

# Fighting against forced Labour and Child Labour Report

May 2024

Purpose: To meet the applicable requirements of Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act).

Reporting Period: This report covers activities from April 1, 2023, to March 31, 2024 (the “Reporting Period”).

## 1. Introduction

Nidec Corporation's mission is to contribute to the development of society and welfare of the general public around the world. Nidec aims to do so by supplying the highest quality products. Our company is sincerely and enthusiastically dedicated to the trinity of technology, expertise, and modern science. Thereby, Nidec strives to promote the prosperity of our society, our company, and all our employees.

### 1.1 Reporting entities

This is a joint report under the Act for the following reporting entities (the “Reporting Entities”):

- Nidec Motor Canada Corporation
- Nidec Motor Corporation

In this report “we”, “us”, “our”, “Nidec” and “the company” mean, as the context may require, separately or collectively, the Reporting Entities as defined above. “Nidec” means, as the context may require, either or collectively, the Reporting Entities and their subsidiaries that are also Reporting Entities set out above.

## 2. Our company

To enhance its management system, the Nidec Group has five global poles of business management, i.e., Japan, China, Asia, the Americas, and Europe (including the Middle East and Africa). With regional management companies already established in China, the Americas, and Europe, a plan is underway to establish such a management company in Asia as well. By collaborating with these management companies, we will provide the five global poles of business with corporate administration & internal audit, and compliance, risk, and CSR management functions.

### 2.1 Corporate Social Responsibility (“CSR”)

Nidec’s CSR management system is built on the principles of the company’s CSR Charter and accompanying Nidec Group CSR Declaration which guide our choice and actions in terms of the evolving nature of our corporate social responsibility. In addition to the use of ISO45001 and ISO14001, we engage an international certification firm to conduct a third-party CSR audit to ensure the ongoing visibility and viability of the management system.

We disclose our performance in our Integrated Reports available at [https://www.nidec.com/en/sustainability/integrated\\_report/](https://www.nidec.com/en/sustainability/integrated_report/).

The Nidec Group joined the UN Global Compact and officially expressed its support for the 10 principles in August 2015.

### **3. Our supply chains and business**

Working in collaboration with its customers and other supply chain partners, Nidec promotes CSR activities in its entire supply chain.

#### **3.1 Supply chains**

Nidec strives for constant growth and evolution based on good quality, cost, delivery, speed, and service, provides companies worldwide with equal opportunities, and purchases materials and components based on a fair evaluation.

The Nidec Group, which produces products in various countries in the world, has globally diverse supply chains. To fulfill its social responsibilities in these business activities, the Nidec Group assesses risks (including environmental and social issues) of, and audits, its supply chain partners. We established a “Nidec Supply Chain CSR Promotion Guidebook (currently, the Nidec Group Supply Chain CSR Promotion Guidebook)” in January 2009, and distribute it every year to educate our supply chain partners on Nidec's CSR Charter and ensure their compliance with it.

Working in collaboration with its supply chain partners, the Nidec Group promotes CSR activities in the entire supply chain. To ensure our supply chain partners' fulfillment of their corporate social responsibility, we require them to comply with Nidec Group CSR Charter in basic business contracts with them. Additionally, in the Nidec Group Supply-Chain CSR Promotion Guidebook, we describe specific standards based on the pillars from the CSR Charter and share them with our supply chain partners. In 2018, we launched a self-assessment based on the Guidebook, and, as our supply chain partners wish, provide them with support to implement the Guidebook. In addition, we conduct onsite CSR audits to important supply chain partners. It is through these measures that the Nidec Group promotes its supply chain partners to launch CSR-based business activities.

#### **3.2 Risk Areas and Response Activities**

The Nidec Group's human rights-related risk assessment is focused primarily on Asia, where more than 70% of its employees operate. In partnership with a third-party certification organization, we regularly implement a third-party CSR audit at our selected factories in Asia, using the set of standards substantially equivalent to RBA Code of Conduct\* (Nidec Group CSR Declaration). The audit encompasses seven essential dimensions of human rights, including at-will employment, child/young labor, and work hours.

Nidec uses a third-party organization to conduct periodic onsite audits based on its in-house CSR standards (“Nidec Group CSR Declaration” ) substantially equivalent to the RBA\* Code of Conduct. The audit, intended for major production bases in Asia and Southeast Asia, where an especially large number of Nidec employees work, was held a total of 16 times in FY2018 at 11 production plants in China, Thailand, and Vietnam.

The third-party audits scheduled to take place during the FY2019 - FY2022 period were postponed amid the COVID-19-caused pandemic.

