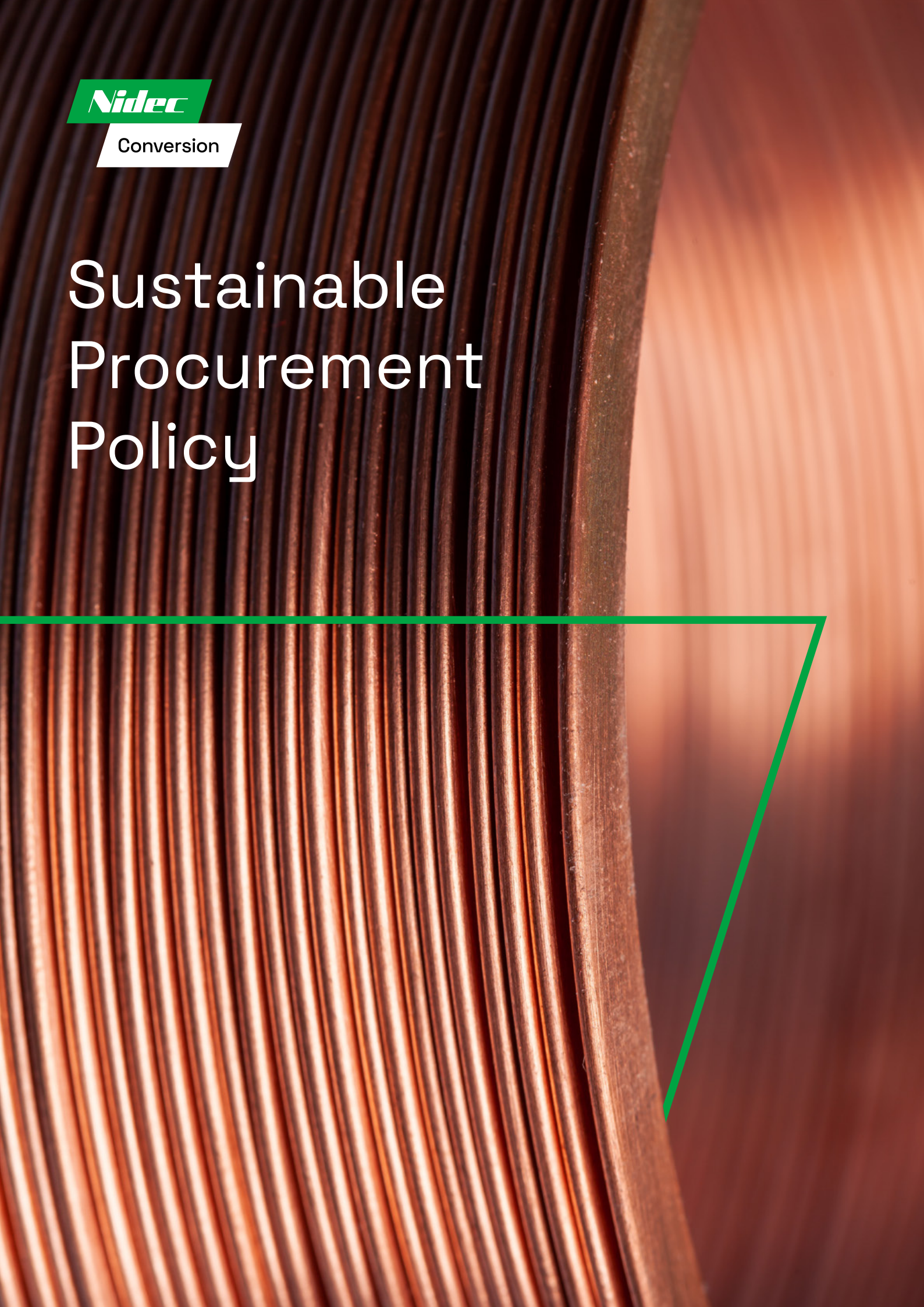
Nidec Conversion

Sustainable Procurement Policy



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Nidec Conversion – Sustainable Procurement Policy

1. Scope and applicability

This Policy applies to all Suppliers (direct and indirect), contractors, subcontractors, processors, recyclers, and logistics operators that supply materials, components, semi-finished goods, or services with an impact on product compliance and sustainability, and Nidec Conversion's value chain.

