

## IDEC CORPORATION

Representative Director Chairman and President: Toshiyuki Funaki

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Securities Code: 6652

<https://jp.idec.com>

The corporate governance of IDEC CORPORATION (hereinafter referred to as the Company) is described below.

## / Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

We, at the Company, believe that ensuring the transparency and efficiency of management for our stakeholders, including our shareholders, is the foundation of our corporate governance. Therefore, we actively appoint outside officers, separate the management supervisory function and the execution function, and always place importance on the transparency and efficiency of management.

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Update

The information is based on the Code as revised in June 2021.

We respect the purpose of the Corporate Governance Code and are implementing all of its principles. We have also established and published the "IDEC Corporate Governance Policy," which sets forth our views and operational policies regarding corporate governance in the Company Group (hereinafter referred to as the Group). <https://jp.idec.com/media/governancepolicy2021.pdf>

#### [Disclosure Based on the Principles of the Corporate Governance Code]

Update

The information is based on the Code as revised in June 2021.

##### [Principle 1.4 Cross-Shareholdings]

###### 1. Shareholding policy

It is our policy to hold shares of other listed companies as cross-shareholdings, when we believe that such shareholdings will enhance the corporate value of the Company by utilizing each other's technologies, sales channels, and other comprehensive business promotion capabilities, improving the competitive advantage of both companies in the market, and achieving synergy.

In addition, every year the Board of Directors verifies for each individual issue of these shares whether the purpose of the holding is appropriate and whether it is worth the cost of capital, etc., and if the appropriateness of the holding is not recognized, the issue will be reduced. In addition, we will provide opportunities for dialogue with investors as necessary regarding the verification details.

###### 2. Criteria for the exercise of voting rights

We exercise our voting rights by comprehensively judging whether the investee company has established an appropriate governance system, is making decisions that will lead to the enhancement of the company's corporate value over the medium to long term, and is contributing to the enhancement of our corporate value.

##### [Principle 1.7 Related Party Transactions]

We have established a monitoring system whereby we periodically confirm with our directors whether or not there have been any related party transactions, and when such transactions have occurred, the Board of Directors votes on them in accordance with the Company's Board of Directors Regulations, and the Supervisory Committee verifies the details of such transactions.

In addition, the Board of Directors appropriately oversees whether there are any transactions between the Company and its major shareholders and the details of such transactions.

##### [Supplementary Principle 2.4.1]

###### 1. Ensuring diversity in the promotion for core human resources

The Group will strive to create a work environment that promotes diversity, to allow every employee to work on a level playing field regardless of gender, nationality, race, social status, family origin, religion, disability, etc., so that each and every employee with various personalities and values can fully demonstrate their abilities, based on the concept of "Management with respect for humanity."

###### (1) Appointment of women to management positions

We provide a variety of support and measures for the empowerment of women, including planning and implementing training programs for women who are expected or aspire to become managers. Our goal is to have at least 15 women managers in the Company by FY2023. There are nine women managers as of the date of submission of this report.

###### (2) Appointment of non-Japanese to management positions

In order to respond to globalization, we have been conducting multinational recruitment activities and appointing people to management positions regardless of nationality, and will continue personnel appointments in this direction. There are two non-Japanese executive officers in the Company as of the date of submission of this report.

###### (3) Appointment of mid-career hires to management positions

Based on the idea that the wisdom and ingenuity of people with diverse values will enhance the "added value" created by a company on a daily basis, we have continued to recruit mid-career hires (people with significant experience) and appointed them to management positions, and will continue personnel appointments in this direction. As of the date of submission of this report, more than half of the Company's executive officers have experience working for other companies.

###### 2. Policies for human resource development and internal environment improvement aimed at ensuring diversity, and their implementation status

The "IDEC Group Code of Conduct" states in its "Human Rights & Working Environment" section that we "strive to create a work environment that respects the human rights of individual employees and promotes diversity, to allow every employee to work on a level playing field regardless of gender, nationality, race, social status, family origin, religion, disability, etc." Based on the Code of Conduct, we promote diversity in our executive structure and have set a target for the ratio of women managers, which has been announced publicly. To achieve this target, we are working to support the activities of women by strengthening recruitment activities and providing training for women who are expected or aspire to become managers.

In addition, the Group's human resource development policy is to "develop and utilize human resources who take on challenges on their own initiative." We are striving to develop human resources by clarifying the ideal image of human resources that we want, giving opportunities to those who are willing to take on challenges toward that goal, and giving support to them from the Company and their superiors. In order to cope with the new normal caused by the spread of the new coronavirus disease, we are promoting work style reforms through digitalization, and are working to secure and develop a diverse workforce irrespective of nationality or hiring methods by improving the internal environment through the promotion of flexible work styles made possible by the introduction of teleworking and global IT infrastructure.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

With regard to the pension assets of the defined-benefit corporate pension plan, we receive regular reports from investment institutions on the investment status and investment policies, etc., and monitor them, taking into account the need to ensure the future payment of benefits to members, i.e., employees and beneficiaries, and the impact on the Company's financial position. In addition, we are making efforts to assign and train personnel with appropriate qualities to ensure that such monitoring can be carried out properly.

We have confirmed that our investment institutions accept Japan's Stewardship Code (Principles for Responsible Institutional Investors), and by entrusting the selection of individual financial instruments and the exercise of voting rights to these institutions, we ensure that there is no conflict of interest between the beneficiaries of the corporate pension plan and the Company.

[Principle 3.1 Full Disclosure]

1. We provide the following information on our website.

The Company actively disseminates information by posting the Top Message, Management Philosophy, Medium-Term Management Plan and the "IDEC Report."

(<https://jp.idec.com/ja/aboutIDEC/ir>)

2. We believe that ensuring the transparency and efficiency of management for our stakeholders, including our shareholders, is the foundation of our corporate governance. Therefore, we actively appoint outside officers, separate the management supervisory function and the execution function, and always place importance on the transparency and efficiency of management.

As of the date of submission of this report, the Company has five directors (excluding directors who are members of the Supervisory Committee), including two outside directors, and there are four outside directors who are members of the Supervisory Committee.

3. For the policies and procedures for determining the remuneration of directors, please refer to [Director Remuneration] "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" under "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" below.

4. The Board of Directors decides on the appointment of senior management and nomination of candidates for directors in accordance with the following policy:

Executive Director: A person who can contribute to the sustainable growth of the Company, taking into consideration his or her experience and achievements.

Outside Director: A person who satisfies all of the criteria in the "Policy on Independence of Outside Executives," and has a high level of expertise or a wealth of experience and insight in management and business execution in order to further strengthen the "separation of execution and supervision".

Director who is a member of the Supervisory Committee: A person who is capable of conducting audits from a neutral and objective perspective.

Outside Director who is a member of the Supervisory Committee: A person who has expertise in corporate accounting, law, etc., in addition to meeting the criteria for "Director who is a member of the Supervisory Committee."

Based on the above policy, nominations of director candidates are proposed at the Board of Directors meeting after receiving the report of the Nomination Committee and then voted on by the Board of Directors, where independent outside directors constitute the majority, as a proposal to be submitted to the General Shareholder Meeting.

If we determine that any director does not meet the above policy, we will consider removing him/her from his/her position. In addition, in the event of violation of laws, regulations, or the Articles of Incorporation by a director, or in the event of any other circumstances that make it difficult for a director to properly execute his/her duties, the Board of Directors, where independent outside directors constitute the majority, will deliberate and vote on submitting a proposal for dismissal of the director to the General Shareholder Meeting after receiving a report from the Nomination Committee.

5. The reasons for the appointment and dismissal of individual directors of the Company are stated in the convocation notice of the General Shareholder Meeting. The convocation notice of the General Shareholder Meeting is disclosed on the Company's website.

