

Second-Party Opinion

Nidec Corporation Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Nidec Corporation Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP). This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, clean transportation, is aligned with those recognized by the GBP. Sustainalytics considers that investments for the manufacture of traction motors for electric vehicles (EVs) financed by the green bonds will lead to positive environmental impacts and advance the UN Sustainable Development Goal 11.



PROJECT EVALUATION / SELECTION Nidec's process for project evaluation and selection will be executed by Nidec's Finance Department upon discussion with IR-CSR Promotion Department and relevant Business Units, based on the eligible criteria. Final approval will be made by the Vice President in charge of the Finance Department. Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS Nidec's process for the management of proceeds is in line with market practice. The proceeds will be tracked and monitored by the Finance Department biannually, using electronic files and through its designated process. Pending allocation, an equal amount of unallocated proceeds will be held in cash or cash equivalents.



REPORTING Allocation and impact reporting will be provided annually. Allocation reporting will include the amounts allocated to eligible projects and the balance of unallocated proceeds, and updated until full allocation, while impact reporting will be updated throughout the term of the Green Bond, which will include relevant quantitative metrics such as the number of traction motors shipped per year and CO₂ emissions avoided. Moreover, Nidec commits to receive a compliance review by Sustainalytics as an independent external provider annually, until full allocation. Sustainalytics views Nidec's reporting commitments along with compliance review to be aligned with market best practice.

Evaluation date	8 November 2019
Issuer Location	Kyoto, Japan

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Alignment with Japan's Green Bond Guidelines 2017

Sustainalytics is of the opinion that the Nidec Corporation Green Bond Framework is in line with the Japan's Green Bond Guidelines 2017. The guidelines communicate what an issuer should do to issue a credible green bond, and also highlight what an issuer is recommended to do. Sustainalytics assessed the alignment between the green bond framework and the 'requirements of' items outlined in the Japan's Green Bond Guidelines 2017.

Introduction

Nidec Corporation (“Nidec” or “the Company”) is a Japanese comprehensive motor manufacturer, offering motors and application products and services in IT, office automation, home appliances, automobiles, commercial and industrial systems, environment and energy, and other business fields. The company has the largest market-share in the world in a wide variety of products, such as hard disk drive motors and brushless motors for electric power steering on automobiles. The company was established in 1973 and possess business sites in 43 countries.

Nidec has developed the Nidec Corporation Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance and/or refinance projects that provide environmental benefits particularly in China¹ and meet the following eligibility category:

1. Clean transportation

Nidec engaged Sustainalytics to review the Framework, dated October 2019, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the GBP² and Japan’s Green Bond Guidelines 2017. A summary overview of this Framework has been provided in Appendix 1.

As part of this engagement, Sustainalytics held conversations with various members of Nidec’s Finance Department to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ Nidec may allocate the proceeds to eligible projects outside China in future potential issuances.

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Nidec Corporation Green Bond Framework

Summary

Sustainalytics is of the opinion that the Nidec Corporation Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The use of proceeds category, clean transportation, is recognized as impactful by the GBP. Sustainalytics believes the Nidec's use of proceeds will contribute to low-carbon solutions. For additional information, please see Section 3 for Sustainalytics' assessment on the use of proceeds.
 - Under the category of clean transportation, Nidec will invest in capital expenditures and R&D expenses associated with manufacturing traction motors for Electric Vehicles (EVs). Sustainalytics positively views Nidec's intention to promote clean transportation by allocating the green bond proceeds in motors exclusively used for EVs, that offer the greatest GHG emissions reductions among all available vehicle technologies.
 - Nidec has specified a 24-month lookback period for the refinancing of existing projects. Sustainalytics views this look back period as aligned with market preference.
- Project Evaluation and Selection:
 - Nidec's eligible projects will be evaluated and selected by the Finance Department upon discussion with IR-CSR Promotion Department and relevant Business Units, based on the eligibility criteria. Final approval will be made by the Vice President in charge of the Finance Department. Sustainalytics considers Nidec's evaluation and selection process to be in line with market practice.
- Management of Proceeds:
 - The Finance Department will track and monitor the allocation of the proceeds biannually using electronic files and through its designated process. Pending allocation, an equal amount of unallocated proceeds will be held in cash or cash equivalents. Sustainalytics considers Nidec's monitoring processes and management of unallocated proceeds to be in line with market practice.
- Reporting:
 - Nidec has committed to reporting annually on allocation and impact. Allocation reporting will include the amounts allocated to eligible projects and the balance of unallocated proceeds and will be published on the company's website until full allocation. Any material developments after full allocation will also be disclosed on its website on a timely basis. Impact reporting will be provided throughout the term of the Green Bond on the company's website and disclose the number of traction motors shipped per year and CO₂ emissions avoided as environmental impact metrics.
 - Nidec intends to receive a compliance review by Sustainalytics as an independent external provider annually, until full allocation.
 - Sustainalytics views Nidec's commitment on allocation and impact reporting along with the external compliance review, to be market best practice, considering that it will further enhance the bond's transparency.