This Policy shall be applied in full coherence with the following documents already issued by Nidec Conversion, which define the company's overarching environmental, social and governance commitments:

- Sustainability Policy;
- General Purchasing Conditions;
- Supplier Qualification Procedures (i.e. "PQ ASI 018" in Italy)
- QHSEE Policy;
- People Management Policy;
- Ethics Handbook;
- Nidec Group Supply-Chain CSR Guidebook;
- Supplier Code of Conduct;
- Nidec Corporation Japan (NCJ) Basic Procurement Policy;
- NCJ Basic Purchasing Rules;
- NCJ Rules for Outsourcing Management;
- NCJ Purchasing Management Procedure;
- NCJ Customs Compliance Manual;
- NCJ Customs Compliance Handbook.

In particular, this Policy ensure that all materials and components purchased by Nidec Conversion comply with applicable European and international ESG obligations - covering human-rights and environmental due diligence, climate, product chemicals, and critical/strategic raw materials (CRM/SRM) - to safeguard legal conformity, supply-chain resilience, and its sustainability goals. This Policy aligns with the EU framework including the Corporate Sustainability Reporting Directive

(CSRD/ESRS) and Corporate Sustainability Due Diligence Directive (CSDDD/CS3D).

For the purposes of this Policy, "Nidec Conversion" refers to a Nidec Corporation business operating in the fields of power conversion, electrical systems, large rotating machines, industrial automation and energy solutions, through a group of legally independent entities under common ultimate ownership, governance and sustainability commitments. Unless otherwise specified, any reference to "Nidec Conversion", "the Company" or "the Group" in this Policy shall be understood as referred to the following legal entities to the extent where they manufacture and/or commercialize products belonging to aforesaid business:

- Nidec ASI SpA (Italy);
- Motortecnica Srl (Italy);
- Nidec ASI SAS (France);
- Nidec SSB Wind Systems GmbH (Germany);
- Nidec Oradea SRL (Romania);
- SSB Wind Energy Technology (Qingdao) Co Ltd (China);
- Nidec Industrial Automation India Pvt Ltd (India);
- Nidec Motor Corporation (USA).

2. General supplier compliance and ESG obligations

2.1 Legal & contractual and regulatory compliance

Suppliers must comply with all applicable ESG laws and provide, upon request, documentary evidence and site access for audits. Non-compliance incurs in qualification revoked and may trigger enforcement and sanctions under EU/national law.

2.2 ESG due diligence system

As established by EU CSDDD, Suppliers shall operate a risk based due diligence process to identify, prevent, mitigate, and remediate adverse human rights and environmental impacts across their value chain (upstream and, where relevant, downstream). Main Obligations for Suppliers:

- Suppliers must integrate due diligence processes into their corporate policies and governance systems.

- Suppliers must identify and assess actual and potential adverse human rights and environmental impacts across their operations and Value Chain.
- Suppliers must take suitable measures to prevent, mitigate, or remediate adverse impacts identified.
- Suppliers must establish an accessible complaints and grievance mechanism for stakeholders to report risks or violations.
- Suppliers must regularly monitor the effectiveness of their due diligence measures.
- Suppliers must publicly disclose an annual statement describing their due diligence actions and outcomes.
- Suppliers must adopt a climate transition plan aligned with the EU's objectives.

2.3 Sustainability data reporting

Suppliers shall deliver accurate, verifiable, digital, audit-ready data to support Nidec Conversion's CSRD/ESRS disclosures, including the data available for the Scope 3 assessment, and in accordance with EFRAG guidance on Value Chain data where applicable. When requested, Suppliers are expected to provide environmental information in a way that supports Nidec Conversion's understanding of impacts across the Value Chain as part of its broader sustainability analyses. This data must be provided in a reasonable timeframe and without additional costs.