[Supplementary Principle 3.1.3]

1. Efforts on sustainability

Based on "The IDEC Way," our new philosophy for becoming a truly global company, the IDEC Group has designated the IDEC Group Code of Conduct, the CSR Charter, and the Ten Principles of the UN Global Compact as important guidelines, and is working to achieve the "Sustainable Development Goals (SDGs)" by resolving social issues through our business activities.

Led by the CSR Committee established in 2018, we are promoting sustainable CSR activities by setting Environment (E), Social (S), Governance (G), and our strengths in Safety (Sa) and Quality (Q) as priority areas.

Based on our "Basic Policy on Sustainability," we are promoting various efforts to resolve global issues through our business activities towards realization of a sustainable society, e.g., pursuing "safety, health, and wellbeing" for all people inside and outside the Company by endorsing and registering with Vision Zero, which is promoted by ISSA (International Social Security Association), an affiliate of ILO, showing consideration to climate change and other global environmental issues by endorsing TCFD (Task Force on Climate-related Financial Disclosures), and envisioning future responses to risks and opportunities.

For further information on our efforts in each of these areas, please refer to the "IDEC Report" (<https://jp.idec.com/idec-jp/ja/JPY/about-IDEC/ir/library/annual-reports>).

2. Investment in human capital and intellectual property, etc.

- For information on investment in human capital (human rights and responsibility for employees), etc., please refer to our website as follows:

<https://jp.idec.com/idec-jp/ja/JPY/csr/hr>

- As of the date of submission of this report, the Company holds XYZ patents and XYZ design rights. We recognize that intellectual property is an important corporate asset, make appropriate investments by filing applications and obtaining rights in order to secure advantages in our business and products, while respecting the intellectual property of other companies and working to prevent infringement.

In the process of acquiring rights, we do not simply try to increase the number of rights, but conduct thorough examinations and follow full procedures with the intention of utilizing the rights. Regarding the maintenance of the rights we hold, we re-examine all rights every year to keep up with changes in products and to forestall other companies from gaining advantage, and reevaluate them as our property.

3. Impact of risks and opportunities related to climate change on the Company's business activities and earnings, etc.

In May 2021, we expressed our support for the TCFD recommendations, and our Environmental Management Committee has been working on the disclosure of climate-related information.

With regard to GHG (greenhouse gas) emissions, we are aiming to reduce our own emissions by 30% compared to FY2020 by FY2026.

[Supplementary Principle 4.1.1]

We have established the Board of Directors Regulations, the Management Committee Regulations, and Administrative Authority Regulations, which stipulate matters to be resolved by the Board of Directors, matters to be resolved by the Management Committee, and matters that can be decided according to each position. Based on these regulations, the Board of Directors decides management policies and important matters, and based on these policies and decisions, business execution is carried out by the directors in charge of business execution and executive officers.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

In order to ensure the transparency and soundness of management, we have established the "Policy on Independence of Outside Executives" as follows. All of the six outside directors as of the date of submission of this report meet the following requirements:

<Policy on Independence of Outside Executives>

The Company proactively appoints outside directors who have a high level of expertise or a wealth of experience and insight in management and business execution. In addition, the Company considers an outside director to be independent if he/she falls under all of the following:

- (1) He/she is not an executive of the Company (including the Group companies, hereinafter the same).
- (2) He/she is not a party that has the Company as a major business partner or an executive of such a party.
- (3) He/she is not a major business partner of the Company or its executive.
- (4) He/she is not a consultant, accountant or legal professional (or a person belonging to an organization of the same kind including corporation and partnership) who receives a large amount of monetary consideration or other property from the Company besides compensation as an officer.
- (5) He/she does not receive donations or grants of more than a certain amount from the Company.
- (6) He/she is not a major shareholder of the Company or an executive of such a shareholder.
- (7) He/she did not fall under any of (1) through (6) above during the five years prior to his/her appointment as a director.
- (8) He/she is not the spouse or a relative within the second degree of relationship of a person who falls under any of (1) through (6) above.

[Supplementary Principle 4.10.1]

1. As of the date of submission of this report, the Board of Directors of the Company consists of nine members, of which three are inside directors and six are independent outside directors, so the majority of the Board of Directors are independent outside directors.

2. As an advisory body to the Board of Directors, the Company has established the Nomination Committee, the majority of which consists of independent outside directors. For more details, please refer to [Voluntary Establishment of Nomination/Remuneration Committee] "Supplementary explanation" under "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" below.

3. As of the date of submission of this report, the majority of the Board of Directors consists of independent outside directors, but we will promote the establishment of a Remuneration Committee in order to further strengthen the objectivity and independence regarding the remuneration system for directors. As discussed above, for the policies and procedures for determining the remuneration of directors, please refer to [Director Remuneration] "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" under "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" below.

[Supplementary Principle 4.11.1]

Since the Board of Directors of the Company supervises the execution of business and makes important policy decisions, we believe that it is desirable for the Board of Directors to consist of directors who have diverse and abundant experience, broad perspectives, and a high level of expertise. The knowledge, experience and skills of each director are disclosed as a skills matrix in the convocation notice of the General Shareholder Meeting (<https://jp.idec.com/idec-jp/ja/JPY/about-IDEC/ir/stock/meeting>), the "IDEC Report" (<https://jp.idec.com/idec-jp/ja/JPY/about-IDEC/ir/library/annual-reports>), etc. In addition, as of the date of submission of this report, one woman outside director and four directors with management experience at other companies have been appointed.

For the policy and procedures for the appointment of directors, please refer to the section 4 of [Principle 3.1 Full Disclosure] above.

[Supplementary Principle 4.11.2]

In case a director in charge of business execution concurrently serves as an officer of another company, the Board of Directors Regulations stipulate that the matter requires approval by the Board of Directors from the perspective of conflict of interest. In addition, if any director concurrently serves as an officer of another listed company, it is disclosed in the business report.

[Supplementary Principle 4.11.3]

1. Method of evaluation

The Board of Directors distributed a questionnaire on the effectiveness of the Board of Directors to all directors except the President, and received their responses. Based on these responses, the Board of Directors conducted an evaluation of the effectiveness of the Board of Directors as follows.

2. Results of evaluation of the effectiveness of the Board of Directors

As a result, we have confirmed that the current Board of Directors consists of personnel with expertise in various fields and that it is fulfilling its supervisory function over management, as opinions continue to be expressed actively, constructively and frankly, with outside directors accounting for the majority of the Board of Directors.

As for the continuing challenge of "fostering the next generation," the establishment of a voluntary Nomination Committee has proved to be a positive point, but some additional comments were made indicating that we should keep an eye on the future operation of the committee.

3. Future actions based on the evaluation results

While the evaluation results continue to be generally positive, the Board of Directors will continue to promote the following efforts in order to further ensure its effectiveness.

- The Board of Directors already consists of members with diverse backgrounds, but with an eye on further globalization, we will continue to examine the composition of the Board of Directors in terms of diverse nationalities.
- By utilizing the voluntary Nomination Committee established in FY2021, we will promote the selection of candidates for next-generation executives and their development plans, and strengthen our efforts to achieve sustainable growth for the further development of the Company.
- We will strengthen the transparency, efficiency, and monitoring capabilities of management by increasing opportunities for discussions involving outside directors regarding medium- to long-term management strategies.
- We will further enhance the details of feedback to the Board of Directors from briefing sessions and other communication with shareholders and investors, and strengthen dialogue with shareholders and investors in cooperation with outside directors as necessary.