Nidec Corporation Green Bond Framework

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Framework aligns to the four core components of the GBP 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Alignment with Japan's Green Bond Guidelines 2017

Japan's Green Bond Guidelines 2017³ communicate what an issuer should do to issue a credible green bond, and also highlight what an issuer is recommended to do. Sustainalytics assessed the alignment between the Nidec Corporation Green Bond Framework and the 'requirements of' items outlined in the Japan's Green Bond Guidelines 2017.

ICMA Green Bond Principles and Japan's Green Bond Guidelines, 2017	Alignment with GBP and with Japan's Green Bond Guidelines?	Sustainalytics' comments on alignment with Japan's Green Bond Guidelines.
1. Use of Proceeds	Yes	Nidec' framework describes that its use of proceeds is the projects associated with electric vehicles (Clean transportation). This is suggested by Japan's Green Bond Guidelines as a green project with clear environmental impact. Moreover, the company's commitments and measures to reduce environmental risks associated with eligible projects are described in the framework and is accessible to investors.
2. Process for Project Evaluation and Selection	Yes	Within the framework, Nidec explains its CSR Vision 2020 and long-term GHG emissions reduction target as its objectives of the issuance of the green bond. Moreover, Nidec describes its eligibility criteria and process to evaluate and select projects executed by its Finance Department, IR-CSR Promotion Department and related Business Units.
3. Management of Proceeds	Yes	The framework explains that Nidec will track and monitor the allocated and unallocated proceeds biannually, using electronic files and through its designated process. Pending allocation, an equal amount of unallocated proceeds will be held in cash or cash equivalents.
4. Reporting	Yes	Nidec intends to report on allocation of the proceeds annually until full allocation and on a timely basis in the event of material developments after full allocation. The disclosure will include the amounts allocated to eligible projects and the balance of unallocated proceeds. Additionally, the company will report annually on environmental impact throughout the term of the bond including

³ Green Bond Guidelines, 2017, Summary, Ministry of the Environment, Japan: <https://www.env.go.jp/en/policy/economy/gb/summary2017.pdf>.

the number of traction motors shipped per year and CO₂ emissions avoided as impact metrics.

Section 2: Sustainability Strategy of the Issuer

Contribution of framework to issuer's sustainability strategy

Nidec has integrated sustainability into its strategic decision-making and business operations as underpinned by Nidec Group CSR Charter, environmental philosophy, and CSR Vision 2020. Sustainalytics opinion is based on the following:

- In accordance with its medium-term strategic goals Vision 2020 formulated in FY2016, Nidec developed its CSR Vision 2020, and identified eight priority issues to address within the area of ESG.⁴ Among the eight issues, three priority issues articulate measurable environmental targets: (a) consistent reduction in energy consumptions and environmental emissions attributable to operations, (b) quantitative assessment of product-specific environmental performance, and (c) active participation in local environmental conservation efforts. In line with target (a), Nidec launched the SMART (Sustainable Manufacturing And Resilient Tomorrow) 2030 project in April 2019, which sets out a long-term target to reduce total GHG emissions by 30% by FY2030 compared to FY2017.⁵
- Following the Paris Agreement, Nidec is committed to contributing to a decarbonized society by providing motors that support vehicle electrification, improving energy efficiency through the utilization of high-performance motors, and offering power management solutions for renewable energy generation.⁶

Overall, Nidec has demonstrated a commitment towards environmental responsibility and sets out quantitative and time-bound targets. Sustainalytics views positively that Nidec is well positioned to issue green bonds and that the use of proceeds specified under the Framework will support the company's sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that Nidec's eligible projects can provide environmental benefits overall. However, capital expenditure and R&D of traction motors for EVs may be associated with environmental and social risks such as release of toxic substances and negative effect on biodiversity and worker's health and safety. In addition to compliance with relevant laws and regulations, Nidec possess the following policies and procedures to mitigate such risks:

- Nidec's CSR Declaration communicates its basic policy towards CSR and provides action guidelines for employees regarding environmental conservation, occupational health and safety, and human rights.⁷ Moreover, Nidec ensures safety of the global supply chain by setting out the Supply Chain CSR Guidebook for its supply chain partners and conducting an assessment on a regular basis to ensure the suppliers compliance to the guideline.⁸
- In order to minimize the incidence of injury and illness in the workplace, OHSAS18001⁹ has been obtained at major factories outside Japan.¹⁰ For non-certified production plants, Nidec conducts RBA-standards based onsite audits with a third-party certification authority on a regular basis and performs risk assessments on eight areas regarding health and safety, which includes occupational injury & illness, and machine safeguarding.¹¹

⁴ Nidec, "CSR Mid-term Vision", at: <https://www.nidec.com/en/sustainability/principle/vision/>

⁵ Nidec, "Nidec Corporation Fiscal First-Half 2019 Financial Results", at: <https://www.nidec.com/-/media/www-nidec-com/ir/news/2019/1024-01/191024-01e.pdf>

⁶ Nidec, "Driving a Decarbonized Society", at: <https://www.nidec.com/en/sustainability/featured/2018/001/>

⁷ Nidec, "Nidec Group CSR Declaration", at: <https://www.nidec.com/en/sustainability/principle/declaration/>

⁸ Nidec, "Nidec Group Supply-Chain CSR Guidebook", at: <https://www.nidec.com/-/media/www-nidec-com/corporate/procurement/green/pdf/Supply%20Chain%20CSR%20Guidebook%20EN.pdf>

⁹ OHSAS 18001:2007, at: <https://www.certificationeurope.com/certification/ohsas-18001-occupational-health-and-safety-management/>

¹⁰ Nidec, "ISO and OHSAS certification", at: https://www.nidec.com/en/sustainability/environment/management/-/media/www-nidec-com/sustainability/principle/iso-ohsas/ISOOHSAS%20List%202018_en.pdf

¹¹ Nidec, "Health & Safety", at: <https://www.nidec.com/en/sustainability/social/employee/topic008/>

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- To address environmental management, the company acquires ISO14001¹² and conducts RBA audit-based environmental management system at its R&D, production, and other business sites.¹³
- Under Nidec Group Biodiversity Action Guidelines, Nidec consistently assesses effects on biodiversity to reduce negative impacts. Additionally, within Nidec's Green Bond Framework, the company commits to conduct environmental surveys, predictions and assessments in accordance with relevant laws and regulations.¹⁴

Based on the above, Sustainalytics is of the opinion that Nidec is well positioned to mitigate potential environmental and social risks associated with the use of the proceeds.

Section 3: Impact of Use of Proceeds

The use of proceeds category, clean transportation, is recognized as impactful by the GBP. Sustainalytics has focused on how the impact is specifically relevant in local context.

Importance of investing in traction motors for electric vehicles in China

The transport sector accounts for 23% of global energy-related CO₂ emissions.¹⁵ Moreover, according to the International Transport Forum, CO₂ emissions from transport is expected to increase by 60% in 2050,¹⁶ demonstrating the importance of the sector to reduce GHG emissions. Since energy demand is rapidly increasing due to growing population,¹⁷ shifting towards clean and energy efficient transportation is crucial in combatting climate change while limiting the global average temperature increase to 1.5 degrees Celsius as specified by the 2018 IPCC report. Given the necessity of decarbonizing the transport sector to meet global climate targets, EVs play an important role due to – (i) higher energy efficiency, (ii) GHG emission reduction, and (iii) air quality improvements- compared to conventional combustion engines.¹⁸

Nidec intends to use the proceeds to finance and/or refinance capital expenditure and R&D related to the manufacture of traction motors for EVs, particularly in China. In addition to its commitment to reduce the carbon intensity of GDP by 60%– 65% below 2005 levels by 2030 under the Paris Agreement,¹⁹ China published its 13th Five-Year Plan (covering 2016-2020), establishing the targets for transitioning to a low carbon economy. The plan focuses on challenges including the sustainability of transportation and aims to contribute to China's commitments for the Paris Agreement.²⁰ Specially, with respect to EVs, the plan promotes the use of new-energy vehicles and development of EVs with a focus on key technological areas, including energy density.²¹ Since traction motors are one of the key components of the electric vehicles, technological developments of traction motors that aim to increase energy efficiency plays an important role achieving a low-carbon and energy efficient transport sector. Moreover, according to the industry forecasts, electric vehicles will achieve over 50% of market share by 2025 in China,²² indicating the need for more supply of EVs and thus also traction motors.

