IDEC REPORT
2025

Integrated Report

Prologue

Toward Achieving our Vision for 2050

Since its foundation in 1945 as Izumi Shokai, the IDEC Group has provided a wide range of products and services. Leveraging core technologies created and enhanced through the development of industrial switches and other control devices for machines, we aim to contribute to society by creating safer, more pleasant interfaces between humans and machines, both at manufacturing sites such as factories, and in daily life.

As we approach our 80th anniversary in 2025, we have formulated Vision for 2050, as a long-term vision for the next 100 years. In addition, we have also formulated Vision for 2030, using a backcasting approach to consider what we should do now to achieve our long-term vision.

In this year's Integrated Report, we would like to tell stakeholders about our value creation story, which will help us achieve our ideal vision based on this Vision for 2030.

Vision for 2050

Pioneer the new norm for a safer and sustainable world.

IDEC will drive the future of manufacturing by creating new possibilities and establishing new standards that will become the "new norm" of tomorrow's world. Through our efforts, we envision a safer and a more sustainable world, bringing happiness and ANSHIN* for all.

* ANSHIN denotes a sense of trust and assurance without any fear or stress.

Backcasting

Vision for 2030

By providing products and services that integrate safety and HMI, IDEC will lead HMI-X (Human-Machine Interface Transformation) and contribute to the realization of well-being for our diverse stakeholders.

The Medium-Term Management Plan

The IDEC Way

Vision

Pioneer the new norm for a safer and sustainable world.

Mission

To create the optimum environment for humans and machines.

Purpose

Create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world.

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Who We Are

IDEC's Business

Provide diverse products and solutions as a leading company in the field of Human-Machine Interface (HMI), connecting humans and machines

IDEC Group's technologies and products contribute to solving various social issues both at manufacturing sites such as factories, and in daily life scenes. By delivering safety, ANSHIN, and well-being for people in a diverse range of situations, we support the future of manufacturing and lifestyles.

FY2025 total sales
67.4 billion yen

- Others **1**% 1.0 billion yen
- Systems **5**% 3.5 billion yen
- Automation & Sensing **13**% 8.7 billion yen
- Industrial Relays & Components **17**% 11.3 billion yen
- Safety & Explosion Protection **17**% 11.1 billion yen
- HMI **47**% 31.8 billion yen

Special vehicles
- Miniature switch
- Locker switch
- Joystick

Logistics warehouse
- Autonomous Mobile Robot (AMR) solutions
- Sensing equipment

Office buildings
- Operator interface
- Switching power supply
- Timer

Parking lot
- Controller with operator interface
- Smart RFID reader
- Multi-use mmWave radar sensor

Public transport
- Emergency-stop switch
- Edge switch

Various machine devices in factory facilities and manufacturing lines
- Safety commander
- Interlock switch
- Industrial switch

Petrochemical and chemical plants
- Explosion protection wireless vibration sensor
- Explosion protection sensor

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IDEC at a Glance

Environmental Management

We consider the conservation of the global environment to be the most important challenge in all aspects of our business activities.

Cumulative ratio of enhanced eco-friendly products to total new products

66.7%

(Cumulative total since FY2020)

Reduction ratio of CO₂ emissions

Decrease

28.4%

(Scope1&2, vs. FY2020)

Stable Dividends

We are working continuously to improve profitability and pay stable dividends while actively investing in areas necessary for corporate growth.

Cash flows from operating activities

11.2 billion yen

Dividend yield

5.3%

*FY2025 results

Safety DNA

Since the founding in 1945, IDEC has been providing high-quality products globally, by manufacturing products that protect human lives.

The 80th anniversary of founding

Products that Boast the Top Share in Japan and Overseas

We have a lineup of over 100,000 models of a wide range of control equipment, and have earned a large market share for our various products thanks to recognition of our reliability and built up over many years.

Our three-position enabling switch, which created an international standard, has the top share globally.

Industrial switch

No.1 in Japan

50%

Emergency-stop switch

No.1 in Japan

70%

Three-position enabling switch

No.1 both Japan and globally

90%

Cumulative units shipped
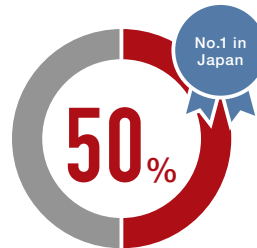
Approx. **7.4** million units
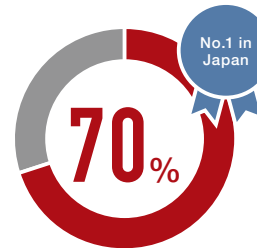
*FY2025 results (according to in-house research)

International Standardization Activities

Since the 1990s, IDEC has participated actively in the technical committees of the International Electrotechnical Commission (IEC) and the International Organization for Standardization (ISO), proposing and promoting the creation of international safety standards, and has been actively involved in activities to shape the rules itself.

Over 20 years

Diverse Human Resources

IDEC promotes diversity equity & inclusion and recruits and trains a diverse range of human resources regardless of gender or nationality, while also working to create an environment in which people can work globally.

We also aim to develop human resources who can propose Safety, ANSHIN and well-being to society, such as by encouraging employees to obtain safety qualifications such as the Safety Assessor qualification.

Female manager ratio (consolidated)

21.1%

Overseas employee ratio (consolidated)

70.1%

Qualifications attesting to the level of safety knowledge and designing competency for technical staff

*1 Qualification holders

578

Qualifications of knowledge and competence in occupational safety management for administrative staff

*2 Qualification holders

128

*1 Safety Assessors, Safety Basic Assessors, and Robot Safety Assessors

*2 Safety Officers

Number of employees (consolidated)

2,937

*As of the end of March 2025

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IDEC at a Glance

Driving Globalization

We have actively promoted and continue to drive global business expansion through overseas business development and M&A.

Ratio of overseas sales

64%

Countries and regions of operation

16

Sales by region
67.4 billion yen
FY2025

- Japan **36%** 24.3 billion yen
- Americas **21%** 14.4 billion yen
- EMEA* **22%** 14.5 billion yen
- Asia Pacific **21%** 14.2 billion yen
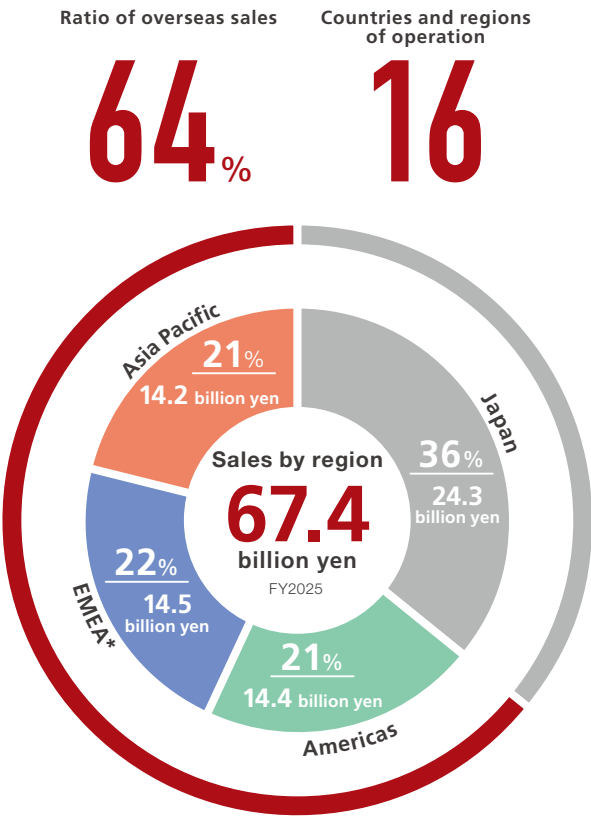
*EMEA: Europe, Middle East, and Africa