[Supplementary Principle 4.14.2]

When newly appointed executive officers take office, we will provide explanations of legal obligations, responsibilities, etc., as necessary, and provide opportunities for outside executive officers to deepen their understanding of the Company's business. In addition, we will gather and provide various types of information necessary for directors to fulfill their roles and functions, including information on the business environment and systems, and promote participation in and holding training sessions using outside experts, etc. as necessary.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company is making efforts to establish a system to promote constructive dialogue with investors, including shareholders, based on the following policy.

<Basic policy>

- In order to contribute to sustainable growth and the enhancement of corporate value over the medium to long term, the Company will promote constructive dialogue with shareholders and investors and strive to build long-term relationships of trust while providing accurate information in a fair and timely manner.

<System>

- Dialogue with shareholders and investors is overseen by the executive officer in charge of corporate strategy planning, and the representative directors themselves provide explanations of the Company's management strategies, while related departments work together organically to disclose information in a fair and timely manner.

<Methods of dialogue>

As means of dialogue, we will strive to enhance dialogue by implementing the following measures:

- Conducting individual meetings and company information sessions for shareholders and investors
- Holding open shareholders' meetings (positioning them as valuable opportunities for direct dialogue and avoiding peak days)
- Issuing the "IDEC Report" (in Japanese and English, also posted on our website) (<https://jp.idec.com/idec-jp/ja/JPY/about-IDEC/ir/library>)
- Releasing information on a regular basis (issuing shareholder newsletters as business reports, earnings briefing materials, and data books every quarter)

<Feedback>

- Opinions and concerns raised through dialogue with shareholders and investors will be reported to the Management Committee and the Board of Directors as necessary.

<Management of insider information>

- In order to prevent insider trading, we have established internal regulations to manage insider information, and we do not communicate insider information to shareholders and investors when we hold dialogues with them.

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Custody Bank of Japan, Ltd.	5,022,500	16.75
JP MORGAN CHASE BANK	3,006,316	10.02
The Master Trust Bank of Japan, Ltd.	2,575,900	8.59
STATE STREET BANK AND TRUST COMPANY	1,122,926	3.74
Funaki Kosan Ltd.	1,041,000	3.47
THE BANK OF NEW YORK MELLON	817,979	2.73
BBH FOR GLOBAL X ROBOTICS AND ARTIFICIAL INTELLIGENCE ETF	740,260	2.47
Keijiro Fujita	652,620	2.18
CLEARSTREAM BANKING S.A.	477,640	1.59
Mizuho Bank, Ltd.	412,533	1.38

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

### Supplementary Explanation

The percentage is calculated after deducting treasury stock (3,231 thousand shares).

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## // Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	6

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroshi Kobayashi	From another company											
Hideyuki Ohkubo	From another company								△			
Yasuo Himeiwa	CPA											
Masataka Kawahito	Tax Accountant											
Michiko Kanai	Lawyer											
Nobuo Hatta	From another company											

※ Categories for "Relationship with the Company"

※ "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

※ "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- a Executive of the Company or its subsidiaries
- b Non-executive director or executive of a parent company of the Company
- c Executive of a fellow subsidiary company of the Company
- d A party whose major client or supplier is the Company or an executive thereof
- e Major client or supplier of the Company or an executive thereof
- f Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k Others

#### Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
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Hiroshi Kobayashi		○	----	<p>He has been engaged in corporate management as a corporate officer and domestic and overseas business in the automobile industry for many years. Based on his extensive knowledge and experience, he has been appointed to supervise the Company from an independent standpoint with no vested interest in the Company and to provide pertinent and meaningful advice.</p> <p>In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.</p>
Hideyuki Ohkubo		○		<p>He is a former employee of Mitsubishi Electric Corporation, a business partner of the Company. However, the business volume with Mitsubishi Electric Corporation in FY2021 is less than 1% of the consolidated net sales, which is considered to be insignificant and not likely to affect the judgment of shareholders and investors. Therefore, there is no independence issue.</p> <p>He has been engaged in management and the factory automation business for many years in the electrical machinery industry, and his extensive knowledge and experience are highly evaluated. He has been appointed based on our belief that he can supervise the Company from an independent standpoint with no vested interest in the Company and provide pertinent and meaningful advice.</p> <p>In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.</p>
Yasuo Himejiwa		○	----	<p>He is a certified public accountant and has a wealth of knowledge and experience. He has considerable expertise in finance and accounting based on his experience, and has been appointed to contribute to the strengthening of the Company's auditing system from this perspective.</p> <p>In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.</p>
Masataka Kawahito		○	----	<p>He is a tax accountant and has a wealth of knowledge and experience. He has considerable expertise in finance and accounting based on his experience, and has been appointed to contribute to the strengthening of the Company's auditing system from this perspective.</p> <p>In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.</p>
Michiko Kanai		○	----	<p>She has a high level of expertise in corporate legal affairs as a lawyer, and has been appointed to contribute to the strengthening of the Company's auditing system from a legal perspective.</p> <p>In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.</p>
Nobuo Hatta		○	----	<p>He has been engaged mainly in overseas business in the semiconductor industry for many years, and has a wealth of knowledge and experience in business management, including accounting and finance. He has considerable expertise in finance and accounting based on his experience, and has been appointed to contribute to the strengthening of the Company's auditing system from this perspective.</p> <p>In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.</p>

## [Supervisory Committee]

### Committee's Composition and Attributes of Chairperson

All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
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Supervisory Committee	4	1	0	4	Outside Director
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Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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#### Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

The Supervisory Committee has the authority to give orders to the Internal Audit Department, and the personnel affairs of employees belonging to the Internal Audit Department and the Secretariat of the Supervisory Committee, including issues such as appointments, transfers, evaluations, and wages, must be decided upon after prior consultation with and consent from the Supervisory Committee, thereby ensuring independence from the executive departments. In addition, executive directors have established a system for reporting to the Supervisory Committee, which prohibits any disadvantageous treatment to those who make reports.

#### Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Departments Update

##### [Cooperation Between Supervisory Committee and Accounting Auditors]

As a rule, the Supervisory Committee and the accounting auditors recognize the need to secure mutual independence and to maintain mutual trust. In addition, based on the audit plan at the beginning of the year and the quarterly and year-end financial statements, they hold regular reporting meetings about four times a year as per the annual plan. In addition, they have established a system of cooperation that allows them to report to each other as necessary on events related to accounting audits.

##### [Cooperation Between Supervisory Committee and Internal Audit Departments]

For the internal audit function, the Company has established the Internal Audit Office under the administrative authority of the Representative Director Chairman and President, and the Supervisory Committee has the authority to monitor the Internal Audit Office including requesting reports from it, and also has the authority to give direct orders.

### [Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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#### Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nomination Committee	Nomination Committee	4	0	1	3	0	0	Inside Director
Committee Corresponding to Remuneration Committee	—	—	—	—	—	—	—	—

#### Supplementary Explanation

We have established the Nomination Committee as an advisory body to the Board of Directors in order to enhance corporate governance by strengthening objectivity and independence in the development and nomination of candidates for directors, executive officers and other executives of the Group.

The main authority and roles of the Committee are as follows:

- Selection of executive candidates to be presented to the Board of Directors
- Submission of opinions on development plans for executive candidates
- Evaluation of executive candidates
- Reporting to the Board of Directors when recommending executive candidates for the positions of directors or executive officers
- Other matters deemed necessary by the Board of Directors

The Nomination Committee consists of directors selected by the Board of Directors, and the majority of the members are outside directors. The Committee includes Director Chairman as an internal director. The Committee currently consists of the following members:

- Representative Director Chairman and President Toshiyuki Funaki (Chairperson)
- Outside Director Hiroshi Kobayashi
- Outside Director Yasuo Himeiwa
- Outside Director Michiko Kanai

### [Independent Directors]

Number of Independent Directors	6
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#### Matters relating to Independent Directors

The Company considers an outside director to be independent if he/she falls under none of the items listed as possible problems in determining independence as defined by the stock exchanges, and meets all of the criteria below. As all of the outside directors meet the qualifications, the Company has designated them as independent directors.