To support consistent reporting, the following definitions apply:

- Scope 1 emissions: direct GHG emissions from sources owned or controlled by the supplier.
- Scope 2 emissions: indirect GHG emissions from the generation of purchased electricity, steam, heating or cooling consumed by the supplier.
- Scope 3 emissions: all other indirect GHG emissions occurring across the Value Chain, including those associated with purchased goods (transformed or resold to Nidec Conversion) and services, upstream and downstream logistics, business travel (related to Nidec Conversion), and end-of-life treatment of products.

2.4 Climate-related obligations & Value Chain decarbonization

Suppliers shall support Nidec Conversion in the management of climate-related impacts across the supply chain by cooperating in reduction initiatives (energy efficiency, low-carbon materials,

logistics optimization, etc.).

3. Product compliance, sustainability and regulatory requirements

3.1 Trade compliance, export controls and PRC-related supply risks

3.1.1 Trade compliance and supply risk management

Suppliers shall identify, assess and manage risks arising from import and export control measures, licensing regimes and trade restrictions, in particular where such measures affect supplies sourced directly or indirectly from PRC and involve Strategic or Critical Raw Materials (SRM/CRM), REE and HREE, permanent magnet materials, power-electronics components or related production technologies.

3.1.2 MOFCOM requirements and continuity of supply

Suppliers shall assess the applicability of export control frameworks administered by the PRC Ministry of Commerce (MOFCOM), and ensure compliance with any export authorization, end-use certification and end-user disclosure obligations. Suppliers shall implement appropriate mitigation and contingency measures to safeguard the legality, availability and continuity of supply, and shall promptly inform Nidec Conversion of any actual or potential restriction affecting deliveries, providing relevant documentary evidence where required.

3.1.3 Customs, trade and origin compliance

Suppliers shall support Nidec Conversion in maintaining an accurate, auditable and risk-based customs and trade compliance framework. Customs and trade compliance shall be treated as a cross-functional business requirement and not as a mere customs-clearance formality, as it may affect product cost, profitability, delivery lead times, contractual responsibilities, regulatory compliance and business continuity.

3.1.4 HS classification and product information

Suppliers shall provide complete, accurate and timely product information required to support HS classification and customs determinations, including, where applicable, product technical descriptions, intended use and function, material composition, drawings, specifications, catalogues, photographs, BOMs and other technical evidence necessary to classify the goods. Any HS code proposed by a Supplier shall be provided together with the underlying rationale and supporting

documentation and shall be treated as supporting information only, without limiting Nidec Conversion's right and obligation to perform its own verification and approval process.

3.1.5 Country of origin and preferential origin evidence

Suppliers shall provide reliable evidence of the non-preferential country of origin and, where applicable, preferential origin status of supplied goods. Such evidence may include supplier declarations, certificates of origin, manufacturing process flows, BOMs, country and site of each substantial manufacturing process, origin of relevant components and materials, and any information required to assess substantial transformation or product-specific rules under applicable free trade agreements. Suppliers shall not claim preferential origin, FTA eligibility or duty-preference status unless such claim is supported by complete, accurate and auditable evidence.

3.1.6 Customs valuation and transaction-value support

Suppliers shall provide all information reasonably required to support customs valuation, including the price actually paid or payable, discounts, rebates, post-transaction adjustments, royalties, licence fees, tooling, moulds, assists, development costs, free-of-charge materials, packing costs and any other element that may affect the customs value of goods. Free-of-charge samples, replacements, warranty items or other non-commercial shipments shall not be declared with a zero or artificial value where a reasonable customs value is required by applicable law.

3.1.7 Incoterms, customs documentation and consistency of records

Suppliers shall ensure that quotations, contracts, order confirmations, invoices, packing lists, shipping instructions and transport documents are accurate, consistent and complete. Where Incoterms are used, the relevant term, named place and applicable version shall be clearly stated. Suppliers shall promptly correct any discrepancy affecting product description, quantity, price, currency, HS code, country of origin, Incoterms, customs value, licences, certificates or other customs-relevant information.