#### **Conformance ratio (FY2018)**

\*This section shows the results of the FY2018 audits, as those scheduled to take place during the FY2019 - FY2022 period were postponed amid the COVID-19-caused pandemic.

Labor: 79%, Health & Safety: 81%, Ethics: 83%, Environment: 88%, and Management System: 76%

Based on the audit results, we launched the following improvement actions:

- Produce document on how to prevent problems from recurring.
- Optimize our work hours and wage system.
- Advance the quality of education on how to prevent chemical spills.
- Improve the level of labor sanitation-related knowledge.

In addition, the sites in Thailand, Vietnam, and other countries launched other actions including the examination of measures, such as work automation, to reduce overtime work hours, better anti-disaster measures, preparing policies in local languages, and making safety management procedures and other documents.

#### **4 Addressing forced and child labour in our supply chains and business**

Realizing the importance of considering human rights in global business environments, Nidec upholds international guidelines such as “the UN Guiding Principles on Business and Human Rights,” “the UN Global Compact,” “the UN Universal Declaration of Human Rights,” and “the ILO Declaration on Fundamental Principles and Rights at Work” in response to the diversifying human rights-related issues.

In November 2021, we established “the Nidec Group’s Basic Policy on Human Rights.” Based on the policy, which summarizes our attitude and efforts on human rights, we are poised to continue its actions to respect human rights.

The Nidec Group CSR Charter provides for “respect for human rights,” while the Nidec Group Declaration on CSR Conduct, which complements the CSR Charter, prohibits forced labor, child labor, and discrimination and inhumane treatment, and guarantees proper wages; work hours, non-workdays, and leaves; freedom of association; and the right to collective bargaining.

#### **4.1 Code of business conduct**

Nidec has in place “Nidec Group Compliance Regulations” rules for compliance-related fundamental notions, organizations, operating methods, etc. for the entire Nidec Group’s compliance, and to build a group-wide compliance system and raise the compliance awareness of all employees. In addition, we have in place a Nidec Group Compliance Code of Conduct, which is an action guideline for the company’s executives and employees, a Nidec Ethics handbook, and a Nidec Compliance handbook, which explains the Code of Conduct in detail in multiple languages, to ensure that all executives and employees understand it group-wide.

In addition, as a globally operating company, we make it a basic policy to comply with the RBA (Responsible Business Alliance, the former EICC).\*

\*RBA: A set of standards to ensure that the electronics industry’s supply chains provide a safe work environment, treat workers with respect and dignity, fulfill their environmental responsibilities, and execute their duties ethically. As an example, the “Business Integrity” part of the RBA Code of Conduct’s “Ethics” section stipulates that participating organizations “shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.”

#### **4.2 CSR Declaration**

Since its foundation in 1973, Nidec has been engaged in business with the following mission statement as the basis of its business management: “Contribute to the development of society and the welfare of the general public around the world by supplying the highest quality products with our sincere and enthusiastic dedication to the trinity of technology, expertise, and modern

science,” and “Promote the prosperity of our society, our company, and all of our employees.”

In 2008, we established three basic management creeds and the CSR Charter. The basic management creed states three principles: “Employment stability based on sustainable business growth,” “Available supply of the highest quality, indispensable, and widely desired products for the common good of all,” and “Pursuit of the top leader position in each of the company’s chosen paths.”

We will implement the following three actions according to the spirits of the mission statement and the three basic management creeds: 1) social contribution through business activities, 2) sincere business management, and 3) social contribution through non-business activities.

Through these actions, we hope to contribute to creating a society where people can live comfortably even 100 years from now, and to stay competitive as a socially desirable business even at that time.

The Nidec Declaration on CSR Conduct (“Declaration”), which complements the Nidec Group CSR Charter, is a summary of our business directions and decisions based on Nidec’s corporate social responsibilities. Nidec promotes our global management and employees to understand the Declaration, and collaborates with our supply chains, to realize the Declaration.

A portion of our CSR Declaration is set forth below:

### **Respect for Human Rights and Labor Practices**

In the global market, Nidec Group’s business operations come into contact with different social, political, financial, legal and economic systems as well as different cultures, traditions and languages. It is therefore essential for the Nidec Group to have solid foundations to ensure that human rights are respected and that all individuals can fulfil their capabilities in the workplace. The Nidec Group addresses the increasing diversity of human rights issues through commitment to existing international guidelines, including the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the UN Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.

#### **Forced Labor**

- The Nidec Group employs people based only on their own free will and never tolerates the use of forced, debt bonded labor, slavery or human trafficking in its business or supply chain.
- The Nidec Group does not hold, destroy, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits.