- (1) He/she is not an executive of the Company (including the Group companies, hereinafter the same).
- (2) He/she is not a party that has the Company as a major business partner or an executive of such a party.
- (3) He/she is not a major business partner of the Company or its executive.
- (4) He/she is not a consultant, accountant or legal professional (or a person belonging to an organization of the same kind including corporation and partnership) who receives a large amount of monetary consideration or other property from the Company besides compensation as an officer.
- (5) He/she does not receive donations or grants of more than a certain amount from the Company.
- (6) He/she is not a major shareholder of the Company or an executive of such a shareholder.
- (7) He/she did not fall under any of (1) through (6) above during the five years prior to his/her appointment as a director.
- (8) He/she is not the spouse or a relative within the second degree of relationship of a person who falls under any of (1) through (6) above.

## [Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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### Supplementary Explanation

This is a cash remuneration based on the premise of contribution to the Officers' Shareholding Association, and uses the consolidated operating income ratio for its calculation because the said ratio is a basic indicator of the Group's earnings status. Comprehensively taking into account the changes in the said indicator for each fiscal year, the total amount is determined, which is then divided by the grant ratio according to the position, resulting in performance-linked remuneration for each director. This performance-linked remuneration is divided into 12 equal parts and paid monthly.

Recipients of Stock Options	Inside Directors/Employee/Subsidiaries' Directors/Subsidiaries' Employee
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### Supplementary Explanation

The Company's stock option plan started as an incentive plan for senior management, including directors, and has been expanded to include directors of the Group companies and employees with the aim of increasing the motivation and morale of the Company's employees and contributing to the improvement of the Group's performance and increase in international competitiveness.

## [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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### Supplementary Explanation

Disclosure is made in accordance with the provisions of the Companies Act, the Financial Instruments and Exchange Act, the Cabinet Office Order on Disclosure of Corporate Affairs, and other related laws and regulations.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

We have established a policy for determining the individual remuneration of directors so that it can function as an incentive to improve corporate value in a sustainable manner and be linked to shareholder interests. The outline of the policy is as follows:

- The Company's remuneration system for directors consists of fixed remuneration according to their position and performance-linked remuneration based on the premise of contributions to the Officers' Shareholding Association. Outside directors and directors who are members of the Supervisory Committee receive only fixed remuneration because they are responsible for supervising the management of the Company from an independent perspective.
- The basic remuneration for the Company's directors is fixed monthly remuneration, which is determined by comprehensively taking into account the position, responsibilities and business performance of the Company.
- The performance-linked remuneration is a cash remuneration based on the premise of contribution to the Officers' Shareholding Association, and uses the consolidated operating income ratio for its calculation because the said ratio is a basic indicator of the Group's earnings status. Comprehensively taking into account the changes in the said indicator for each fiscal year, the total amount is determined, which is then divided by the grant ratio according to the position, resulting in performance-linked remuneration for each director. This performance-linked remuneration is divided into 12 equal parts and paid monthly.
- The percentage of performance-linked remuneration is determined roughly within the range of 10% to 20% of the amount of remuneration for representative directors and 5% to 10% of the amount of remuneration for other executive directors.
- As for the details of individual remuneration for directors (excluding directors who are members of the Supervisory Committee), the Supervisory Committee deliberates whether or not to express its opinion on the remuneration at the General Shareholder Meeting in advance, and not just each director's position but also the Company's performance is considered for executive directors, or expertise and management experience in other companies for outside directors, and the Board of Directors, of which the majority is composed of independent outside directors, makes a final decision to leave the matter to the Representative Director Chairman and President.

## [Supporting System for Outside Directors]

The Corporate Strategy Planning Department serves as the secretariat of the Board of Directors, and assists in the duties of outside directors as requested by them or as necessary, and liaises between inside and outside directors as needed.

## 2. Matters related to functions such as business execution, auditing/supervision, nomination, and determination of remuneration (Overview of the current corporate governance system) Update

### 1 Business execution functions

#### ■Board of Directors

The Board of Directors, consisting of nine directors (including six outside directors), makes decisions on management policies and other important

matters, and supervises the execution of duties by directors. The Board of Directors deliberates in accordance with management policies to prevent violations of laws and regulations as well as the Articles of Incorporation. In FY2021, the Board of Directors met a total of seven times.

■Management Committee

The President serves as the chairperson and the Committee formulates management strategies and important policies. The meeting details are promptly reported to other directors, and information is shared with executive officers and others as appropriate, which contributes to strengthening the functions of the Board of Directors and enhancing management efficiency. In FY2021, the Management Committee met a total of ten times.

■Senior Management Committee and Executive Officers Committee

The Senior Management Committee meets at the beginning of each fiscal year to set business policies, strategies and targets for each division and function for the year, and at the Executive Officers Committee meetings executive officers who are also responsible for the respective functions report on the progress and issues as appropriate.

■CSR Committee

In April 2018, the Company established the “CSR Committee,” chaired by the President, to fulfill its corporate social responsibility (CSR) toward the realization of a sustainable society. The Committee deliberates on the Group’s medium-term and annual CSR plans, systems, and progress, and reports to the Board of Directors.

With the three areas of Environment, Social, and Governance, which have recently become increasingly important as corporate value standards, we have combined additional two areas of Safety (Sa) and Quality (Q), which are the cornerstones of the Company as a manufacturer that “makes safety.” We have established specialized committees for each of these five priority areas to study and promote company-wide measures tailored to each theme.

■Nomination Committee

We have established the Nomination Committee as an advisory body to the Board of Directors in order to enhance corporate governance by strengthening objectivity and independence in the development and nomination of candidates for directors, executive officers and other executives of the Group. Please refer to [Voluntary Establishment of Nomination/Remuneration Committee] “Supplementary explanation” under “1. Organizational Composition and Operation” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” above.

2. Audit functions

■Internal Audits

As for internal audits, the Internal Audit Office, under the administrative authority of the Representative Director Chairman and President as well as the Supervisory Committee, evaluates and improves the effectiveness of each process of governance, risk management and control through assurance and consulting activities in accordance with the Internal Audit Regulations.

■Audits by the Supervisory Committee

With respect to audits by the Supervisory Committee, full-time Supervisory Committee members take the lead in attending all meetings of the Board of Directors and conduct traveling audits of internal departments, thereby having established a system to sufficiently monitor the execution of duties by directors (excluding directors who are members of the Supervisory Committee) and executive officers. In addition, the Supervisory Committee, which consists of four directors, regularly meets to monitor business execution in terms of legality, etc.

■Accounting Audits

As for the accounting audits, the Company receives full-year financial statement audits, internal control audits, and quarterly reviews in accordance with the provisions of the Financial Instruments and Exchange Act.

In FY2021, the Company was audited by two certified public accountants, Tomoyoshi Wada and Takashi Iwabuchi, both of whom have been auditing the Company for less than seven years. The number of assistants involved in the Company’s accounting audit operation is 6 certified public accountants and 19 others. Apart from that, our major overseas subsidiaries are audited by local auditing firms.

3. Agreement Limiting Liability

All of the directors, excluding executive directors, etc., have entered into an agreement with the Company to limit their liability for compensation in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, and the amount of liability based on this agreement is capped by the amount stipulated in laws and regulations.