3.1.8 Export controls, sanctions, re-export controls and technology transfer

Suppliers shall identify and communicate, before shipment or transfer, any export-control, re-export-control, sanctions, embargo, end-use, end-user, dual-use, technology-transfer or licensing restriction applicable to products, software, technology, technical data, services or related documentation supplied to Nidec Conversion. Suppliers shall not ship or transfer controlled goods, software, technology or technical information where a required licence, authorisation or internal

approval has not been obtained. Suppliers shall promptly inform Nidec Conversion of any licence denial, authority inquiry, customs hold, sanctions concern or restriction affecting the legality or continuity of supply.

3.1.9 Customs brokers, logistics providers and audit readiness

Where Suppliers, customs brokers, freight forwarders, carriers or logistics operators are involved in customs or trade-related activities on behalf of, or in connection with, Nidec Conversion supplies, they shall maintain appropriate licences, competence, compliance controls and record-retention systems. They shall follow Nidec Conversion's instructions on HS classification, origin, valuation, FTA status, export controls and documentation, escalate ambiguous cases before declaration or shipment, and provide evidence, communications and declarations required for audits, investigations, post-clearance reviews or corrective actions.

3.1.10 Change notification and retention of evidence

Suppliers shall promptly notify Nidec Conversion of any change that may affect customs or trade compliance, including changes to product design, material composition, manufacturing process, manufacturing location, supplier base, BOM, country of origin, HS classification, export-control status, Incoterms, pricing structure or logistics route. Suppliers shall retain customs and trade compliance evidence for the period required by applicable law and, in any case, for a period sufficient to support customs audits, post-clearance controls and Nidec Conversion's internal compliance requirements.

3.2 CBAM – Carbon Border Adjustment Mechanism obligations

Suppliers must check if supplied products are classified as CBAM goods. EU importers of CBAM goods must be authorised CBAM declarants, provide verified embedded emissions data (direct/indirect as required), purchase and surrender CBAM certificates annually. The Commission and national authorities have issued implementing acts and guidance on authorisation, declaration deadlines (annual declaration and surrender due by 30 Sept for the previous year under the simplification package), verification rules and customs coding. Suppliers must provide timely, verifiable plant level data to Nidec Conversion and its importers.

3.3 Product compliance chemical composition requirements

3.3.1 REACH – SVHC & restrictions

All substances supplied must comply with relevant provisions of REACH (Annex XVII and Annex XIV). If an article contains any Substance of Very High Concern (SVHC) >0.1% w/w, Suppliers must inform Nidec Conversion at the quotation and product proposal stage. Where available, Suppliers shall propose an alternative product or solution. If no alternative exists, Suppliers must notify to ECHA, disclose the substance name and provide the relevant safe-use information to Nidec Conversion as an annex of the product proposal.

3.3.2 RoHS Compliance for Electrical and Electronic Equipment (EEE)

Electrical/electronic components must comply with Directive 2011/65/EU and (EU) 2015/863 (limits for Pb, Hg, Cd, Cr(VI), PBB, PBDE + DEHP, BBP, DBP, DIBP; 0.1% w/w except Cd 0.01%; per homogeneous material; with Annex III/IV exemptions where relevant).

3.3.3 Substances of Concern (SoC – ESPR & Chemicals Strategy)

Suppliers shall support Nidec Conversion in the identification, declaration and progressive reduction of Substances of Concern (SoC) as defined under the EU Ecodesign for Sustainable Products Regulation (ESPR) and the EU Chemicals Strategy for Sustainability. Suppliers must provide updated inventories of SoCs present in products or processes and collaborate in phase-out plans where applicable.

3.3.4 Persistent Organic Pollutants (POPs)

Suppliers shall ensure compliance with applicable EU legislation on Persistent Organic Pollutants (POPs), including Regulation (EU) 2019/1021, and shall prevent the intentional use of POPs in products or processes. Where relevant, Suppliers shall provide information on the presence of POPs and support substitution and elimination measures.

3.3.5 Mercury – Minamata Convention

Suppliers shall ensure that products and processes supplied are compliant with the requirements of the Minamata Convention on Mercury and the related EU legislation on mercury, including restrictions on the use, handling and placing on the market of mercury and mercury-added products. Suppliers are expected to support the progressive reduction and, where possible, elimination of mercury use.

