouse Gas Emissions

- Suppliers shall keep track of their energy consumption and greenhouse gas emissions and promote efforts to reduce them through continuous energy efficiency improvements.

11) Environmentally Conscious Design and Life Cycle Assessment

- Suppliers shall assess the environmental load generated through the lifecycle of products from raw material collection to manufacturing, distribution and disposal of products, and work to develop products with less environmental impact.

12) Conservation of Biodiversity

- Suppliers shall give sufficient consideration to biodiversity through the conservation of animals and plants on the verge of extinction.

13) Disclosure of Environment-related Information

- Suppliers shall disclose their efforts and results regarding environmental management on a regular basis as a means to establish a good relationship with stakeholders.

4. Workplace Health and Safety

The Nidec Group and Suppliers must ensure occupational health and safety and protect employees from hazards and risks associated with daily operations. Suppliers are expected to recognize that, in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production, and worker retention and morale. Every employee has the right to experience an environment free from workplace hazards and also has a personal responsibility for working safely and for helping others to remain safe. Suppliers have an obligation to ensure that their employees are not assigned unsafe work and comply with government health and safety acts, regulations, and their own standards and instructions. Suppliers are encouraged to refer to internationally recognized management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health as a useful source of additional information.

1) Occupational Health and Safety Management System

- Suppliers shall establish, maintain and improve a written policy and procedures to control health and safety risks in the workplace.

2) Occupational Safety

- Suppliers shall assess health and safety risks and prevent employee exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), along with ongoing safety training. Where hazards cannot be adequately controlled by these means, Suppliers shall provide their employees with appropriate, well-maintained, personal protective equipment. Further, Suppliers are expected to provide continual employee training about risks associated with workplace hazards and encourage reporting of safety concerns.

3) Emergency Preparedness

- Suppliers shall constantly seek to identify and assess potential emergency situations and events to minimize harm to life, the environment, and property by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

4) Occupational Injury and Illness

- Suppliers shall ensure that procedures and systems are in place to prevent, manage, track and report occupational injury and illness including provisions to:
 - encourage employee reporting;
 - classify and record injury and illness cases;
 - monitor the health of employees and help them to maintain and manage their health;
 - provide medical treatment as necessary;
 - investigate cases and implement corrective actions to eliminate their causes; and
 - facilitate return of workers to work.

5) Physically Demanding Work

- Suppliers shall safeguard their employees from avoidable injuries or illnesses attributable to physically demanding work by taking reasonable measures, such as offering workers regular breaks, preparing work assistance tools, as well as dividing work into smaller tasks. Physically demanding tasks can be characterized as follows:
 - manual material handling;
 - heavy or repetitive lifting;

- prolonged standing, and
- highly repetitive or forceful assembly tasks.

Reasonable steps must also be taken to keep pregnant women/nursing mothers away from overly strenuous working conditions.

6) Industrial Hygiene

- Suppliers shall identify, evaluate, and control the health risks associated with exposure to chemical, biological and physical agents and use preventive measures, including protective equipment programs, to protect workers from overexposure.

7) Machine Safeguarding

- Suppliers shall perform machinery safety risk assessments and properly maintain physical guards, fail-safe/ fool-safe designs, interlocks and barriers where machinery presents an injury hazard to workers.

8) Sanitation, Food, and Housing

- Suppliers shall provide workers with ready access to clean toilet facilities, drinking water and sanitary food preparation, storage, and eating facilities.

9) Health and Safety Communication

- Suppliers shall provide workers with appropriate workplace health and safety training, where possible, in their primary language. Health and safety related information shall be clearly posted in the facility.

5. Harmony with Society

Corporate social responsibility encompasses nearly every interaction a business has with society, and the responsibilities of Nidec Group and Suppliers go beyond satisfying the interests of immediate external stakeholders to include embracing and supporting the wider community interest.

1) Community Relations

- Suppliers are expected to build a good, sound relationship with the local community that may be impacted by their business through open and honest communication and by taking the views and concerns of the community into account in their work.

2) Approach toward Universal Social/Environmental Challenges

- Suppliers are expected to share the Nidec Group's vision for achieving sustainable business growth by providing technological solutions to major global challenges, including climate change, environmental destruction, poverty, shortages of energy and natural resources, and health problems.

6. Framework for Ensuring Efficacy

Suppliers shall establish and maintain a management system that translates the concept of this guidebook into viable courses of action. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements; (b) conformance with this guidebook; and (c) identification and mitigation of operational risks related to the issues and guidance included in this guidebook. Relevant control procedures shall be developed through the adoption of or by reference to international standards, such as ISO14001, OHSAS18001, or the Responsible Business Alliance (RBA) Code of Conduct.

1) Company Commitment

- Suppliers shall establish and maintain social and environmental responsibility policy statements affirming their commitment to compliance and continual improvement. The policy statements shall be posted in suppliers' facilities, where possible, in the local language.

2) Management Accountability and Responsibility

- Suppliers shall clearly identify senior executive and company representative[s] responsible for ensuring implementation of the management systems and associated programs. Senior management shall review the status of the management systems on a regular basis.

3) Risk Assessment/Management

- Suppliers shall develop a process to identify the legal compliance, environmental, health and safety, labor practice and ethics risks associated with Suppliers' operations. Suppliers shall also determine the relative significance for each risk and implement appropriate procedural and physical controls to manage the identified risks and ensure regulatory compliance.

4) Improvement Objectives

- Suppliers shall establish written performance objectives, targets and implementation plans to improve their social and environmental performance, and shall also perform a periodic assessment of their performance in achieving those objectives.

5) Training

- Suppliers shall prepare programs for training managers and workers to implement their policies, procedures, and improvement objectives and thereby meet applicable legal and regulatory requirements.

6) Communication

- Suppliers shall establish procedures for communicating clear and accurate information about their policies, practices, expectations and performance to their workers, suppliers and customers.

7) Worker Feedback and Participation

- Suppliers shall develop ongoing processes to assess employees' understanding of the practices and conditions covered by this guidebook, obtain feedback, and to foster continuous improvement.

8) Audits and Assessments

- Suppliers shall perform periodic self-evaluations (internal audits) to ensure compliance with legal and regulatory requirements, the content of this guidebook and the Nidec Group's contractual requirements related to social and environmental responsibility. Suppliers' internal self-evaluation efforts may occasionally be complemented by external evaluations (second- or third-party audits) to exploit knowledge of industry best practices, either upon request of the Nidec Group, or on Suppliers' own initiatives.

9) Supply Chain Involvement

- Suppliers shall communicate the requirements of this guidebook to their main direct suppliers as an initiative for the entire supply chain.