#### **Child/Young Labor**

- The Nidec Group complies with all applicable local and international regulations on the prevention of child labor and the protection of young workers. The Nidec Group complies with the minimum age limit defined by national laws or by the International Labour Organization (ILO), whichever is higher.
- The Nidec Group will exercise reasonable care to prevent young workers under the age of 18 from engaging in hazardous tasks, night-shift or overtime work.

## **Discrimination and Inhumane Treatment**

- The Nidec Group values a vibrant and diverse workforce and acts to eliminate discrimination over job offers and employment and shall secure equal opportunities and fair treatment in the workplace.
- The Nidec Group is committed to providing 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.
- The Nidec Group takes steps to ensure that there is no harsh or inhumane treatment, including any physical, sexual, psychological, or verbal harassment or abuse against employees, suppliers or vendors.

### **4.2.1 Supplier code of conduct – Basic Procurement Policy**

Nidec Group's Procurement Divisions are ever mindful of integral partnership with our suppliers to pursue the company's creeds, based on the recognition that all suppliers are our important partners.

- We carry out our daily duties of procuring from our supply chain partners strictly following Basic Procurement Policy, in which also our partners are requested to understand and act in adherence with the principles provided.
- We comply with the purchasing related laws and regulations and all the company's regulations.
- We select our business partners with fairness and equity in requesting quotations or making contracts.
- We provide opportunities to do business with all suppliers regardless of whether they operate in or out of the country.
- We conduct fair and green procurement and fulfill our corporate social responsibility as members of Nidec Group.
- We strive to build a collaborative relationship with our supply chain partners through deepening mutual understanding.
- We comprehensively evaluate the partner companies from the following viewpoints.
  - Has good financial health and is responsible for continuous business with Nidec.
  - Has a clear management philosophy and policies.
  - Considers the environment with clear environment related policies.
  - Keeps excellent quality and develops products with consciousness of technical improvement and concerns for the environment.
  - Discloses the company's information proactively.
  - Has risk management system.
  - Has employee education system.
  - Has internal rules for non-disclosure agreements.
  - Complies with all the laws and regulations regardless of internally and externally.
  - Respects intellectual property rights of others.
  - Respects human rights.
  - Be responsible for good work environment
  - Be active in contributing to society.
  - Strives to offer competitive prices.
  - Has an organized system for occupational safety.
  - Keeps strict observance for a delivery date.

#### **4.2.2 Auditing Risk**

Every year, to manage their risks, Nidec sites assess risks regarding bribery, corruption, human centers abuse, and many other social issues. Departments in charge prepare a plan to correct any risk identified in the assessment and execute a Plan, Do, Check, Act (“PDCA”) cycle based on the level of the risk to reduce it.

Since FY2010, the Nidec Group has been auditing our main supply chain partners\* on-site. During FY2022, the Nidec Group audited 122 of its supply chain partners onsite in Asia and other regions.

#### **4.2.3 Reporting issues and addressing potential concerns**

As part of the comprehensive, group-wide compliance system, we established an internal reporting section (the Nidec Global Compliance Hotline) and an external third-party 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 left Nidec Group within one year) to encourage them to report and raise issues on accounting fraud, bribery, labor safety-related cases, harassment, and other acts in violation of laws, regulations, internal rules, ethics, etc.

The hotline, in place in Japan, Americas, China, Europe, and Southeast Asia, is available in multiple languages. A Regional Compliance Officer receives whistle-blowing reports and launches investigations and corrective actions in cooperation with Nidec Corporation’s Legal & Compliance Department. Whistleblowers will be notified as much as possible of the findings of the report. Reports can be submitted anonymously so that no whistleblowers will be subject to any disadvantage after reporting an incident. Our business sites in the Americas and Europe have in place third-party-operated external consultation channels in addition to internal whistle-blowing consultation offices.

Fiscal 2022 saw a total of 119 cases of whistle-blowing and consultations made on suspected misconduct and harassment, among others, a decrease of 6 cases from the previous year. In solving these cases, we respect whistleblowers’ intentions to the best extent, and examine and investigate facts in a form of interview with those concerned, etc., to execute proper actions and prevent such cases. Furthermore, we report the status of internal reports from our group’s executives and other employees to the Board of Directors and the Audit and Supervisory Committee on a regular basis.

Additionally, the Nidec Hotline is accessible 24/7 online at <http://nideccompliance.ethicspoint.com> or by telephone at the following numbers: Inside the USA: 877-522-7545, Outside the US: +1 770-582-5264, and is administered by an independent third-party firm.