4. Batteries & Waste Batteries

4.1 General compliance

4.1.1 Compliance

Suppliers shall ensure full compliance with Regulation (EU) 2023/1542 for all batteries and battery-containing components, including safety, performance and chemical-composition requirements.

4.1.2 Carbon footprint & recycled content

Where applicable, Suppliers shall provide carbon-footprint information, required labelling (QR/CE) and evidence of minimum recycled-content levels according to regulatory timelines.

4.1.3 Raw-material due diligence

For batteries containing cobalt, lithium, nickel, graphite, Suppliers shall operate a due-diligence system aligned with recognised international standards (e.g., OECD), consistent with CRMA requirements.

4.1.4 Digital Passport

For industrial and EV batteries ≥2 kWh, Suppliers shall provide all data necessary for the EU Battery Passport, in digital, complete and audit-ready format.

4.1.5 End-of-life & substances

Suppliers shall comply with collection/recycling obligations and declare any SVHC ≥0.1% w/w in battery articles in accordance with REACH.

4.2 Critical Raw Materials (CRM) and Strategic Raw Materials (SRM)

4.2.1 Traceability & origin

For all CRM/SRM used in supplied products, Suppliers must ensure traceability down to mine/processing facility or recycling plant, with declared country(ies) of origin and transformation stages.

4.2.2 Priority sourcing of recycled Critical Raw Materials

Suppliers shall prioritise, as a first sourcing option, the use of recycled materials over primary materials originating from mining activities for all CRM/SRM, where technically and economically feasible. Where recycled material is not used, Suppliers shall be able to justify the choice and demonstrate that the use of primary material is unavoidable due to quality, safety, or availability

constraints.

4.2.3 Strategic sourcing and country diversification requirements

Suppliers shall avoid >65% dependence on a single third country for any SRM at any relevant processing stage and maintain a diversification strategy.

4.2.4 Circularity targets

Suppliers shall plan and demonstrate progress on recycled content and/or EU sourcing consistent with 2030 benchmarks (≥10% extraction; ≥40% processing; ≥25% recycling).

4.2.5 Specific requirements for rare earth elements

Suppliers using light and heavy rare earths (REE and HREE) must ensure transparency regarding the extraction and separation technologies employed, guarantee that processes comply with advanced standards for managing residues and radioactive effluents and demonstrate progress in replacing high-impact chemical reagents. Suppliers are also required to prioritise materials sourced from facilities with recognised certification systems and to steadily increase the share of recycled rare earths, in line with the circularity objectives of Nidec Conversion.

4.3 Responsible Sourcing of Conflict Minerals (3TG)

In line with the Nidec Group Responsible Procurement Policy, for tin (Sn), tantalum (Ta), tungsten (W), gold (Au): EU importers must comply with Reg. (EU) 2017/821, including due diligence aligned to the OECD Guidance, audits, and disclosures. Nidec Conversion requires supplier alignment with these standards even if a supplier is not directly in scope. Suppliers shall ensure that 100% of the 3TG materials in their supply chains are mapped through CMRT documentation and sourced from conflict-free smelters/refiners recognised under EU and OECD frameworks.

4.4 Packaging and materials sourcing

Suppliers of packaging materials shall commit to progressively align their practices with the applicable European regulatory framework on packaging sustainability, including the EU Packaging and Packaging Waste Regulation (PPWR). Suppliers shall ensure and guarantee the compliance of packaging materials placed on the market, including through appropriate due diligence and verification of their own supply chains and those of their suppliers. In addition, Suppliers are expected to gradually ensure that packaging materials are sourced responsibly and in line with the

EU Deforestation Regulation (EUDR), taking into consideration deforestation-free and legally compliant supply chains. Upon request, Suppliers shall be able to provide relevant information or documentation supporting this commitment.

5. Supplier ESG commitments

5.1 Supplier environmental responsibility and sustainability commitments

Nidec Conversion requires its Suppliers to go beyond compliance with applicable environmental laws and regulations. Suppliers are expected to be aware of and aligned with Nidec Conversion's sustainability objectives, integrating environmental responsibility into their operations and management practices. Upon request, Suppliers shall be able to demonstrate the effective implementation of the commitments outlined below.