Global Network

● Sales   ● Development   ● Manufacturing

As of April 1, 2025

Japan

- ● ● ● IDEC CORPORATION
- ● ● ● IDEC FACTORY SOLUTIONS CORPORATION
- ● ● ● IDEC ALPS Technologies CORPORATION (*Joint venture with ALPS ALPINE CO., LTD.)
- ● ● IDEC AUTO-ID SOLUTIONS CORPORATION
- ● IDEC SALES SUPPORT CORPORATION
- ● IDEC LOGISTICS SERVICE CORPORATION

Americas

- ● ● ● IDEC CORPORATION (USA)

USA

EMEA

- ● ● ● APEM SAS (France)
- ● ● ● APEM Components Ltd (UK)
- ● APEM Italia Srl (Italy)
- ● APEM GmbH (Germany)
- ● APEM AB (Sweden)
- ● APEM Benelux (Belgium)
- ● ● MEC Aps (Denmark)
- ● SACEMA (Tunisia)
- ● SAMELEC (Tunisia)

Sweden
Denmark
U.K.
Belgium
Germany
France
Italy
Tunisia

Greater China

- ● IDEC (SHANGHAI) CORPORATION
- ● IDEC TAIWAN CORPORATION
- ● IDEC IZUMI (H.K.I) CO., LTD.
- ● IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION
- ● IDEC IZUMI SUZHOU CO., LTD.
- ● IDEC IZUMI TAIWAN CORPORATION

Japan
Shanghai
Hong Kong
Taiwan
India
Thailand
Singapore

Asia Pacific

- ● IDEC IZUMI ASIA PTE LTD. (Singapore)
- ● IDEC CONTROLS INDIA PRIVATE LIMITED (India)
- ● ● IDEC ASIA (THAILAND) CO., LTD. (Thailand)

History

The history of the IDEC Group begins in Osaka in 1945, with its founding as Izumi Shokai, initially manufacturing and selling electrical appliances. The name Izumi (written in Japanese KANJI meaning "harmony" and "spring") expresses the wish to become a company that continues to grow, by gathering the strengths of people in harmony, and constantly generating fantastic ideas like never-ending welling up spring water.
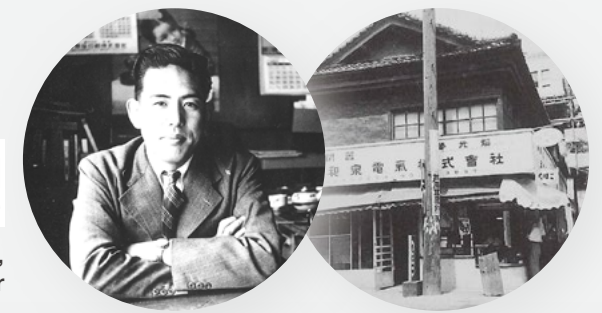
Tsuneo Funaki, Founder

1. SB metallic switch box (Safety box)
2. Factory at the time of founding
3. Manufacturing site at the time

4. First overseas manufacturing site established in Taiwan
5. IDEC CORPORATION (USA)
6. Hannover Messe in Germany, where Izumi exhibited

7. A robot control cell production system at Takino factory
8. Suzhou factory established in China
9. IDEC Beyond Forum, held to commemorate IDEC's 60th anniversary in Japan

10. IDEC head office (Japan)
11. APEM head office (France)
12. ez-Wheel offices (France)

1950-

Contribute to Japanese manufacturing while responding to the changing times based on our "Safety DNA"

Recognizing the lack of various types of switch boxes that were essential for machinery and equipment, the company developed high-quality switch boxes in 1950.

These switch boxes adopted a dual interlock mechanism to protect workers from the risk of electric shock by ensuring that the power cannot be switched on unless the lid is closed, and that the lid cannot be opened while the power is on. These long-selling switch boxes, along with our explosion protection products widely used in petrochemical complexes, helped boost Japan's post-war reconstruction efforts.

1960-

Contribute to automation and mechanization as a comprehensive control device manufacturer

In response to growing demand for measurement and control technologies, IDEC supported Japan's economic development as a comprehensive control device manufacturer.

From the 1970s onward, the company proactively pursued global expansion, establishing manufacturing and sales sites both in Japan and overseas. In the 1980s, IDEC released the first control unit to comply with the IEC standard, and it became a big hit that continues to sell well to this day.

The company's business continued to expand, and in 1982 it was listed on the stock exchange.

1990-

Create the "Optimum environment for humans and machines"

In manufacturing, environments in which humans and machines coexist became the norm. In response to this, IDEC developed the first interlock switches and enabling switches in Japan to meet the needs of safety and productivity-conscious facilities. In addition, we implemented automation and labor-saving at its main factories.

In 2005, IDEC celebrated its 60th anniversary, and changed its name to IDEC to better reflect its global orientation.

2010-

Expand the global business

IDEC is now expanding its global business through M&A and partnerships both in Japan and overseas, such as the acquisition of APEM in 2017 and ez-Wheel in 2023.

Going forward, we will work to propose products and solutions that will help to solve social issues, and will continue transforming to reborn as a "New IDEC" and challenging to attain sustainable growth.

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Section — 02.

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Chairman and CEO
Toshi K. Funaki

Accelerating structural reforms to become a truly global company and to be reborn as "New IDEC."

80 years since our founding, we still carry forward our founder's spirit of creative imagination and drive to succeed

November 2025 will be 80 years since the founding of Izumi Shokai, the predecessor of the IDEC Group. As we prepare to mark this milestone, I would like to take a brief look back at our Group's history.

After my father, the company's founder, graduated from university, he worked for a major Japanese electronics manufacturer. During the Second World War, he trained as a candidate for military leadership and became the commanding officer of an anti-aircraft artillery unit, leading roughly 250 troops. His final stationing was in Hiroshima. Air raid sirens had been blaring all night. At 8:15 am on August 6th, when he was finally able to let his troops rest, the atomic bomb was dropped on Hiroshima. He was blown out from the second floor of a building near the epicenter of the blast, and thrown outside in an instant. But even though houses had collapsed around him, my father survived without serious injuries. As soon as he regained consciousness, he ran to where his troops were gathered and managed to rescue over 200 people from the rubble. Luck was surely on his side that day.