### 3. Reasons for Adoption of Current Corporate Governance System Update

The Company has shifted to a Company with a Supervisory Committee at the 71st Ordinary General Shareholder Meeting held on June 15, 2018, with the aim of further speeding up decision-making, strengthening the supervisory function for business execution from a social and multifaceted perspective, and has realized a “separation of execution and supervision” under a system based on auditing and supervision by the cooperation of outside directors appointed for the purpose of ensuring management transparency, and business execution by representative directors and executive officers.

As of the date of submission of this report, the Company has five directors (excluding directors who are members of the Supervisory Committee), including two outside directors, and there are four outside directors who are members of the Supervisory Committee.

With regard to the business execution function, executive officers execute business while participating in the Executive Officers Committee meetings, where they report on the progress and issues of each business as appropriate, and the Management Committee, which formulates management strategies and important policies, has been established to promote smooth business execution and improve management efficiency.

In addition, we believe that the Board of Directors is functioning as an appropriate corporate governance body by having fair and objective supervision and auditing conducted through the said cooperation of outside directors.

## /// Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

Update

	Supplementary Explanation
Early Notification of General Shareholder Meeting	We generally send out convocation notices three weeks prior to the date of the General Shareholder Meeting.
Scheduling AGMs Avoiding the Peak Day	The 74th Ordinary General Shareholder Meeting was decided to be held on Friday, June 18, 2021, at 10AM.
Allowing Electronic Exercise of Voting Rights	Since the 59th Ordinary General Shareholder Meeting held in 2006, we have introduced an online system for exercising voting rights.
Participation in Electronic Voting Platform and Other Efforts to Facilitate the Exercise of Voting Rights by Institutional Investors	From the 75th Ordinary General Shareholder Meeting to be held in 2022, we plan to participate in the platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc.
Providing Convocation Notice in English	An English abridged version of the convocation notice is prepared and made available on the Tokyo Stock Exchange website and the Company's website. From 2016, both the Japanese and English versions of the convocation notice are made available on the Tokyo Stock Exchange website and the Company's website before the mailing date.
Others	We have positioned the General Shareholder Meeting as a valuable opportunity for direct dialogue with shareholders, and have created a video presentation of the business report, which is an item to be reported at the General Shareholder Meeting, for easier understanding of our corporate activities, and at the 74th Ordinary General Shareholder Meeting, we streamed the meeting live so that more shareholders could see it. In addition, for the purpose of deepening shareholders' understanding of the Company's initiatives for the relevant fiscal year when they exercise their voting rights, the Company has taken measures such as using more visuals in the convocation notice and posting it on its website.

### 2. IR Activities

	Supplementary Explanation	Explanation by the representatives themselves
Regular Investor Briefings for Analysts and Institutional Investors	Basically, once a year, the Company's management holds a briefing session or makes individual visits to explain future strategies and visions, etc., and also holds quarterly briefings on business performance via teleconference.	Applicable
Posting of IR Materials on Website	At present, we post financial results, financial explanatory materials, data books, and shareholder newsletters after the end of each quarter in an effort to disclose information in a more fair, equitable, and timely manner. In addition, in producing the annual IDEC Report (Japanese and English), we are working to speed up its publication and enrich its contents in order to make the Company feel closer to investors, and at the same time, we are promptly posting timely disclosure information reported to the stock exchanges in our website. In the future, we will consider posting explanatory materials with more detailed information about the Company, such as briefing materials.	
Establishment of Department and/or Manager in Charge of IR	Two staff members in charge of IR are assigned to the Corporate Strategy Planning Department. The department in charge of IR is as follows: [Department in charge] Corporate Strategy Planning Department [Person in charge] Yasuyuki Ogawa	
Others	We welcome visits from securities analysts and institutional investors for individual interviews and also visit them to provide information as needed.	

### 3. Measures to Ensure Due Respect for Stakeholders

Supplementary Explanation
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Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The Company has established the "IDEC Group Code of Conduct" for compliance matters and ensures that all officers and employees of the Company are fully aware of and comply with its contents.</p> <p>In addition, the IDEC Group Code of Conduct stipulates that we shall treat all individuals, companies, and organizations that are our stakeholders in a fair and equitable manner, and that we shall respond to and deal with them appropriately.</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>For environmental preservation activities, we established the "Environmental Policy" and "Environmental Control Regulations" in 1993, and have applied them to IDEC Group companies in Japan and overseas.</p> <p>Based on the idea of "SAVEALL," we have been promoting various measures for environmental preservation and have established an environmental management promotion system, and in FY1997 we obtained our first ISO 14001 certification, an international standard for environmental management systems. Since then, our major production bases in Japan and overseas have been certified, and we continue to work on activities to prevent global warming and reduce the industrial waste emissions. Details of our ISO 14001 certification status are also available on our website.  <a href="https://jp.idec.com/idec-jp/ja/JPY/csr/environment/management/iso14001">https://jp.idec.com/idec-jp/ja/JPY/csr/environment/management/iso14001</a></p> <p>In addition, the IDEC Group has set "promoting safety," based on the results of many years of developing safety devices, and "contribution towards global environmental protection," through the development and spread of eco-friendly products, as our important CSR activities.</p> <p>Against this backdrop, in February 2009, we signed the UN Global Compact as a participating company, and we are proactively making social contributions through our business activities based on the Ten Principles of the UN Global Compact and the "IDEC Group Code of Conduct."</p> <p>Also, we are working to further strengthen our activities through the establishment of the CSR Office in April 2017, the introduction of the "IDEC Group CSR Charter," and the establishment of the aforementioned "CSR Committee" in April 2018.</p> <p>The IDEC Group CSR Charter declares our commitment to maximizing the well-being of all stakeholders of the IDEC Group, including our employees, customers, shareholders, investors, business associates, and global and local communities. The IDEC Group CSR Charter is as follows:  &lt;The IDEC Group CSR Charter&gt;</p> <ul style="list-style-type: none"> <li>■ To Employees  IDEC Group is committed to creating safe, friendly and motivating workplaces for employees while building Group companies where they feel proud to work.</li> <li>■ To Customers  IDEC Group assures that customers receive safe and reliable products of high quality and high performance backed by its development, production and sales capabilities. IDEC Group continues to increase public trust by providing excellent services and appropriate information disclosures.</li> <li>■ To Shareholders and Investors  IDEC Group fulfills its global obligations by enforcing corporate accountability and having its records available regularly to shareholders through extensive investor relations (IR) activities. The Group also strives to maintain profits that meet shareholder expectation and to increase the value of the Group.</li> <li>■ To Business Associates  IDEC Group is committed to building strong partnerships for mutual success, growth and trust with its business associates by establishing fair and rational trade standards.</li> <li>■ To Global and Local Communities  IDEC Group aims to contribute to global and local communities by forging partnerships with deep understanding and respect for the culture and history of each local communities. We also aim to develop a green society and a green economy through environmental activities.</li> </ul>
Development of Policies on Information Provision to Stakeholders	<p>The IDEC Group Code of Conduct states that, as part of our corporate activities, we will strive to provide our stakeholders with the information they need about our overall management in a timely, appropriate, and effective manner. At the same time, we aim to be a highly transparent and "open company" by gathering information from society at large and using it to improve our management policies and the activities of each department.</p>
Others	<p>We are committed to "respecting people," "developing people," and "using the strength of people" and provide an environment where human resources can grow with respect for humanity. Based on the results of the employee awareness survey, we are actively working to introduce and revise various personnel systems and create a workplace environment in order to allow diverse human resources, regardless of gender or nationality, to feel a sense of purpose in life and job satisfaction.</p> <p>In recent years, we are making various efforts such as restructuring our personnel systems, strengthening systems to support employees in balancing work and life (such as expanding eligibility for shorter working hours related to childcare and nursing care), providing education to promote the empowerment of women, and enhancing health management support for employees.</p>

## **IV Matters Related to the Internal Control System**

### **1. Basic Views on Internal Control System and the Progress of System Development**

1. Systems to ensure that the execution of duties by directors and employees of the Company and the Group companies complies with laws and regulations and the Articles of Incorporation

[Corporate Governance]

(1) The Company shall actively appoint outside directors to strengthen the supervisory function of the Board of Directors with regard to the execution of duties by directors.