5.1.1 Pollution prevention, emissions and waste management

Suppliers shall implement and maintain environmental management systems ensuring:

- control of air emissions, water discharges, and waste management;
- prevention of soil and groundwater contamination;
- availability of monitoring data, permits, risk assessments, and mitigation plans.

Suppliers shall provide evidence upon request during audits.

5.1.2 Water stewardship

Suppliers shall maintain effective water management practices covering water withdrawal, consumption, discharge quality, recycling and reuse. Suppliers shall provide water related documentation required for Nidec Conversion's assessment of main Tier 1 Suppliers.

5.1.3 Biodiversity and ecosystems and land use management

Suppliers shall identify and manage the biodiversity impacts associated with their manufacturing sites, including land use, proximity to protected areas, ecological sensitivity and ecosystem dependencies. Mitigation actions must be documented and shared upon request.

5.2 Human rights, labour standards and social responsibility

5.2.1 Modern slavery and human trafficking prevention

As set out in the NCJ Modern Slavery Act Statement, Nidec Conversion apply a zero-tolerance

approach to all forms of modern slavery, including forced labor, human trafficking and child labor, throughout their operations and supply chains. These commitments are aligned with applicable legal frameworks, including the UK Modern Slavery Act 2015, and are supported by supply chain due diligence measures such as supplier assessments, audits and training, with particular attention to higher-risk areas.

5.2.2 Absolute prohibition on forced labor

Products made wholly or partly with forced labor may not be placed or made available on the EU market or exported from it. In accordance with Regulation (EU) 2024/3015 on prohibiting products made with forced labor, this prohibition applies to all products, regardless of sector, origin or stage of the supply chain, including online sales targeting EU consumers. Forced labor is defined in line with ILO Conventions No. 29 and No. 105 and includes any work or service exacted under the threat of a penalty and for which the person has not offered themselves voluntarily. Suppliers shall implement appropriate due diligence measures to identify, prevent and address risks of forced labor within their operations and supply chains, cooperate with Nidec Conversion and competent authorities in any investigation, and provide relevant information and corrective action plans upon request. Any form of retaliation against individuals who raise concerns or cooperate in good faith is strictly prohibited.

5.2.3 Absolute prohibition on child labor

Nidec Conversion strictly prohibits the employment of children below the legally applicable minimum working age, in accordance with ILO Conventions No. 138 and No. 182 and relevant national legislation. Forced child labor is explicitly prohibited. Where young workers under the age of 18 are lawfully employed, Suppliers shall ensure enhanced protections, preventing any work that is likely to be hazardous, interfere with education, or be harmful to a child's health, safety or development. Suppliers shall implement effective age-verification and record-keeping processes, maintain remediation procedures where underage labor is identified, and provide information on due diligence and corrective actions upon request.

5.2.4 Enhanced due diligence for high-risk Supply Chains

Suppliers shall maintain risk assessments, independent third-party audits, and effective remediation for high risk segments of the supply chain, aligned to CSDDD and the Forced Labour Regulation.

5.2.5 Access to whistleblowing and grievance mechanisms

Suppliers shall ensure that all workers - including temporary, subcontracted, and agency workers - have access to safe, confidential and non-retaliatory whistleblowing channels, also allowing anonymous reporting where permitted by law. Suppliers shall also communicate and actively promote the use of Nidec Conversion's whistleblowing system for reporting social, ethical or environmental concerns, including issues related to human rights, labor and remuneration, health and safety, discrimination, harassment, compliance and ethics.

Nidec Conversion guarantees that all reports made in good faith are handled promptly and impartially, in line with principles of independence, confidentiality, data protection and absence of conflicts of interest. Any form of retaliation - including dismissal, demotion, loss of opportunities, threats or pressure - against individuals who raise concerns or cooperate with investigations is strictly prohibited. The whistleblowing system is accessible, inclusive, free of charge, and available in the national languages of the countries in which Nidec Conversion operates. Reports can be submitted via the following link: http://nideccompliance.ethicspoint.com/