Soon after the war, my father returned to his home city of Osaka and started a retail and wholesale business selling electrical appliances. At the time, metals and heating

appliances had been taken by the military, so in order to start his business, he devised a simple heater with a nichrome wire to provide warmth during the harsh winter. Placed inside a traditional brazier, it was used to create an electric heater—which sold very well, enabling my father to generate some working capital.

The Company was eventually incorporated (as Izumi Denki Co., Ltd.) two years after being initially founded. In 1950, the Company's first major hit product was a switch box which they had developed in-house. As Japan's economy gradually recovered, many factories lacked the switch boxes necessary for their electrical power supply. Many switch boxes that were available at the time were of poor quality, but many required safer and higher quality products. As a result, my father traveled to factories in nearby cities such as Kyoto, Himeji, and Kobe, collecting parts in a handcart. He then began the development and production of switch boxes with his brothers, who were also involved in managing the Company. The switch box, which utilized an opening and closing mechanism to keep

Control switches released in 1958

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workers safe, was highly evaluated in the industrial world. It became the basis of IDEC's safety DNA, which exists to this day. In 1958, the Company began manufacturing and selling industrial control switches, which have become a mainstay in our product lineup, and helped to lay the foundations for the IDEC of today.

I believe that the reason our company has continued to thrive and expand globally to this day is because we have inherited the founder's spirit of creativity and drive. The company has remained committed to building a safer society, developing a wide variety of products.

Full-scale overseas expansion that started from humble beginnings in an American garage

That was the father I grew up watching. During Japan's post-war period of rapid economic growth, chemical factories and oil plants were being built one after another. Explosion protection equipment—which our company had plenty of experience with—was indispensable at these facilities to prevent fires and explosions. By the time I reached the upper grades of elementary school, after finishing my homework, I would often pick out parts to help make these explosion protection equipment. Looking back on it, that was my first "job."

IDEC USA started out in a small garage

After I graduated from university in 1972, I moved to the USA and started working at a joint venture that Izumi Denki had established with a local company. In 1975, we established IDEC CORPORATION (USA) in California as our first overseas sales company. The Company started out in a small garage, similarly to Apple and Google. In the beginning, there were only a few employees, so we did everything—from sales, product assembly to general affairs, including payroll calculations, accounting, and cleaning. The fact that I experienced the hardships of starting and managing a business—the same way my father did—is my greatest source of confidence to this day. I believe that the global mindset I developed over 50 years of living and working in the USA formed the basis of the modern IDEC Group.

Having a "Global mindset" is essential to become a corporate group with over 100 years of history

The business environment has changed dramatically since our founding. Currently, nearly 70% of the Group's core product sales come from regions outside of Japan, and will likely continue to increase in the future. For this reason, the Group is implementing various structural reforms, with "globalization" at the heart of our business strategy. In FY2026, we are making major changes to our management structure to create a global matrix management organization. This will enable us to assign the right personnel to the right positions, regardless of their region or location. However, I feel that we are still only halfway through our journey to becoming a truly global company.

To achieve this—to become truly global—we must drastically widen our view, optimizing our business operations from a global perspective, and on a consolidated basis, rather than optimizing individual regions. For example, subtleties in product preferences, uses and needs are different in each country and region. We must reflect these varying needs from the planning and design stages, and we must change not only our

management structure, but also the way individual employees think and work.

This shift to a global mindset is crucial to the IDEC Group's future business expansion and development. Going forward, we will accelerate our organizational management and employee mindset reforms to become a truly global company with the aim to become a corporate group that will last for over 100 years.

"Thinking outside the box" is critical to realizing a "New IDEC"

The IDEC Group has developed many products that are considered as "industry first" or "the world's first" and have become top sellers in markets. This drive to stay ahead of the competition has likely been in the Company's DNA since its founding. Of course, trial and error plays a part, and some products were too far ahead of their time. However, our three-position enabling switch is used by robot manufacturers around the world and has a global market share of over 90%. We believe that this high market share is a testament to the reliability of our group and our advanced technological capabilities to innovate.

All of that said, for the Company to be reborn as a "New

IDEC," I believe we need to think in ways that are not tied to the past, and think outside of the box even as we continue to make use of trust and strengths we have built up over the years.

We live in a world where anyone with a 3D printer can create things. This is no longer an era where you can succeed based on technical prowess alone, as was the case during Japan's period of rapid economic growth. In addition, Japan continues to change, with a progressively declining birthrate and aging population, and with talented young people seeking opportunities overseas.

IDEC's business model resolved around selling large quantities of standard products. If we are only looking at this shrinking market, we will be unable to achieve sustainable growth. I believe population will drive the economy in the future. In addition to strengthening our business in Europe and the USA, where we already have solid business foundations, we need to consider how we can accelerate growth in India and other areas where we can expect sales to expand. We need to move forward with investments that will provide greater returns and pursue M&As and/or other collaborative partnerships.

At the same time, we are shifting to a business structure that helps us provide solutions more closely

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aligned with customer needs. IDEC has previously sold products and services through distributors. However, as a result of this indirect approach we lost sight of our customer base and their understanding. If we can develop products based on a full understanding of our customer needs and the issues they are struggling with, then we can prevent pointless mistakes during design and production. If the product or solution is something that only we can provide, then we will not get caught up in price wars with the competition. This should also offer opportunities to enhance the Group's technological capabilities.

To make our customers' voices a new source of strength alongside those capabilities, we will establish technology and development bases in the USA, Japan and France. By leveraging the Group's knowledge and technologies, we will build an organizational structure that enables us to develop products tailored to our customer needs while also improving product quality. With this new structure, we will expand our business beyond the existing customer base to new areas, and demonstrate our industry/market presence by offering new value.

Optimizing strategies with a global mindset and maximizing synergy as "One IDEC"

The Nominating Committee is currently selecting the next generation of management personnel, and we are carrying out training programs for the selected candidates. To create a "New IDEC," it is important that we develop as many human resources as possible, who can play an active role globally. Even if our head office remains located in Japan, I do not believe it is necessary for Japan to be at the heart of the strategies we form. A group with a global mindset can analyze all global markets, including Japan, incorporates its findings into the market strategy for each country and region, and liaises with local leadership to formulate region-specific business strategies.

In this way, I see "One IDEC" as an organization that uses a global mindset to optimize shared and local strategies, and brings the strengths of the whole IDEC Group together to maximize synergy. We are in the process of creating an organization based on this concept.

We started the global restructuring of our businesses and locations several years ago. In April 2025, we merged

two of our subsidiaries in the USA (IDEC and APEM) and we intend to continuously advance reforms. In addition, by establishing technology and development sites in the USA, Japan and France, all three locations will have access to both IDEC and APEM technologies. We will use the combined capabilities of both companies to carry out product development in line with local needs. We are also using the "One IDEC" concept as the framework for our internal systems and human resources.