(2) In order to realize the enhancement of corporate value based on corporate goals and management philosophy, the Company shall establish the "IDEC Corporate Governance Policy" and promote the strengthening of corporate governance accordingly.

[Compliance]

(1) The Company shall establish the "IDEC Group Code of Conduct," which sets forth the Company's basic stance on corporate ethics and compliance, and shall make it known to all directors and employees so that they will comply with the Code.

(2) The Company shall establish corporate ethics consultation desks and internal reporting desks inside and outside the Company, and widely accept requests for consultation and reports from employees concerning violations of laws and regulations, violations of internal regulations, violations of corporate ethics, and harassment in the workplace. The contents of consultations and reports shall be deliberated by the "Risk Management Committee" under the "CSR Committee" chaired by the President of the Company, and measures shall be taken to resolve the issues in accordance with laws, regulations, the Articles of Incorporation, and corporate ethics.

(3) The legal departments shall provide information on compliance and laws and regulations to directors and employees on a regular basis, and education and enlightenment activities on compliance shall also be conducted on a regular basis.

(4) In addition to the above, the Company shall periodically review and improve internal regulations and their operations concerning systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation.

2. Systems for the storage and management of information related to the execution of duties by directors

[Information Storage and Management Systems]

The following documents shall be stored and managed in accordance with internal regulations such as the Document Management Regulations, Approval Regulations, Confidential Information Management Regulations, and Information Security Policy Basic Regulations: documents related to the General Shareholder Meeting, documents related to the Board of Directors and other important meetings, approval requests, contracts, and other documents (including electromagnetic records; the same shall apply hereinafter) containing information related to the execution of duties by directors

3. Regulations and other systems for managing the risk of loss of the Company and the Group companies

[Risk Management Systems]

(1) The Company shall establish and operate the "Crisis Management Regulations" for the purpose of avoiding crises at the Company and the Group companies in advance and minimizing damage if a crisis should materialize.

(2) In accordance with the Crisis Management Regulations, the "Risk Management Committee" shall be established under the "CSR Committee" chaired by the President of the Company with the approval of the Board of Directors to manage risks at the Company and the Group companies during normal times and to respond when a crisis materializes.

(3) In addition to responding to crises, the Risk Management Committee identifies and evaluates risks for the entire IDEC Group during normal times, and implements measures to reduce risks. In addition, the "Hotline Section," established within the Committee, shall handle internal reporting and implement measures to strengthen compliance. The details of these efforts are reported to the "CSR Committee" that meets periodically, and the Committee reports to the Board of Directors.

[Safety Confirmation and Recovery Systems]

In preparation for the occurrence of a disaster, etc., the Company shall establish a system for securing the safety of life and confirming the safety of employees, and shall also promote the establishment of a system to ensure the continuation of important operations and early recovery in the event of business interruption.

4. Systems to ensure that the efficient execution of duties by directors of the Company and the Group companies

[Separation of Execution and Supervision]

The Company shall achieve separation of business execution and supervision by having the Board of Directors make decisions and supervise the execution of business by directors (excluding directors who are members of the Supervisory Committee) and executive officers. In addition, the Company shall establish a Management Committee chaired by the President to conduct preliminary deliberations and make decisions within the scope of authority delegated by the Board of Directors, thereby strengthening the functions of the Board of Directors and improving management efficiency.

[Administrative Authority and Audits]

The Company shall establish the "Administrative Authority Regulations" and the "Affiliated Company Management Regulations" which stipulate the duties, responsibilities and authority of each position and the division of duties in each organizational unit for the directors and employees of the Company and the Group companies to ensure efficient management, and shall periodically audit whether the business is being conducted in accordance with the stipulated duties and responsibilities.

5. Systems to ensure the appropriateness of operations in our corporate group

[Group Company Management and Reporting Systems]

(1) The Company shall establish and implement the "Affiliated Company Management Regulations" which stipulate the matters necessary for the mutual cooperation and prosperity of the Company and the Group companies, as well as the basic matters for the management, guidance and development of the affiliated companies.

(2) In accordance with the Affiliated Company Management Regulations, the Company shall have the Group companies report to the Company on a regular and continual basis on the status of their business performance and financial results.

(3) In order to ensure that officers and employees of our overseas Group companies understand our basic stance on compliance, the Company shall disseminate the philosophy of the "IDEC Group Code of Conduct" on a global basis by translating it into major languages.

[Group Company Audits]

The Company shall maintain appropriate business operations at the Group companies by strengthening monitoring and auditing of them by having the Company's Internal Audit Office and other related departments monitor and audit them in addition to monitoring and auditing within each company.

6. Systems to ensure the reliability of financial reporting  
[Reliability of Financial Reporting]

In order to ensure the reliability of the Group's financial reporting, the Company shall develop related regulations and establish an appropriate system in accordance with the standards for evaluating internal control over financial reporting. For the Group-wide development and enhancement of the internal control system for financial reporting, the Company shall establish the "Policy for Internal Control over Financial Reporting," clarify the Group-level promotion system, and establish a framework that allows each division and Group company to conduct self-assessments and the Internal Audit Office to conduct independent monitoring on a continual basis.

7. Matters related to employees who are requested by the Supervisory Committee to assist in its duties, and matters related to ensuring the independence of such employees from directors (excluding directors who are members of the Supervisory Committee) and the effectiveness of instructions to such employees

[Supervisory Committee Staff]

If it becomes necessary to assign employees to assist the Supervisory Committee in its duties, or if the Supervisory Committee so requests, the Company shall, upon consultation with the Supervisory Committee, assign employees who either work full-time for the Committee or serve other departments concurrently, as Supervisory Committee staff. Such employees shall be placed under the administrative authority of the Supervisory Committee with regard to the duties of the Supervisory Committee. In addition, the personnel affairs of such employees, including issues such as appointments, transfers, evaluations, and wages, shall be decided upon after prior consultation with and consent of the Supervisory Committee to ensure their independence from the executive departments.

8. Systems for reporting to the Supervisory Committee by directors (excluding directors who are members of the Supervisory Committee) and employees, systems for reporting to the Supervisory Committee otherwise, and other systems for ensuring effective audits by the Supervisory Committee

[Reporting Systems]

(1) Directors (excluding directors who are members of the Supervisory Committee) and employees of the Company and the Group companies shall periodically report to the Supervisory Committee on the status of execution of their duties, and shall report as needed on important corporate matters in particular. In addition, the Supervisory Committee may request reports from the directors (excluding directors who are members of the Supervisory Committee) and employees of the Company and the Group companies as necessary, and the Company shall improve the cooperation system of related departments so that audits can be conducted more effectively in the future.

(2) The Company shall not give any disadvantageous treatment to directors (excluding directors who are members of the Supervisory Committee) and employees of the Company and the Group companies who have reported to the Supervisory Committee in accordance with the preceding item.

[Expenses, etc.]

The Company shall budget a certain amount of money each year to cover expenses, etc. incurred in the execution of duties by the Supervisory Committee.

[Attendance at Important Meetings, etc.]

Executive directors shall establish an environment in which directors who are members of the Supervisory Committee can periodically exchange opinions with directors (excluding directors who are members of the Supervisory Committee) of the Company and the Group companies and can attend important meetings such as Management Committee meetings.