#### **4.2.4 Remediation**

If a whistleblowing or any other action reveals any violation of compliance rules by an executive or other employee, including, without limitation, potential or confirmed presence of forced and/or child labour in supply chains, we will launch investigations to prevent its recurrence, while, based on applicable internal rules, taking the appropriate remedial measures, and punishing those involved in the violation.

We did not identify any instances of forced labour or child labour in our supply chains during the Reporting period and, therefore, no remedial measures were taken, including those related to remediating the economic impact on the most vulnerable families.

#### **4.2.5 Training**

As Nidec promotes CSR activities throughout its supply chain, it is important for our procurement personnel to understand Nidec's CSR policies first.

As part of its compliance promotion activities, we provide ethics and compliance training through an electronic Learning Management System ("LMS"), and our corporate parent company holds compliance seminars for our group's executives and employees to maintain and improve the level of their compliance awareness.

In those seminars and e-learning we use the Nidec Compliance Code of Conduct and Handbooks as teaching materials and have Regional Compliance Officers as lecturers for such topics as cartel, bribery and human rights issues including harassment. Our corporate Compliance Department also hosts seminars, discussions, and other activities. Human rights, modern slavery, and supply chain due diligence are also specific topics covered in the e-learning modules.

### **5. Monitoring and compliance**

#### **5.1 Framework**

Nidec Corporation's CSR Committee, an organization under the company's Board of Directors, comprises the chairperson, who is appointed by the Board (the current chairperson is Akinobu Samura, Nidec Corporation's Vice President and CFO), and other members appointed at individual sites, and deliberates and makes decisions on important matters, such as activity policies and annual plans of CSR-related issues in general (e.g. human rights issues).

Nidec annually assesses human rights-related and other risks at all of its business sites, including newly established ones and those that have newly joined the group via M&A. The group has in place a whistle-blowing system for employees to ask for aid in the face of any actual or suspected human rights abuse.

Nidec Corporation has a Compliance Committee under its Board of Directors to set the Nidec Group's compliance-related basic rules, and monitor and supervise its compliance with laws, rules, and regulations. The Compliance Committee holds a meeting on a quarterly basis to deliberate compliance activity plans, and individual compliance issues and measures. In addition, Chief Compliance Officer, and the Officer in charge of compliance annually submit reports on compliance activity, status, and plan to the company's Board of Directors and Audit & Supervisory Committee.

Nidec Corporation'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, and the Southeast Asia) and Compliance Managers (a.k.a. "Chief Compliance Controllers") and Promoters (a.k.a. "Compliance Controllers") within individual business departments and group companies, builds and operates our group's compliance-securing system (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 to prevent compliance violations.

Compliance Promoters promote specific compliance measures of such organizations, while serving as a liaison with Legal & Compliance Department and Regional Compliance Officers, who provide support for individual regions' Compliance Managers, while accepting whistle-blowing cases and consultations on compliance issues unique to their countries and regions.

## **5.2 Assessing the effectiveness of our controls**

Starting in 2018, we launched a Nidec supplier CSR self-assessment to understand the status of CSR procurement and have our supply chain partners report on the status of their compliance with the Nidec Group Supply-Chain CSR Promotion Guidebook. The areas of survey are based on the Guidebook's Chapters 1 - 6, to assess the status of individual supply chain partners based on a total of 111 sections. We provide our feedback on sections where our partner companies scored particularly low, to urge improvement. At the Nidec Group, we select important suppliers from among our supply chain partners by considering their volume of business transactions with us, critical components, technological capability to develop products, substitutability, compliance management, and all other required elements. We request those individuals select important suppliers and others, i.e., the companies that occupy approximately 80% of the purchased amounts of Nidec's individual business departments and group companies, to submit the results of their self-assessment. In the supplier CSR self-assessment conducted in July 2023, 876 suppliers of Nidec Corporation and other member companies of the Nidec Group headquartered in Japan submitted to us the results of their self-assessment.

The results of the self-assessment revealed that the CSR activities of our entire supply chain are above our standard. Going forward, to check for a gap between the self-assessment's results and reality, we are planning to conduct an onsite audit at our supply chain partners as necessary. Through continuous communications with our supply chain partners, we will ensure a proper self-assessment and further improvement of CSR activities throughout the supply chains.

## **6 Approval and attestation**

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Justin A. Relihan

Title: Secretary, Nidec Motor Corporation

Date: May 31, 2024

I have the authority to bind the Reporting Entities above.

Signature: \_\_\_\_\_