Given the importance of the transport sector regarding the reduction of GHG emissions, Sustainalytics is of the opinion that Nidec's investments in traction motors for EVs can contribute to the reduction of GHG emissions from the sector through facilitating energy efficient vehicles, and thus contribute to a low carbon economy, especially in China.

¹² Nidec, "ISO and OHSAS certification", at: https://www.nidec.com/en/sustainability/environment/management/-/media/www-nidec-com/sustainability/principle/iso-ohsas/ISOOHSAS%20List%202018_en.pdf

¹³ Nidec, "Environmental Management", at: <https://www.nidec.com/en/sustainability/environment/management/>

¹⁴ Nidec, "Conservation of the Natural Environment", at: <https://www.nidec.com/en/sustainability/environment/system/diversity/>

¹⁵ IEA, "Tracking Progress:Transport" at: <https://www.iea.org/etp/tracking2017/transport/>

¹⁶ ITF, "Transport CO2 and the Paris Climate Agreement", at: <https://www.itf-oecd.org/sites/default/files/docs/transport-co2-paris-climate-agreement-ndcs.pdf>

¹⁷ OECD, "OECD Green Growth Studies, Energy", at: <https://www.oecd.org/greengrowth/greening-energy/49157219.pdf>

¹⁸ EECA, "Benefits and Considerations of electric vehicles", at: <https://www.eecabusiness.govt.nz/technologies/electric-vehicles/benefits-and-considerations/>

¹⁹ "China's Intended Nationally Determined Contributions", at:

<https://www4.unfccc.int/sites/submissions/INDC/Published%20Documents/China/1/China's%20INDC%20-%20on%2030%20June%202015.pdf>

²⁰ "The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China (2016–2020)", at:

<http://en.ndrc.gov.cn/newsrelease/201612/P020161207645765233498.pdf>

²¹ "The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China (2016–2020)", at:

<http://en.ndrc.gov.cn/newsrelease/201612/P020161207645765233498.pdf>

²² Clean Technica, "China EV Forecast", at: <https://cleantechnica.com/2019/02/24/china-ev-forecast-50-ev-market-share-by-2025-part-1/>

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Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goal and target:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

Nidec has developed the Nidec Corporation Green Bond Framework, under which it intends to issue green bonds and use the proceeds to finance and/or refinance capital expenditure and R&D for the production of traction motors for EVs. In addition to contributing to the company's sustainability strategies, Sustainalytics believes that the use of proceeds will further contribute to the decarbonization of the transport sector as well as the advancement of the UN Sustainable Development Goal 11.

The use of proceeds category, clean transportation, is recognized as impactful by the GBP. Additionally, Nidec's internal process for project evaluation and selection, and management of the proceeds are aligned with market practice. The company displays market best practice by committing to allocation and impact reporting along with an external compliance review.

Based on the above, Sustainalytics is of opinion that Nidec is well-positioned to issue green bonds and the Framework is credible, impactful, and aligned with the four core components of GBP and Japan's Green Bond Guidelines 2017.

Appendices

Appendix 1: Framework Overview

For the purpose of issuing green bonds, Nidec developed the following framework which addresses the four key core components of GBP: use of proceeds, project evaluation and selection process, management of proceeds, and reporting, in October 2019. The framework belongs to Nidec, and a summary overview has been provided below.

1. Use of proceeds

The net proceeds of the green bond will be allocated to finance and/or refinance expenses which meet the following eligibility criteria. Nidec has specified a 24-month look back period for the refinancing of existing projects.

a. Eligibility Criteria

Criterion 1 - Clean Transportation

Capital expenditure and R&D expense for the production of traction motors for EVs.

2. Process for project evaluation and selection

2.1 Application of Eligibility and Exclusionary Criteria in Project Selection

Selection of the projects that meet the eligibility criteria will be executed by Nidec's Finance Department upon discussion with IR-CSR Promotion Department and relevant Business Units. Final approval will be made by the Vice President in charge of the Finance Department.