## 2. Basic Views on Eliminating Anti-Social Forces and the Progress of Development of Measures

### ■Basic Views on Eliminating Anti-Social Forces and Systems for Development of Measures

The Company has a basic policy to eliminate all involvement, including business relationships, with anti-social forces and groups that threaten the order and safety of civil society when fulfilling its social responsibility in corporate activities, and declares in the "IDEC Code of Conduct" that it shall strive to continue as a law-abiding and fair company.

In addition, the Company has clearly defined antisocial forces as a "crisis" in its "Crisis Management Regulations" to prevent crises from occurring and to respond promptly when they occur, as well as gather information on a daily basis and formulate a "Manual for Dealing with Illegal Forces" to prepare for unreasonable demands in cooperation with police authorities and lawyers.



## 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not adopted

Supplementary Explanation

## 2. Other Matters Concerning Corporate Governance System Update

### ■Challenges to Be Addressed to Enhance the Corporate Governance System, Etc.

We believe that the basic system for corporate governance, including internal organizations and regulations, is already in place. In terms of the implementation, we will need to review the related regulations periodically and flexibly in response to the external environment, and in terms of risk management, we will need to strengthen and enhance the operation of the “Risk Management Committee.” In addition, the Company considers it an important challenge in the future to utilize more rigorous advice, proposals, monitoring, and checking functions by external experts, contractors, and organizations, not to mention external officers, in order to strengthen the system of internal control over financial reporting.

### ■Outline of Timely Disclosure

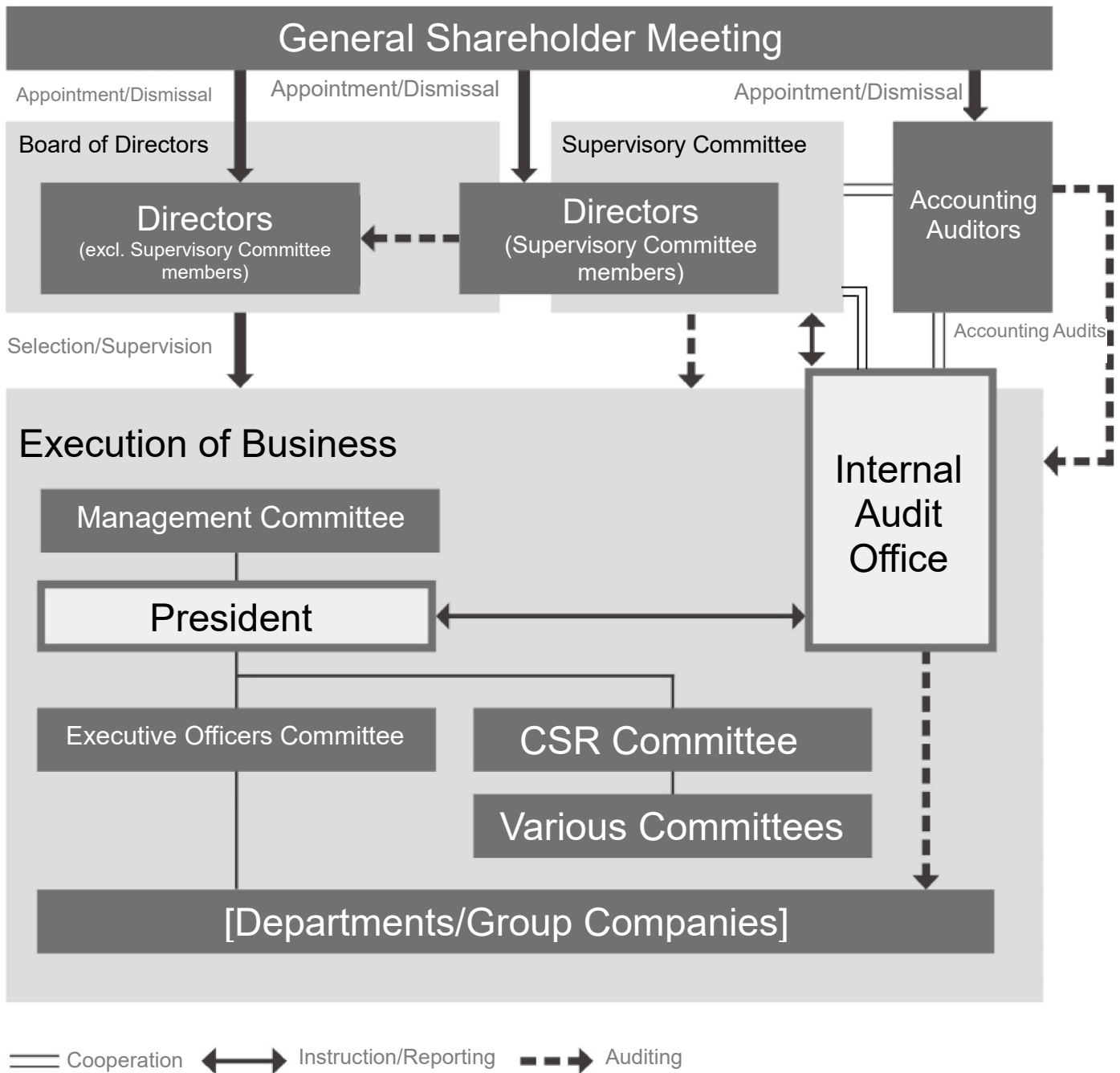
#### 1. Basic Views

The “IDEC Group Code of Conduct,” which was established as a code of conduct for all directors and employees of the Group, states that we will fulfill our corporate accountability by disclosing management philosophy and information such as business plans and results at appropriate times and in appropriate ways, and the entire group is working together to promote awareness and practice of this code. In addition to the Code of Conduct, we have established internal regulations regarding the management and timely disclosure of corporate information, such as the “Confidential Information Management Regulations” and “Insider Trading Regulations,” and have built a system to appropriately implement prompt, accurate and fair disclosure of corporate information.

#### 2. Internal Systems

The Company has established a system whereby information pertaining to decisions, events and facts, and the settlement of accounts of the Company and its subsidiaries is consolidated into the Corporate Management Department through the heads of each department and the presidents of the subsidiaries. Within this system, the executive officer in charge of corporate strategy planning, who is responsible for information management, oversees and manages such information, thereby ensuring the appropriate management of undisclosed material facts, etc. and the prevention of insider trading. From all aggregated information, the Corporate Strategy Planning Department selects, based on strict and fair judgment, information that meets the disclosure standards of the “Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities” stipulated by the Tokyo Stock Exchange, Inc., and in principle, discloses such information immediately based on a resolution of the Board of Directors. In addition, we are making utmost efforts to ensure the appropriateness of the content of each disclosure document by having it prepared and verified by the relevant departments from their respective standpoints, which clarifies the division of authority and enhances the internal check and balance function.