Expecting our employees to provide value that exceeds customer expectations

I want our employees to optimize their thinking, guiding our customers to success while also considering costs. I want them to constantly consider how our customers can succeed, what our customers want, and what they will want after that; and to continue providing value that exceeds customer expectations.

I would even go as far as to say that it is okay for employees to leave the IDEC Group after acquiring English language skills, marketing, sales, and technology-related skills and accumulating a wide range of experiences. I also want them to feel that they can return to our Group at any time, after further developing their careers elsewhere. This is a common way of thinking among overseas companies, but may seem like a gap to many Japanese companies. We have many employees in our company who have done so successfully.

The characteristics of the IDEC Group's human resources are also changing. In the past, I had the impression that many employees took the same straightforward approach to their work. As times have changed, we have faced an increasing need to handle things with a greater sense of urgency. As a result, we have spent the past few years proactively engaging in mid-career recruitment across our global bases, and we now have more people with diverse personalities. I think that bringing together people with a variety of experiences and backgrounds results in greater idea generation and more

flexibility. I expect that their experiences will be useful when making important business decisions.

Aiming to achieve sustainable growth by maximizing the power of "our People"

Izumi Denki was established two years after the initial founding of Izumi Shokai. I was born that same year, so I can literally say that I have grown up alongside the Company. If I start counting from when I was assembling parts in elementary school, it has already been 67 years since I started working at the Company. There is no one else in the company who has been involved with IDEC for this long. Our 80th anniversary is only a milestone on the way to reaching over 100 years of business, but it is also a year of major changes on our road to that goal. I feel that my role is to lead the Company and Group into the next generation.

Organizations are expected to take measures to protect the global environment, but we will take a much wider view and actively pursue as many options as we can. This includes using environmentally friendly materials in our products. We will also create a workplace where everyone, including employees with disabilities, can work comfortably. This is my responsibility.

In our new medium-term management plan starting from FY2026, we have established a new global matrix management organization and drawn up a roadmap for achieving future business growth. We will communicate this progress globally via our Company intranet and emails, so that leaders of each region and global function clearly understand their goals.

A company's strength is "its People." If each and every employee is able to achieve their fullest potential while moving in the same direction, then the Company will continue to develop and achieve a level of growth that all stakeholders are satisfied with. The IDEC Group will continue to focus on both global recruitment and human resource development, to create a working environment where diverse talent can thrive. I hope that you will join me in looking forward to our future growth and success.

Value Creation Process

Vision 2030 | By providing products and services that integrate safety and HMI, IDEC will lead HMI-X [Transformation] and contribute to the realization of well-being for our diverse stakeholders.

External Environment

- Carbon Neutrality
- Acceleration of Digitalization
- Demographic Changes
- Diversification of Lifestyles and Values
- Rising Awareness of Safety, ANSHIN, and Well-being

Input

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- Financial Capital
- Manufacturing Capital
- Intellectual Capital
- Human Capital
- Social Relationship Capital
- Natural Capital

Material Issues

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- Productivity Improvement
- Safety, ANSHIN, and Well-being
- Climate Change
- Business Foundation

Business Model

Business activity

- Planning
- Development
- Manufacturing
- Sales
- Support

Purpose — Create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world.
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The IDEC Way
Vision • Mission • Core Values

Governance
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Output

- **HMI (Human-Machine Interface)** — P28 >
- **Safety & Explosion Protection** — P29 >
- **Industrial Relays & Components** — P30 >
- **Automation & Sensing** — P31 >
- **Systems**

Outcome

Value Created (FY2025)

Financial Capital — P21 >
- Net sales 67.4 billion yen
- Operating profit margin 5.4%
- ROE 2.8%

Intellectual Capital — P48 >
- Participation in development of international standards cumulative shipments of enabling devices
  Approx. 7.4 million units

Human Capital — P40 >
- Female manager ratio (consolidated)
  21.1%

Natural Capital — P35 >
- Cumulative ratio of enhanced eco-friendly to total new products (Cumulative total since FY2020)
  66.7%

Value Offered to Stakeholders

P15 >

Employees
Positive workplace environment and training programs that enable diverse personnel to demonstrate and improve their capabilities

Customers
Products and solutions that achieve safety, ANSHIN, and well-being

Shareholders and investors
Sustainable growth to ensure enhanced corporate value and stable returns

Business partners
Fulfillment of our social responsibility throughout the value chain

The Six Types of Capital

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Financial Capital
P21 >

The foundation for sustainable growth

Operating cash flows **Equity-to-asset ratio**

11.2 billion yen   **58.9** %

We use the cash generated through our business activities for capital investment in equipment and facilities, research and development, investment in human resources, and shareholder returns—all with the aim of achieving sustainable growth.

Manufacturing Capital
P20 >

Further improvement of added value

Capital expenditures   **Manufacturing sites**

10.8 billion yen **100** **18** sites   Japan: 8 sites/ Overseas: 10 sites

We also drive improvements in quality, production efficiency, and automation by planning and developing production equipment within our Manufacturing Technology Department. This enables us to provide highly reliable, high-quality products globally.

Intellectual Capital
P48 >

Active participation in international standardization activities

R&D expense   **Number of employees holding safety qualifications**

2.9 billion yen   **706** employees[1]

In addition to activities for the development of international standards, we also engage in human resources development to enable us to provide safe manufacturing and consulting services in accordance with international safety standards.

Human Capital
P40 >

New ideas created from the diversity in human resources

Number of employees   **Overseas employee ratio**

2,937   **70.1** %

In keeping with the "Management with respect for humanity" principle, we are working to foster a corporate culture where employees with diverse personalities and values can fully demonstrate their abilities.

Social Relationship Capital
P15 >

Development of strong partnerships

Sales sites   **Distributors**

28 sites   **591** companies

Japan: 3 sites/ Overseas: 25 site   Japan: 79 companies/ Overseas: 512 companies

All over the world, we are building relationships through which we will continue to develop and grow alongside a wide range of stakeholders.

Natural Capital
P35 >

Realize a sustainable society

Reduction ratio of CO_2 emissions[2]   **Ratio of enhanced eco-friendly products to total new products[3]**

28.4 %   **66.7** %

The IDEC Group's Environmental Policy is to make the conservation of the global environment a top priority in all aspects of its business activities, and to pass on a sustainable society to future generations.

