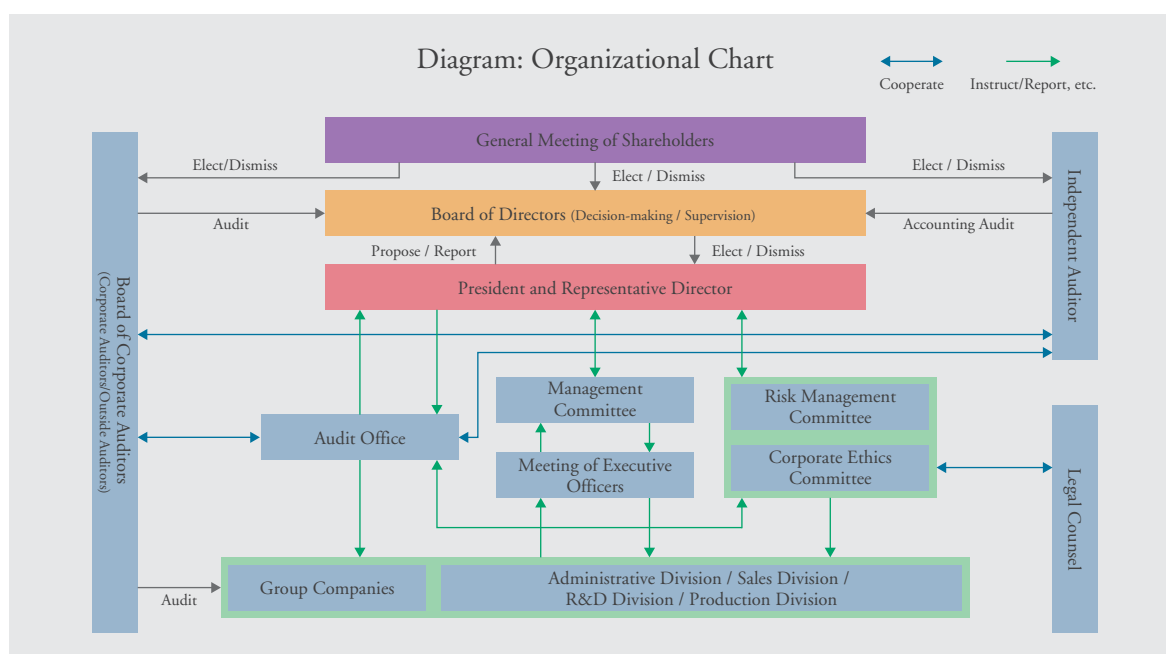


# Corporate Governance and Compliance



## Corporate Governance Stance and Execution Framework

The Company's fundamental stance on corporate governance is the pursuit of transparent and efficacious management that will be viewed as such by shareholders and all other stakeholders. In its governance systems, IDEC proactively appoints directors and corporate auditors from outside the Company, as well as uses an executive officer system to separate management supervision from business execution functions.

Governance at IDEC is anchored by the Board of Corporate Auditors. The Company's Board of Directors is responsible for monitoring the status of business execution by individual directors and executive officers. The Board of Corporate Auditors, meanwhile, audits the actions of the directors and executive officers as they carry out their respective duties.

The Company's internal audit functions are vested in the Audit Office, established under and supervised directly by the president of IDEC Corporation. The office's audits aim to determine whether business activities are effective, efficient, legally compliant and conducive to preserving the Company's financial position. Internal audits of each business division, including head office functions, are performed regularly and reported to the corporate auditors in each case. The office also maintains close ties with the corporate auditors during the course of their ordinary audit activities, remains alert for indicators that could point to the discovery of potential problems, and shares its insights and opinions with the corporate auditors.

## Compliance and Risk Management

The Company has compiled and put into practice corporate ethical standards that encapsulate its stance with respect to compliance. Extensive efforts are made to raise awareness among all employees to ensure they are fully compliant with these standards. The basic thrust of the standards compels the Company to deal fairly and openly with individuals, companies, organizations and all other stakeholders, and to conduct business transactions in an appropriate manner.

A Risk Management Committee, chaired by the president, has been established to bolster compliance-related systems, and to formulate fundamental company-wide policies and implement initiatives pertaining to risk management. With this committee, the Company has a framework in place for mounting a swift and proper response should risks materialize.

## Environmental Preservation and Corporate Social Responsibility

The Company has drafted a Fundamental Environmental Policy and a set of Environmental Management Regulations to guide its environmental preservation activities. This policy and these regulations are applicable to IDEC Group companies in Japan and overseas, which are engaged in a variety of activities, including those aimed at preventing global warming and reducing the volume of industrial waste generated. IDEC, moreover, has long contributed to society as a corporate citizen through its pursuit of technologies and products pertaining to industrial safety and explosion protection. An important policy regarding corporate social responsibility going forward will be to focus on ways of helping to reduce the number of industrial accidents.