# Governance System





Item	CG Code	Corresponding CG Policy
<b>Section 1: Securing the Rights and Equal Treatment of Shareholders</b>		
Securing the Rights of Shareholders	Principle 1.1	Section 1, 1 (1)
Opposing vote analysis	Supplementary Principle 1.1.1	Section 1, 1 (4)
Delegation of certain powers of the general shareholder meeting to the Board of Directors	Supplementary Principle 1.1.2	Section 4, 2 (2); Section 4, 4
Consideration for minority shareholder rights	Supplementary Principle 1.1.3	Section 1, 1 (2)
Exercise of Shareholder Rights at General Shareholder Meetings	Principle 1.2	Section 1, 1 (1), (3)
Provision of information on general shareholders meetings	Supplementary Principle 1.2.1	Section 1, 1 (3)
Early mailing of convocation notice, etc.	Supplementary Principle 1.2.2	Section 1, 1 (3)
Date of general shareholders meeting	Supplementary Principle 1.2.3	Section 1, 1 (3)
Adoption of electronic voting, etc., and use of voting rights exercise platform	Supplementary Principle 1.2.4	Section 1, 1 (3)
Consultation with trust banks, etc.	Supplementary Principle 1.2.5	Section 1, 1 (2)
Capital Policy	Principle 1.3	Section 1, 2
Cross-Shareholdings	Principle 1.4	Section 1, 3
Reduction of transactions after a cross-shareholder divests the company's share	Supplementary Principle 1.4.1	Section 1, 3
Transactions with cross-shareholders	Supplementary Principle 1.4.2	Section 1, 3
Anti-Takeover Measures	Principle 1.5	Section 1, 4
Tender offer	Supplementary Principle 1.5.1	Section 1, 4
Examining and explaining capital policies	Principle 1.6	Section 1, 2
Related Party Transactions	Principle 1.7	Section 1, 5
<b>Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders</b>		
Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term	Principle 2.1	General rule 1
Code of Conduct	Principle 2.2	Section 2, 2
Code of conduct review	Supplementary Principle 2.2.1	Section 2, 2
Addressing Sustainability	Principle 2.3	Section 2, 3 (1)
Addressing sustainability, consideration of global environmental issues, respect for human rights, health, and crisis management	Supplementary Principle 2.3.1	Section 2, 3 (2), (3)
Diversity	Principle 2.4	Section 2, 4
Promotion of empowerment of women, etc.	Supplementary Principle 2.4.1	Section 2, 4
Whistleblowing	Principle 2.5	Section 2, 5
Point of contact	Supplementary Principle 2.5.1	Section 2, 5
Asset owners	Principle 2.6	Section 2 6
<b>Section 3: Ensuring Appropriate Information Disclosure and Transparency</b>		
Full Disclosure	Principle 3.1 body text	
	Principle 3.1 (i)	General rule 1
	(ii)	General rule 1
	(iii)	Section 4, 2 (5)
	(iv)	Section 4, 1 (7); Section 4, 6 (2)
	(v)	Section 4, 6 (3)
Value-added disclosure	Supplementary Principle 3.1.1	Section 3, 1; Section 4, 6 (3)
Disclosure of information in English, disclosure in English for companies listed on the Prime Market	Supplementary Principle 3.1.2	Section 3, 1; Section 4, 6 (3)
Sustainability disclosure in line with TCFD equivalent framework	Supplementary Principle 3.1.3	Section 2, 3; Section 3, 1
External Auditors	Principle 3-2	Section 3, 2 (1)
	Supplementary Principle 3.2.1 (i)	Section 3, 1 (2), (4)
	(ii)	Section 3, 1 (2), (4)
	Supplementary Principle 3.2.2 (i)	Section 3, 1 (3)
	(ii)	Section 3, 1 (3)
	(iii)	Section 3, 1 (3)
	(iv)	Section 3, 1 (3)
<b>Section 4: Responsibilities of the Board</b>		
Roles and Responsibilities of the Board (1)	Principle 4.1	Section 4, 2 (1)
Scope of delegation	Supplementary Principle 4.1.1	Section 4, 2 (2)
Medium-term management plan	Supplementary Principle 4.1.2	Section 4, 2 (3)
Succession plans	Supplementary Principle 4.1.3	Section 4, 2 (4)
Roles and Responsibilities of the Board (2)	Principle 4.2	Section 4, 2 (5), 10
Remuneration	Supplementary Principle 4.2.1	Section 4, 2 (5)
Responsibility for setting sustainability policies and supervising the business portfolio	Supplementary Principle 4.2.2	Section 4, 2 (6)
Roles and Responsibilities of the Board (3)	Principle 4.3	Section 4, 2 (8)
Election and dismissal of senior management	Supplementary Principle 4.3.1	Section 4, 2 (7)
Appointment of CEO	Supplementary Principle 4.3.2	Section 4, 2 (7)
Dismissal of CEO	Supplementary Principle 4.3.3	Section 4, 2 (7)
Supervision of compliance, group compliance using internal audits	Supplementary Principle 4.3.4	Section 4, 2 (8)
Roles and Responsibilities of <i>Kansayaku</i> and the <i>Kansayaku</i> Board	Principle 4.4	Section 4, 3
Effectiveness of the <i>Kansayaku</i> Board	Supplementary Principle 4.4.1	Section 4, 3
Fiduciary Responsibilities of Directors and <i>Kansayaku</i>	Principle 4.5	Section 4, 4
Business Execution and Oversight of the Management	Principle 4.6	Section 4, 5
Roles and Responsibilities of Independent Directors	Principle 4.7 (i)	Section 4, 5
	(ii)	Section 4, 5
	(iii)	Section 4, 5
	(iv)	Section 4, 5
Effective Use of Independent Directors, Outside Directors Accounting for 1/3 to Majority in Prime Market	Principle 4.8	Section 4, 6 (1)
Meeting of independent outside directors	Supplementary Principle 4.8.1	Section 4, 5
Lead independent outside director	Supplementary Principle 4.8.2	Section 4, 5
Independent outside directors who are independent of the controlling shareholder	Supplementary Principle 4.8.3	Section 4, 6 (1)
Independence Standards and Qualification for Independent Directors	Principle 4.9	Section 4, 5 (2)
Use of Optional Approach	Principle 4.10	Section 4, 7
Advisory committees with the majority of the members being outside directors in the Prime Market	Supplementary Principle 4.10.1	Section 4, 7
Preconditions for Board and <i>Kansayaku</i> Board Effectiveness	Principle 4.11	Section 2, 4; Section 4, 9; Section 4, 6 (2)
Balance of directors, skills matrix	Supplementary Principle 4.11.1	Section 4, 6 (1), (2)
Concurrent positions	Supplementary Principle 4.11.2	Section 4, 8
Effectiveness evaluation	Supplementary Principle 4.11.3	Section 4, 9
Active Board Deliberations	Principle 4.12	Section 4, 10
Measures for active deliberations	Supplementary Principle 4.12.1 (i)	Section 4, 10
	(ii)	Section 4, 10
	(iii)	Section 4, 10
	(iv)	Section 4, 10
	(v)	Section 4, 10
Information Gathering and Support Structure	Principle 4.13	Section 4, 10
Request for Information	Supplementary Principle 4.13.1	Section 4, 10
Expert advice	Supplementary Principle 4.13.2	Section 4, 10
Cooperation with the internal audit department and fulfillment of the functions of the board of directors and <i>Kansayaku</i>	Supplementary Principle 4.13.3	Section 4, 10
Director and <i>Kansayaku</i> Training	Principle 4.14	Section 4, 11
Continual training	Supplementary Principle 4.14.1	Section 4, 11
Disclosure of training policies	Supplementary Principle 4.14.2	Section 4, 11
<b>Section 5: Dialogue with Shareholders</b>		
Policy for Constructive Dialogue with Shareholders	Principle 5.1	Section 5, 1
Persons handling dialogue (directors including outside directors)	Supplementary Principle 5.1.1	Section 5, 1
Measures for dialogue	Supplementary Principle 5.1.2 (i)	Section 5, 1
	(ii)	Section 5, 1
	(iii)	Section 5, 1
	(iv)	Section 5, 1
	(v)	Section 5, 1
Understanding the shareholder structure	Supplementary Principle 5.1.3	Section 5, 1
Establishing and Disclosing Business Strategies and Business Plans	Principle 5.2	Section 4, 2 (3)
Business portfolio	Supplementary Principle 5.2.1	Section 4, 2 (3)

<Skills matrix expected of directors>