(FY2025 results)   [1] Number of employees with Safety Assessor, Safety Basic Assessor, Robot Safety Assessor, or Safety Officer qualifications
[2] Scope1&2, vs. FY2020
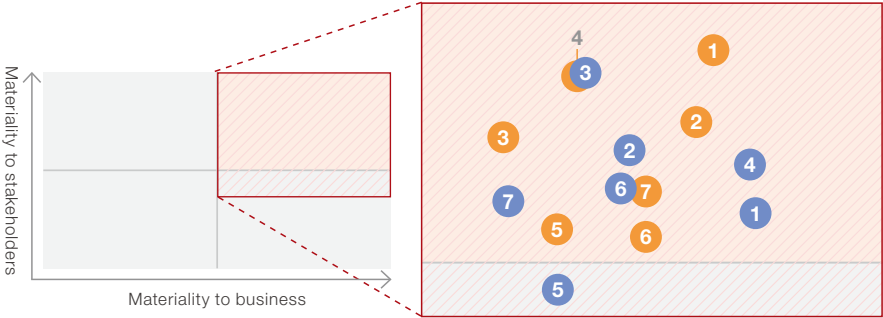[3] Cumulative total since FY2020

Materiality

When formulating its long-term vision for 2050 and interim vision for 2030, IDEC also reviewed material issues, incorporating enhancement of its human capital and governance under the heading "business foundation." In 2024, IDEC again reviewed some of its material issues in light of the external environment and other factors. In addition to adding respect for human rights, we also changed our vision for 2030.

Process to select material issues

Conduct reviews as appropriate in response to changes in society and the business environment.

Identifying issues	Analyzing and creating drafts	Evaluating materiality	Confirming validity
• Engage in dialogue with stakeholders and assess trends in societal issues. • Understand international frameworks/guidelines and the criteria used by ESG rating agencies.	• Organize and reassess issues at relevant departments. • Ensure consistency with our long-term vision and the medium-term management plan.	• Organize priorities by opportunity and risk themes.	• Obtain approval from the Board of Directors following confirmation by the Top Management Meeting.

Identifying issues and evaluating materiality

Looking ahead to 2030, we evaluated various societal issues from the perspectives of opportunity and risk and mapped them on the twin axes of materiality to stakeholders and materiality to the IDEC Group. The themes that are especially significant for realization of a sustainable society in the context of our four material issues are as follows.

Materiality to stakeholders / Materiality to business

Material issues	Productivity Improvement	Safety, ANSHIN, and Well-being	Climate Change	Business Foundation
Opportunities	① Improvement in customers' productivity and efficiency by providing control technology and products ② Improvement in customers' productivity and efficiency by providing solutions	③ Creation of safe and healthy working environment by providing control and safety-related products and various systems ④ Reduction in labor accidents by providing safety-related products	⑤ Reduction of environmental impact and strengthening of competitiveness through promotion of development of eco-friendly products	⑥ Creation of a work environment that gives people a sense of purpose and promotion of the digital transformation to increase labor productivity, secure outstanding talent, and gain new business opportunities ⑦ Recruitment of people with diverse values and training and development of human resources to create innovation and strengthen competitiveness
Risks	① Decline in competitiveness due to lack of response to technological innovation, environmental changes, and customer needs ② Decline in customer satisfaction due to quality and delivery time problems	③ Personal and social hazards resulting from accidents related to products and services ④ Fraud and falsification of inspections, standards certifications, and permits	⑤ Cost and supply instability due to soaring energy prices and shortage of raw materials	⑥ Insufficient investment in human capital and a deficient working environment, reducing labor productivity and impeding employee retention ⑦ Decline in employee engagement and social credibility due to inaction of human rights issues or violations of legislation or standards

Material issues	Productivity Improvement Improvement of productivity using control technology	Safety, ANSHIN, and Well-being Pursuit and realization of safety, ANSHIN, and well-being	Climate Change Response to climate change	Business Foundation Establishment of a management structure that promotes value creation, respect for human rights, and development of a corporate culture and human resources
Vision for 2030	• Contribute to improving the productivity and efficiency of our customers and society around the world by providing the IDEC Group's long-cultivated control technology, products, and system solutions.	• Realize the optimum environment for both humans and machines to resolve societal issues to create safe and comfortable environment and achieve healthy, happy, and vigorous lives. • Improve safety, productivity, and well-being through technology development, human resource development, management, and rulemaking.	• Contribute to reduction of the environmental impact of customers and society through the use of the IDEC Group's technologies and products. • Reduce CO_2 emissions through the in-house use of renewable energy. • Environmental disclosure and collaborative engagement with stakeholders.	• Ensure a thorough understanding of "The IDEC Way" and stimulate the company by creating an attractive work environment that gives employees a sense of purpose. • Strengthen human capital to cultivate employees who will be able to create new value and innovate. • Conduct business with the highest ethical standards, respect human rights both at our company and in the value chain, and further strengthen corporate governance and compliance.
Related SDGs	8 DECENT WORK AND ECONOMIC GROWTH / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	3 GOOD HEALTH AND WELL-BEING / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE / 11 SUSTAINABLE CITIES AND COMMUNITIES	7 AFFORDABLE AND CLEAN ENERGY / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 13 CLIMATE ACTION / 17 PARTNERSHIPS FOR THE GOALS	4 QUALITY EDUCATION / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES

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Stakeholder Engagement

Basic approach

The IDEC Group places great value on engagement with a wide range of stakeholders in order to conduct business in accordance with the changing needs of society. Through information dissemination and direct engagement, we aim to deepen understanding of the IDEC Group among stakeholders, reflect their opinions and expectations in management, and utilize this to boost our competitiveness. From this point forward, while working together with our stakeholders to address social issues and generate additional value, we aspire to achieve sustainable growth as a company and establish solid management foundation.

		Engagement methods	Major activities	Outcomes
	Employees	• Engagement survey • Mental healthcare survey • Messages from management • Human resource development programs • Internal reporting system, in-house consultation liaison • Global awards program	• Managing physical and mental health through our in-house corporate clinic in head office • Surveys of career aspirations and career development support through self-reporting • Improving understanding of diversity and ethical awareness and cultivating skills through job-level-based training, LGBTQ+ training, human rights and compliance training, etc. • Senior staff training to promote empowerment of women, career seminars for female employees • Training program for next-generation executive candidates	• Corporate culture that encourages employees to embrace the challenge • Positive workplace environment and training programs that enable diverse personnel to demonstrate and improve their capabilities
	Customers	• Customer support center • Sales activities and webseminars • Website and social media • Exhibitions	• Response to customer inquiries • Feedback within the company regarding opinions and requests relating to products and services • Information dissemination through the website and social media • On-site and online exhibitions	• System to integrate customer's needs into product development • Products and solutions that achieve safety, ANSHIN, and well-being
	Shareholders/ investors	• Annual General Meeting of Shareholders • Publication of IR materials • Financial results briefings • Meetings with investors	• Regular (Annual) General Meetings of Shareholders, both on-site and via online streaming • Early disclosure and enhancement of information of financial statements, Integrated Reports, Shareholder Newsletter, etc. • Financial results briefings, briefings for individual investors, etc. Promotion of highly clear IR activities through online streaming • Individual interviews and small meetings with domestic and overseas investors • Discussion forums between securities analysts and outside directors	• Feedback obtained through IR activities to management, and reflection in management • Sustainable growth to ensure enhanced corporate value and stable returns • Timely disclosure and communication of appropriate information
	Business partners	• CSR self-assessments for suppliers • Supplier site visits • Publication of Supplier Newsletters • Distributor briefings and visits	• Sharing of IDEC Group CSR Procurement Guidelines • CSR visits and assessments for suppliers and improvement guidance • Information sharing with suppliers • Online briefings for distributors • Distributor visits • Setting up partner hotline	• Fulfillment of our social responsibility throughout the value chain • Partnership based on fair trade and trust
	Global and local communities	• Reduction of environmental impact and conservation of the natural environment • Dialogue with NGOs and NPOs • Dialogue with local governments	• Management for reductions in CO_2 emissions and waste, etc. • Strengthening communication with local communities at each business location and promoting biodiversity • Dispatching instructors to local schools to conduct visiting lectures • Support activities in collaboration with local social contribution organizations	• Reduction of environmental impact in business activities • Contribution to resolution of social issues through business and CSR activities
	Government agencies/ industry groups	• Collaboration with international organizations, government agencies, and educational institutions • Participation in industry groups and initiatives	• Joint research with educational and research institutions • Presentations at international forums, international academic conferences, technical committee meetings, etc. • Promotion of activities at various industry groups	• Improvement of our corporate value through constructive dialogue