5.2.6 Social responsibility and decent working conditions

Nidec Conversion expects its Suppliers to act responsibly and promote decent, fair and respectful working conditions throughout their operations and supply chains. Suppliers are expected to ensure equal opportunities, respect diversity and dignity, and prevent any form of discrimination, harassment or abusive behaviour. Suppliers should apply transparent and fair employment practices, including remuneration systems aimed at providing workers with stable and adequate income levels. Where legal or collectively agreed standards do not fully ensure this objective, Suppliers are encouraged to progressively promote a living wage, supporting workers' basic needs and economic well-being. Suppliers are also encouraged to support workers' well-being and development through safe and inclusive workplaces, access to training and skills development opportunities, and initiatives that contribute to work–life balance and long-term social sustainability.

6. Governance enforcement and supplier accountability

6.1 Non-compliance management, remedies and termination

Critical non-compliances (e.g., forced labour, EUDR breaches, serious chemicals violations) require

immediate remediation, potential suspension of purchase orders pending verified CAPA closure, and may lead to termination for recurrence or lack of cooperation.

6.2 Supplier support, capability building and continuous improvement

Nidec Conversion may provide targeted training, self-assessment tools, and reporting templates to streamline data collection (CSRD/ESRS), CSDDD due diligence, and CRMA/CBAM/EUDR specifications. In this context, Nidec Conversion takes into consideration sustainability-related aspects when reviewing supplier performance over time, with the objective of supporting risk awareness, continuous improvement and progressive alignment with the Company's sustainability principles.

7. Principal legal references

- **CSDDD / CS3D:** Directive (EU) 2024/1760 – human rights and environmental due diligence across the chain of activities.
- **CSRD / ESRS:** Directive (EU) 2022/2464 and ESRS under Regulation (EU) 2023/2772 (EFRAG value-chain guidance).
- **Responsible sourcing:** OECD Due Diligence Guidance for Responsible Business Conduct and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals.
- **Trade and export controls (PRC):** Export control and trade-restriction regimes administered by the Ministry of Commerce of the People's Republic of China (MOFCOM).
- **CBAM:** Regulation (EU) 2023/956 and Regulation (EU) 2025/2083.
- **REACH & SVHC:** Regulation (EC) No 1907/2006 – Art. 33, Art. 7(2), SCIP obligations.
- **RoHS:** Directive 2011/65/EU and Delegated Directive (EU) 2015/863.
- **POPs:** Regulation (EU) 2019/1021.
- **Mercury:** Minamata Convention on Mercury; Regulation (EU) 2017/852 on mercury.
- **ESPR / Chemicals Strategy:** Regulation (EU) 2024/1781 (Substances of Concern).
- **Batteries & waste batteries:** Regulation (EU) 2023/1542.
- **Critical & Strategic Raw Materials (CRMA):** Regulation (EU) 2024/1252.
- **Conflict minerals (3TG):** Regulation (EU) 2017/821.
- **Packaging & deforestation:** Packaging and Packaging Waste Regulation (PPWR); Regulation

(EU) 2023/1115 (EUDR).

- **Water and biodiversity:** ESRS E3 and ESRS E4.
- **Forced labour:** Regulation (EU) 2024/3015.
- **Modern slavery and child labour:** ILO Conventions Nos. 29, 105, 138 and 182; UK Modern Slavery Act 2015, where applicable.
- **Customs and trade compliance:** Regulation (EU) No 952/2013 (Union Customs Code); Regulation (EU) 2021/821 (Dual-use export controls); Incoterms® 2020; PRC Customs Law, PRC Customs Tariff Law and PRC export-control legislation, including dual-use export-control regulations; Indian Customs Act, 1962, Customs Tariff Act, 1975, Customs Valuation Rules, Foreign Trade Policy and SCOMET framework; U.S. Tariff Act, HTSUS, 19 CFR customs regulations, Export Administration Regulations and OFAC sanctions regulations.

8. Policy governance

This policy will be reviewed annually and revised as necessary to reflect significant changes in our business, stakeholder expectations, regulatory requirements, and sustainability best practices.

Last updated: April 1, 2026

Next review date: April 1, 2027

Milan, April 1, 2026

Approved by:

Dominique Llonch

President Motion and Energy BU

Nidec