2.2 Environmental Objectives

Under the CSR Vision 2020, formulated based on the medium-term strategic goal Vision 2020 launched in FY2016, Nidec executes actions in eight areas of focus corresponding to the three categories of ESG (environment, social, and governance): (1) environmental load reduction, (2) environmental contribution through products, (3) environmental conservation, (4) diversity, (5) globally competent talents, (6) corporate ethics, (7) internal control, (8) risk management.

In relation to the above focus areas (1) and (2), Nidec is contributing to the decarbonization of the society by addressing to GHG emission reduction and developing low carbon products. As an initiative to mitigate GHG emissions, Nidec launched its long-term plan SMART 2030 (Sustainable Manufacturing and Resilient Tomorrow) in April 2019, whose targets are to (a) identify key risks and opportunities associated with climate change, and report updates on measures taken and progress achieved, and (b) accomplish a 30% cut in operational GHG emissions by 2030 (compared to FY2017). Additionally, Nidec is poised to help the automotive industry to delethalize and decarbonize vehicle drive systems with its advanced motion control modules. Furthermore, the company positioned its automotive product business, as one of its strategic focuses within the medium-term strategic goal Vision 2020.

2.3 Process to Mitigate Environmental and Social Risks

When executing projects, Nidec ensures compliance with relevant environmental laws and regulations and promotes the Nidec Group Supply Chain CSR to mitigate negative environmental and social effects.

In order to reduce environmental risks, Nidec conducts environmental surveys, predictions and assessments, and implements measures to prevent significance environmental impacts in accordance with the assessment procedures stipulated in the Environmental Impact Assessment Law pursuant with local regulations where the business is conducted.

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3. Management of Proceeds

The Finance Department will track and monitor the allocation of the proceeds of the green bond biannually, using electronic files and through its designated process.

The net proceeds are scheduled to be allocated within 5 years. Nidec will manage cash or cash equivalents equal to the amount of its unallocated proceeds until the proceeds will be fully allocated to the eligible projects.

4. Reporting

4.1 Allocation Reporting

Nidec will annually disclose the amount allocated and unallocated on its website until full allocation. The first allocation report will be made public within 1 year from the date of the green bond issuance. In case of material developments, Nidec will update the information on the use of proceeds on a timely basis even after the full allocation of the proceeds.

4.2 Impact Reporting

Nidec will annually disclose the following impact metrics throughout the term of the green bond on its website:

- Number of shipped traction motors per year
- CO₂ emissions avoided by replacing conventional combustion engines with traction motors

5. Compliance Review

Before the first anniversary of the green bond issuance, Nidec will receive a compliance review from Sustainalytics as an external review provider to review the projects financed by Nidec's green bond in order to assess the compliance with the Framework. This review will be conducted annually until the full allocation of the net proceeds from Nidec's green bond.

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Nidec Corporation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Nidec Corporation Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	8 November 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds, clean transportation, is aligned with those recognized by the GBP. Sustainalytics considers that the manufacture of traction motors for electric vehicles (EVs) financed by the green bonds will lead to positive environmental impacts and advance the UN Sustainable Development Goal 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Nidec's process for project evaluation and selection will be executed by Nidec's Finance Department upon discussion with IR-CSR Promotion Department and relevant Business Unites, based on the eligible criteria. Final approval will be made by the Vice President in charge of the Finance Department. Sustainalytics considers this process to be in line with market practice.

Nidec Corporation Green Bond Framework

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Nidec's process for the management of proceeds is in line with market practice. The proceeds will be tracked and monitored by the Finance Department biannually, using electronic files and through its designated process. Pending allocation, an equal amount of unallocated proceeds will be held in cash or cash equivalents.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other <i>(please specify)</i> : |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> : |

4. REPORTING

Overall comment on section *(if applicable)*:

Nidec Corporation Green Bond Framework

Allocation and impact reporting will be provided annually. Allocation reporting will include the amounts allocated to eligible projects and the balance of unallocated proceeds, and updated until full allocation, while impact reporting will be updated throughout the term of the Green Bond, which will include relevant quantitative metrics such as the number of traction motors shipped per year and CO₂ emissions avoided. Moreover, Nidec commits to receive a compliance review by Sustainalytics as an independent external provider annually, until full allocation. Sustainalytics views Nidec's reporting commitments along with compliance review to be aligned with market best practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): Number of traction motors shipped per year |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
|--|---|

Nidec Corporation Green Bond Framework

- | | |
|---|---|
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Corporate website |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Allocation and impact reporting will be reviewed on an annual basis by a third-party | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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