Sustainability Management

Basic Sustainability Policy

The IDEC Group has adopted the IDEC Group Code of Conduct, the CSR Charter, and the Ten Principles of the United Nations Global Compact as important guidelines based on "The IDEC Way."

The United Nations Global Compact is an international initiative that aims to create a sustainable society by encouraging companies and organizations to demonstrate responsible and creative leadership based on ten principles in the four areas of Human Rights, Labour, Environment and Anti-Corruption. The IDEC Group joined the Global Compact in 2009 and supports the ten principles.

WE SUPPORT
UN GLOBAL COMPACT

More information is available here.
https://us.idec.com/sustainability/policy

Commitment to sustainability

Guided by the CSR Committee established in 2018 (renamed to the Sustainability Committee in 2024), we have been working to focus on social issues through our business activities. Specifically, we have been pursuing improvements in safety, health, and well-being of all people inside and outside of the company through our support and registration with the Vision Zero campaign led by the International Social Security Association (ISSA) under the International Labour Organization (ILO). We are also working to address global environmental issues such as climate change and anticipating future needs by identifying risks and opportunities.
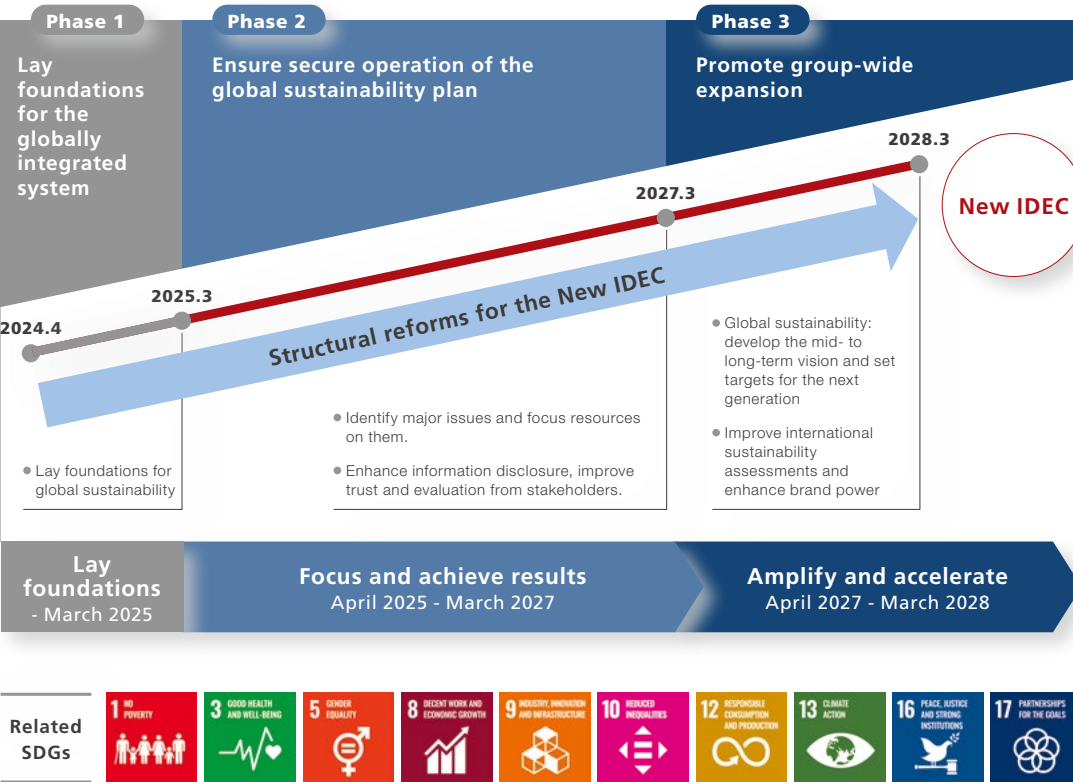
Implementation structure

We established the Sustainability Committee, chaired by the CEO. And comprised of directors and executive officers including outside directors as members, to develop the IDEC Group's action policies. We have also established five specialized committees in the key areas of Environment, Social, Governance (ESG) plus two areas of our strengths, Safety and Quality; together referred to as "ESG+Sa+Q." Each of these specialized committees is chaired by an executive officer and consists of members with specialist knowledge and experience. The Sustainability Committee meets twice a year. Important matters discussed by the committee are reported to and supervised by the Top Management Meeting and the Board of Directors.

Departmental managers (Sustainability Leaders) thoroughly communicate matters discussed and approved by the Sustainability Committee and their implementation to each employee at the Workplace Training Sessions.

Board of Directors

Top Management Meeting

Sustainability Committee
Chairperson: CEO / Committee members: Senior Executive Vice President, Management Director and Executive Officers

E Environment	S Social	G Governance	Sa Safety	Q Quality
Environmental Strategy Committee	Social Contribution Committee	Risk Management Committee	Safety Promotion Committee	Quality Management Committee

Sustainability Workplace Training

Sustainability Leaders (department general managers)

Promote each employee's understanding of sustainability

New sustainability plan (FY2026-2028)

To respond to the rapid changes in the international community and increasingly diverse social issues, and achieve both enhanced competitiveness and fulfillment of social responsibility, the IDEC Group has formulated "New Sustainability Plan" for the period from FY2026 through FY2028, based on the global integration system established in FY2025. This plan is linked to the structural reforms and the medium-term management plan for FY2025 onwards, which aim to formulate a "New IDEC" for the coming era. Each of the specialized committees will set specific goals in line with this plan and apply leadership in the areas of Environment, Social, Governance , Safety and Quality.

