

# Nidec Corporation (2019 Green Bonds and 2021 Green Bond)

**Type of Engagement:** Annual Review

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**Engagement Team:**

Shigeru Ogawa, shigeru.ogawa@sustainalytics.com, (+81) 3 4520 2193

Yukie Osari, yukie.osari@sustainalytics.com, (+81) 3 4520 2192

## Introduction

Nidec Corporation (“Nidec”) issued three green bonds in November 2019 (JPY 50 billion 3-Year Green Bond, JPY 30 billion 5-Year Green Bond and JPY 20 billion 7-Year Green Bond, hereinafter the “2019 Green Bonds”) and one green bond in March 2021 (EUR 500 million 5-Year Green Bond, hereinafter the “2021 Green Bond”), which aimed at financing projects related to Clean Transportation. As of 31 March 2023, the proceeds were allocated to projects related to traction motors for EVs. In June 2023, Nidec engaged Sustainalytics to review the projects funded through the 2019 Green Bonds and the 2021 Green Bond and assess whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Nidec Corporation Green Bond Framework (the “Framework”).<sup>1</sup> This is Sustainalytics’ fourth annual review of Nidec’s 2019 Green Bonds<sup>2</sup> and third annual review of Nidec’s 2021 Green Bond following the previous review in June 2022.<sup>3</sup>

## Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from November 2019 to March 2023 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on the impact indicators for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Eligibility Criteria and associated impact indicators for the Use of Proceeds category to which the proceeds were allocated.

**Table 1: Use of Proceeds, Eligibility Criteria, and associated impact indicators**

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

<sup>1</sup> Nidec Corporation Green Bond Framework is available at: [https://www.nidec.com/en/sustainability/environment/greenbond/-/media/www-nidec-com/sustainability/environment/greenbond/img/Nidec%20Corporation%20Green%20Bond%20Framework\\_en.pdf](https://www.nidec.com/en/sustainability/environment/greenbond/-/media/www-nidec-com/sustainability/environment/greenbond/img/Nidec%20Corporation%20Green%20Bond%20Framework_en.pdf)

<sup>2</sup> Sustainalytics’ previous annual reviews of Nidec’s 2019 Green Bonds are available at:

Annual Review (June 2022): [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-\(2022\).pdf?sfvrsn=8b609e84\\_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-(2022).pdf?sfvrsn=8b609e84_1)

Annual Review (November 2021): [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-\(2021\).pdf?sfvrsn=4a6c5ddb\\_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-(2021).pdf?sfvrsn=4a6c5ddb_1)

Annual Review (November 2020): [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bond-annual-review.pdf?sfvrsn=be3cb36\\_3](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bond-annual-review.pdf?sfvrsn=be3cb36_3)

<sup>3</sup> Sustainalytics’ previous annual reviews of Nidec’s 2021 Green Bond are available at:

Annual Review (June 2022): [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-\(2022\).pdf?sfvrsn=8b609e84\\_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-(2022).pdf?sfvrsn=8b609e84_1)

Annual Review (November 2021): [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-\(2021\).pdf?sfvrsn=4a6c5ddb\\_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nidec-corporation-green-bonds-2019-and-2021-annual-review-(2021).pdf?sfvrsn=4a6c5ddb_1)

## Issuing Entity’s Responsibility

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

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Nidec’s 2019 Green Bonds and 2021 Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Nidec employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Nidec with respect to the projects in the eligible category. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct 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 over the assessment of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>4</sup> nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Nidec Corporation’s 2019 Green Bonds and 2021 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Nidec Corporation Green Bond Framework.

## Detailed Findings

Table 2: Detailed Findings

Evaluation Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the 2019 Green Bonds and the 2021 Green Bond from November 2019 to March 2023 to determine if the projects were aligned with the Use of Proceeds Criteria outlined in the Nidec Corporation Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the 2019 Green Bonds and the 2021 Green Bond from November 2019 to March 2023 to determine if the impact of the projects was reported in line with the impact indicators outlined in the Nidec Corporation Green Bond Framework and above in Table 1.	All projects reviewed reported on impact indicators per Use of Proceeds criteria.	None

<sup>4</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendix

### Appendix 1: Allocation of Green Bond Proceeds

1. 2019 Green Bonds (JPY 50 billion 3-Year Green Bond, JPY 30 billion 5-Year Green Bond and JPY 20 billion 7-Year Green Bond)

Use of Proceeds Category	Overview of Project	Net Bond Proceeds Allocation (100 million JPY)
Clean Transportation	Capital expenditure and R&D expense for the production of traction motors for EVs	689
<b>Total Net Bond Proceeds Allocated:</b>		689
<b>Total Net Bond Proceeds from Green Bond Issuance:</b>		1,000
<b>Total Net Bond Proceeds Unallocated:</b>		311

2. 2021 Green Bond (EUR 500 million 5-Year Green Bond)

Use of Proceeds Category	Overview of Project	Net Bond Proceeds Allocation (million EUR)
Clean Transportation	Capital expenditure and R&D expense for the production of traction motors for EVs	176
<b>Total Net Bond Proceeds Allocated:</b>		176
<b>Total Net Bond Proceeds from Green Bond Issuance:</b>		500
<b>Total Net Bond Proceeds Unallocated:</b>		324

## Appendix 2: List of impact indicators<sup>5, 6</sup>

### 2019 Green Bonds and 2021 Green Bond

Use of Proceeds Category	Impact Indicators	
	Number of shipped traction motors per year <sup>7</sup>	CO <sub>2</sub> emissions avoided by replacing conventional combustion engines with traction motors (t-CO <sub>2</sub> /y) <sup>8</sup>
Clean Transportation	FY2019:	48,700
	FY2020:	83,273
	FY2021:	226,248
	FY2022:	337,844
	Total:	696,065
		712,023

<sup>5</sup> In terms of impact reporting for each green bond issued, Nidec disclosed the combined impact of the four Green Bonds (three green bonds issued in November 2019 and one green bond issued in March 2021) for each of the impact indicators outlined in the Framework.

<sup>6</sup> Impact Reporting by Nidec is available at

2019 Green Bonds:

[https://www.nidec.com/en/sustainability/environment/greenbond/-/media/www-nidec-com/sustainability/environment/greenbond/img/202306\\_JPY-GreenBondReporting\\_en.pdf](https://www.nidec.com/en/sustainability/environment/greenbond/-/media/www-nidec-com/sustainability/environment/greenbond/img/202306_JPY-GreenBondReporting_en.pdf)

2021 Green Bond:

[https://www.nidec.com/en/sustainability/environment/greenbond/-/media/www-nidec-com/sustainability/environment/greenbond/img/202306\\_EURO-GreenBondReporting\\_en.pdf](https://www.nidec.com/en/sustainability/environment/greenbond/-/media/www-nidec-com/sustainability/environment/greenbond/img/202306_EURO-GreenBondReporting_en.pdf)

<sup>7</sup> Each fiscal year starts from April 1 and ends on March 31 of the following year.

<sup>8</sup> Calculated the differences in the amount of estimated CO<sub>2</sub> emissions from electric vehicles operations and combustion engine vehicle operations.

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