

# Nidec Corporation

**Type of Engagement:** Annual Review

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**Engagement Team:**

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## Introduction

In November 2019 and March 2021, Nidec Corporation (“Nidec”) issued the ninth, tenth and eleventh unsecured green bonds, (collectively, the “2019 Green Bonds”)<sup>1</sup> and a Euro-denominated unsecured green bond, (the “2021 Green Bond”) and raised JPY 100,000 million and EUR 500 million, respectively, to finance projects related to clean transportation. In May 2025, Nidec engaged Sustainalytics to review the projects financed with proceeds from the 2019 Green Bonds and 2021 Green Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether Nidec complied with the reporting commitments in the Nidec Corporation Green Bond Framework (the “Framework”).<sup>2</sup> Sustainalytics provided a Second-Party Opinion on the Framework in November 2019.<sup>3</sup> This is Sustainalytics’ sixth annual review of Nidec’s 2019 Green Bonds and fifth annual review of Nidec’s 2021 Green Bond of allocation and reporting of the instruments issued under the 2019 Framework, following previous reviews in November 2020, November 2021, June 2022, June 2023 and June 2024.<sup>4,5,6,7,8</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Nidec's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Clean Transportation	Capital expenditure and R&D expense for the production of traction motors for EVs.	<ol style="list-style-type: none"> <li>i. Number of shipped traction motors per year</li> <li>ii. CO<sub>2</sub> emissions avoided by replacing conventional combustion engines with traction motors</li> </ol>

<sup>1</sup> In November 2019 Nidec issued unsecured green bonds, comprising the ninth, tenth and eleventh unsecured green bonds, raising JPY 50,000 million, JPY 30,000 million and JPY 20,000 million, respectively. The ninth bond (JPY 50,000 million) was redeemed on 28 November 2022 and the tenth bond (JPY 30,000 million) was redeemed on 28 November 2024. Additionally, in March 2021 Nidec issued a Euro-denominated unsecured bond raising EUR 500 million.

<sup>2</sup> Nidec, “Nidec Corporation Green Bond Framework”, (2019), at: [https://www.nidec.com/files/user/www-nidec-com/sustainability/environment/greenbond/img/NidecCorporation\\_GreenBond\\_Framework\\_en.pdf](https://www.nidec.com/files/user/www-nidec-com/sustainability/environment/greenbond/img/NidecCorporation_GreenBond_Framework_en.pdf).

<sup>3</sup> Sustainalytics, “Second-Party Opinion, Nidec Corporation Green Bond Framework”, (2019), at: [nidec-corporation-green-bond-second-party-opinion-08112019-english.pdf](https://www.sustainalytics.com/docs/default-source/spos/nidec-corporation-green-bond-second-party-opinion-08112019-english.pdf).

<sup>4</sup> Sustainalytics, “Annual Review”, (2020), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bond-annual-review.pdf>.

<sup>5</sup> Sustainalytics, “Annual Review”, (2021), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-\(2021\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-(2021).pdf).

<sup>6</sup> Sustainalytics, “Annual Review”, (2022), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-\(2022\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-(2022).pdf).

<sup>7</sup> Sustainalytics, “Annual Review”, (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-green-bond-2021-annual-review-\(2023\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-green-bond-2021-annual-review-(2023).pdf).

<sup>8</sup> Sustainalytics, “Annual Review”, (2024), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bond-annual-review-2024.pdf?sfvrsn=4b61dd0e\\_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bond-annual-review-2024.pdf?sfvrsn=4b61dd0e_1).

## Issuer’s Responsibility

Nidec is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Nidec’s 2019 Green Bonds and 2021 Green Bond. The work undertaken as part of this engagement included collection of documentation from Nidec and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Nidec. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Nidec.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>9</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Nidec has disclosed to Sustainalytics that 93.8% of the proceeds from the 2019 Green Bonds and 86% of the proceeds from the 2021 Green Bond were allocated by March 2025. Moreover, Nidec intends to allocate the remaining 6.2% of the 2019 green bonds by November 2026 and remaining 14% of the 2021 Green Bond by March 2026.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Nidec reported on at least one KPI per use of proceeds category.	None

<sup>9</sup> Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Allocation Reporting

Table 3: Allocation of proceeds from 2019 Green Bonds

Use of Proceeds Category	Project Description	Allocated Amount (JPY million)		
		Nineth Unsecured Green Bond	Tenth Unsecured Green Bond	Eleventh Unsecured Green Bond
Clean Transportation	Capital expenditure and R&D expense for the production of traction motors for EVs.	50,000	30,000	13,800
<b>Total Allocated Amount</b>		<b>50,000<sup>10</sup></b>	<b>30,000<sup>11</sup></b>	<b>13,800</b>
<b>Total Unallocated Amount</b>		<b>0</b>	<b>0</b>	<b>6,200</b>
<b>Total Proceeds Raised</b>		<b>50,000</b>	<b>30,000</b>	<b>20,000</b>

Table 4: Allocation of proceeds from the 2021 Green Bond

Use of Proceeds Category	Project Description	Allocated Amount (EUR million)
Clean Transportation	Capital expenditure and R&D expense for the production of traction motors for EVs.	430
<b>Total Allocated Amount</b>		<b>430</b>
<b>Total Unallocated Amount</b>		<b>70</b>
<b>Total Proceeds Raised</b>		<b>500</b>

<sup>10</sup> The ninth unsecured bonds of JPY 50,000 million have been redeemed on 28 November 2022.

<sup>11</sup> The tenth unsecured bonds of JPY 30,000 million have been redeemed on 28 November 2024.

## Appendix 2: Reported Impact

Table 5: Cumulative Reported Impact for 2019 Green Bonds and 2021 Green Bond<sup>12</sup>

Use of Proceeds Category	Reported Impact	
	Number of shipped traction motors per year	CO <sub>2</sub> emissions avoided by replacing conventional combustion engines with traction motors (t-CO <sub>2</sub> /y)
Clean Transportation	FY2019: 48,700	1,199,029
	FY2020: 83,273	
	FY2021: 226,248	
	FY2022: 337,844	
	FY2023: 284,451	
	FY2024: 339,487	
	<b>Total: 1,320,003</b>	

<sup>12</sup> The table represents the cumulative reported impact of the 2019 Green Bonds and 2021 Green Bond, as both bonds were used to finance the production of traction motors for EVs.

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