

Nidec Corporation

Type of Engagement: Annual Review

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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”) and the Euro-denominated unsecured green bond, (the “2021 Green Bond”) to finance projects related to Clean Transportation. In 2024, Nidec engaged Sustainalytics to review the projects financed with proceeds from the 2019 Green Bonds and 2021 Green Bond (the “Nominated Projects”) and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in the Nidec Corporation Green Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in November 2019.² This is Sustainalytics’ fifth annual review of Nidec’s 2019 Green Bonds and fourth annual review of Nidec’s 2021 Green Bond of allocation and reporting of the instruments issued under the 2019 Framework, following the previous review in November 2020,³ November 2021,⁴ June 2022,⁵ and June 2023.⁶

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects 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"> i. Number of shipped traction motors per year ii. CO₂ emissions avoided by replacing conventional combustion engines with traction motors

Issuer’s Responsibility

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

¹ Nidec, “Nidec Corporation Green Bond Framework”, (2019), at: https://www.nidec.com/en/sustainability/environment/greenbond/-/media/www-nidec-com/sustainability/environment/greenbond/img/Nidec%20Corporation%20Green%20Bond%20Framework_en.pdf

² Sustainalytics, “Second-Party Opinion, Nidec”, (2019), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bond-second-party-opinion-08112019-english.pdf>

³ 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>

⁴ 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)

⁵ 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)

⁶ 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)

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,⁷ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Nidec Corporation Green Bond Framework. Nidec has disclosed to Sustainalytics that 87.3% of the proceeds from the Nidec Corporation’s 2019 Green Bonds and 71.4% of the proceeds from Nidec’s Corporation 2021 Green Bond were allocated by March 2024. Moreover, Nidec intends to allocate the remaining 12.7% of the tenth and eleventh unsecured green bonds 2019 by November 2024 and November 2026 respectively. Additionally, 28.6% of the 2021 Green Bond will be allocated by March 2026.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Projects to determine if the impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁷ 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.

Appendix

In November 2019, Nidec issued the 2019 Green Bonds, raising JPY 100,000 million. The proceeds were used to finance the following Nominated Projects.

Table 3: Allocation of proceeds from the 2019 Green Bonds

Use of Proceeds Category	Eligibility Criteria	Net Proceeds Allocated (JPY million)
Clean Transportation	Capital expenditure and R&D expense for the production of traction motors for EVs	87,300
Total amount allocated		87,300
Unallocated amount		12,700

In March 2021, Nidec issued the 2021 Green Bond, raising EUR 500 million. The proceeds were used to finance the following Nominated projects.

Table 4: Allocation of proceeds from the 2021 Green Bond

Use of Proceeds Category	Eligibility Criteria	Net Proceeds Allocated (EUR million)
Clean Transportation	Capital expenditure and R&D expense for the production of traction motors for EVs	357
Total amount allocated		357
Unallocated amount		143

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

Table 5: Cumulative Reported Impact

Use of Proceeds Category	Impact Indicators	
	Number of shipped traction motors per year	CO ₂ emissions avoided by replacing conventional combustion engines with traction motors (t-CO ₂ /y)
Clean Transportation	FY2019:	48,700
	FY2020:	83,273
	FY2021:	226,248
	FY2022:	337,844
	FY2023:	284,451
	Total:	980,516
		985,208

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