Phase 1
Lay foundations for the globally integrated system

Phase 2
Ensure secure operation of the global sustainability plan

Phase 3
Promote group-wide expansion

2024.4 — 2025.3 — 2027.3 — 2028.3

New IDEC

Structural reforms for the New IDEC

- Lay foundations for global sustainability
- Identify major issues and focus resources on them.
- Enhance information disclosure, improve trust and evaluation from stakeholders.
- Global sustainability: develop the mid- to long-term vision and set targets for the next generation
- Improve international sustainability assessments and enhance brand power

Lay foundations - March 2025

Focus and achieve results April 2025 - March 2027

Amplify and accelerate April 2027 - March 2028

Related SDGs

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HMI-X [Transformation]

Review of the Previous Medium-Term Management Plan (FY2023-2025)

The IDEC Group announced its previous medium-term management plan in May 2022.

As part of the previous medium-term management plan, we launched HMI-X (Human-Machine Interface Transformation) as a new concept, and worked on promoting growth strategies, improving profitability, and enhancing our business foundation as core strategy elements. However, disruptions to the global supply chain in the wake of the COVID-19 pandemic and rapid changes in market trends led to increase in distribution and in-house inventories, resulting in two consecutive years poor performance in FY2024 and FY2025.

Despite continued challenges, we positioned FY2025 as a year to solidify our foundations in order to make new breakthroughs, and focused on three strategies for business structure and foundation reforms.

Structural reforms included restructuring businesses and sites to achieve global optimization, establishment of globally unified processes and systems such as the Supply Chain Planning (SCP) system, personnel optimizations through expansion of the Second Career support system (Japan), and recruitment and training of human resources to support a "New IDEC."

New Medium-Term Management Plan (FY2026–2028)

Under the new medium-term management plan for the three years starting from FY2026, we will pursue initiatives to be reborn as a truly global company—a "New IDEC"—by shifting to a customer-centric business structure and improving our ability to respond to market changes.

Our basic policies to achieve our goals are listed below. By driving structural reforms, we will work to improve profitability and capital efficiency and to achieve net sales of at least 77 billion yen, an operating profit margin of at least 13%, and ROIC of at least 7% in FY2028.

	Main initiatives	Issues
Growth Strategies	• Enhanced functional safety and solution proposal capabilities through acquisition of ez-Wheel • Introduced new products to realize HMI-X, with a focus on safety and HMIs • Expanded business in India, promoted localized development in China, consolidated USA entities	• Strengthened the technology and solution-based sales • Promoted further development through M&A and partnerships • Expanded business in focused areas
Improvements to Profitability	• Established global manufacturing systems and reorganized manufacturing sites • Established a global purchasing organization and begun implementation of Global SCP system • Restructured non-core businesses by taking over the fine bubble business and divesting out of the solar power generation business	• Optimization of global manufacturing sites • Promoted cost reductions through centralized purchasing, shortened lead times through establishment of SCP operations, and optimized inventories • Reviewed unprofitable products, consolidated products and parts
Enhancements to Business Foundation	• Established a global leadership organization • Begun consolidation of manufacturing sites in Japan (Kyoto, Kiba Office), and optimization of production personnel • Expanded investments in human capital, including strengthening language education programs in preparation for globalization and next-generation executive training programs • Enhancements to sustainability initiatives	• Promoted diversity, including respect for human rights, and made improvements to regulations and the work environment • Enhanced organizational management systems with a view to further globalization • Visualized human resources through global talent management • Expanded sustainability initiatives

IDEC's Vision

By providing products and services that combine safety and HMIs, IDEC will lead HMI-X [Transformation] and contribute to the realization of well-being for our diverse stakeholders.

New IDEC	Shift to a customer-centric business structure and enhance responsiveness to market changes
Customer-Centric Business Structure	Establish global structure to respond to customer needs Expand the solutions business to address customer challenges
Realizing One IDEC	Optimize global sites and businesses Establish a SCM system that utilizes digital technology for customer satisfaction and efficiency Establish systems that reinforce the "One IDEC" concept
FY2028 Targets	Net sales: **77** billion yen or more Operating profit margin: **13**% or more ROIC: **7**% or more

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Director Interview

| Managing Director
Takao Funaki

① Organizational reform: a global matrix management structure to strengthen global business steering and to meet regional customer needs

Up to now, when changes in market conditions have negatively affected company performance, we have been able to recover by implementing various structural reforms. However, moving forward, the IDEC Group as a whole is laying the foundations for an infrastructure that will ensure high profitability even when market conditions change.

From April 2025, the IDEC Group as an organization has been drastically revised into a global matrix management organizational structure with regional and business/ functional axes. Until now, each Group company has had its own functional organization, with a product-focused business model based on Japan-centric functions. Going forward, we will change this to a customer-centric, market-oriented model by appointing a leader responsible for each region, Global business units and functions, making responsibility for business plans clearer, and aligning our global and regional business strategies.

As the IDEC and APEM brands target different markets, we have created virtual business units (BUs). We have also advanced the globalization of head office functions, so that

global leadership can now be carried out from any country.

By changing to a business management structure with two axes—business and global functions—for each region, we will create a system that enables faster decision-making, from strategy planning to execution and steering. This new organizational structure will not only allow us to adapt to regional market trends even more effectively, but also to ensure that our business units and global functions work closely together to drive innovation and operational excellence.

In addition, by making responsibility for regions and business functions clearer, we will accelerate decision-making and create a more synergistic approach to our execution of global strategies.
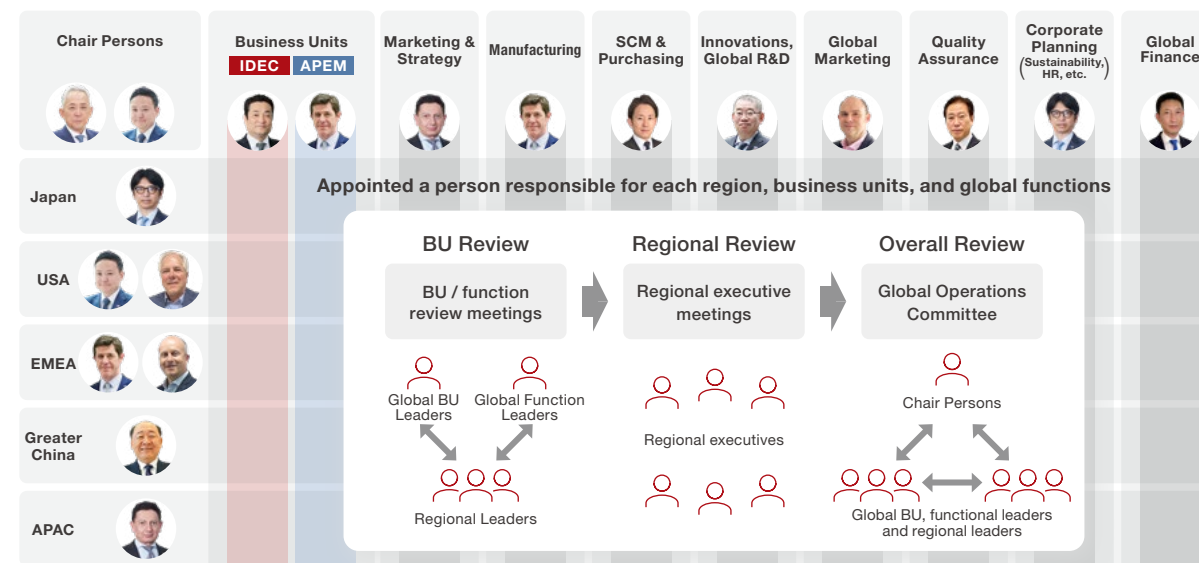
As for how this new structure works, we will carry out monthly BU reviews attended by BU and regional leaders, followed by Global functional review attended by global functional leaders and regional leaders. We will then conduct regional executive meetings attended by executive team managing the Group companies in each area. Based on the outcomes of these meetings, the Global Operations Committee (GOC), which is composed of the leaders of each region, business units, and functions, will carry out an overall review. At GOC meetings, global members will review and discuss any course corrections needed in order to achieve our plans for the financial year and the medium-term management plan.

This organizational evolution will strengthen the IDEC Group's competitiveness, efficiency, and global leadership, create a more integrated and responsive business framework, and accelerate our efforts to realize a "New IDEC".

An IDEC BU meeting

Global Matrix Management Structure

Chair Persons	Business Units IDEC / APEM	Marketing & Strategy	Manufacturing	SCM & Purchasing	Innovations, Global R&D	Global Marketing	Quality Assurance	Corporate Planning (Sustainability, HR, etc.)	Global Finance
Japan									
USA									
EMEA									
Greater China									
APAC									

Appointed a person responsible for each region, business units, and global functions

BU Review
BU / function review meetings
Global BU Leaders — Global Function Leaders
Regional Leaders

Regional Review
Regional executive meetings
Regional executives

Overall Review
Global Operations Committee
Chair Persons
Global BU, functional leaders and regional leaders

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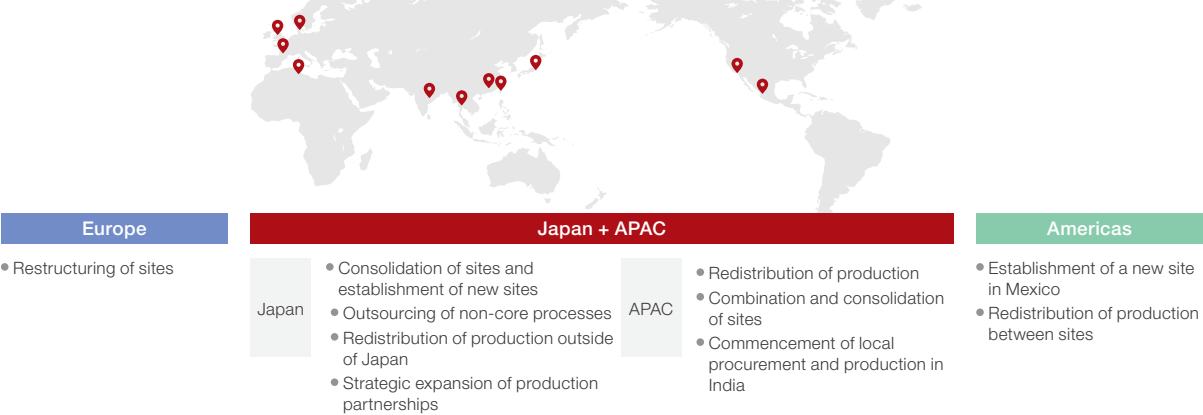**②** **Driving global optimization of our sites and businesses**

Since the previous medium-term management plan was announced, we have begun to optimize our businesses and sites. We will continue to make reforms to enhance global optimization under our new medium-term management plan.

As part of the transition to a global matrix management structure, we will also move R&D, and manufacturing to a regionalized structure aimed to enhance our ability to cater to regional differences.
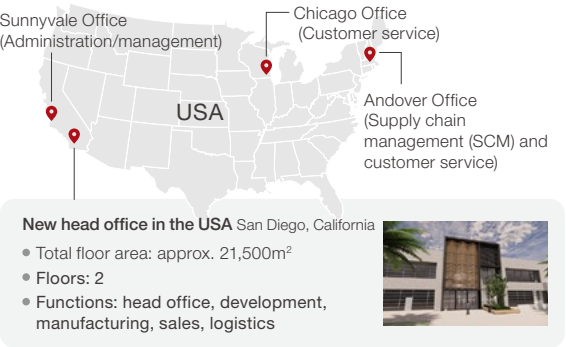
We will further strengthen the cross-regional marketing structure with teams from various regions and with various backgrounds, so that we can grasp global customer needs in a timely way. In terms of our development structure, we will enhance our regional R&D capabilities by strengthening our R&D organization in Japan, US, and France. We will make regional competences clearer while allocate resources accordingly, and standardize development processes throughout the Group.

	Europe	Japan + APAC	Americas
Development system	HMI Indicators Keypads Joysticks	HMI & Safety Automation Wireless & Sensing	Joysticks
	Common Technology Resource Pool		

Global Optimization Through Restructuring of Manufacturing Sites

Europe	Japan + APAC			Americas
• Restructuring of sites	Japan	• Consolidation of sites and establishment of new sites • Outsourcing of non-core processes • Redistribution of production outside of Japan • Strategic expansion of production partnerships	APAC: • Redistribution of production • Combination and consolidation of sites • Commencement of local procurement and production in India	• Establishment of a new site in Mexico • Redistribution of production between sites

Regarding restructuring of our business sites, we combined our IDEC and APEM sites in the US in April 2025, and a new headquarters is being built in San Diego, California. Up to now, we have not carried out local development or production of IDEC brand products. Going forward, our organizational structure is designed to drive planning, development, and production based on local needs. We will also establish a new assembling facility in Mexico to further strengthen our North American business.

Sunnyvale Office (Administration/management)
Chicago Office (Customer service)
USA
Andover Office (Supply chain management (SCM) and customer service)

New head office in the USA San Diego, California
- Total floor area: approx. 21,500m²
- Floors: 2
- Functions: head office, development, manufacturing, sales, logistics

In Japan, and Asia, we will combine and consolidate multiple manufacturing sites, establish new sites, and redistribute production. By restructuring our global sites and making even greater use of outsourcing, we will improve our production efficiency and profitability and shorten lead times.

In FY2025, as part of a business portfolio review based on 'selection' and 'concentration' conducted from a business perspective, we restructured non-core businesses that were previously classed as 'Other' in our sales figures. We transferred the fine bubble business (including microbubble generation systems) to IFB Technologies Inc., due to difficulties in making the business profitable and a lack of synergy with the Group's main businesses. We also transferred all shares of IDEC Systems & Controls Corporation—a Group company in the solar power generation-related business—to Tokyo Gas Engineering Solutions Corporation.

Under the new medium-term management plan, we will achieve sustainable business growth by moving forward with 'selection' and 'concentration' of our mainstay control devices business, and by developing products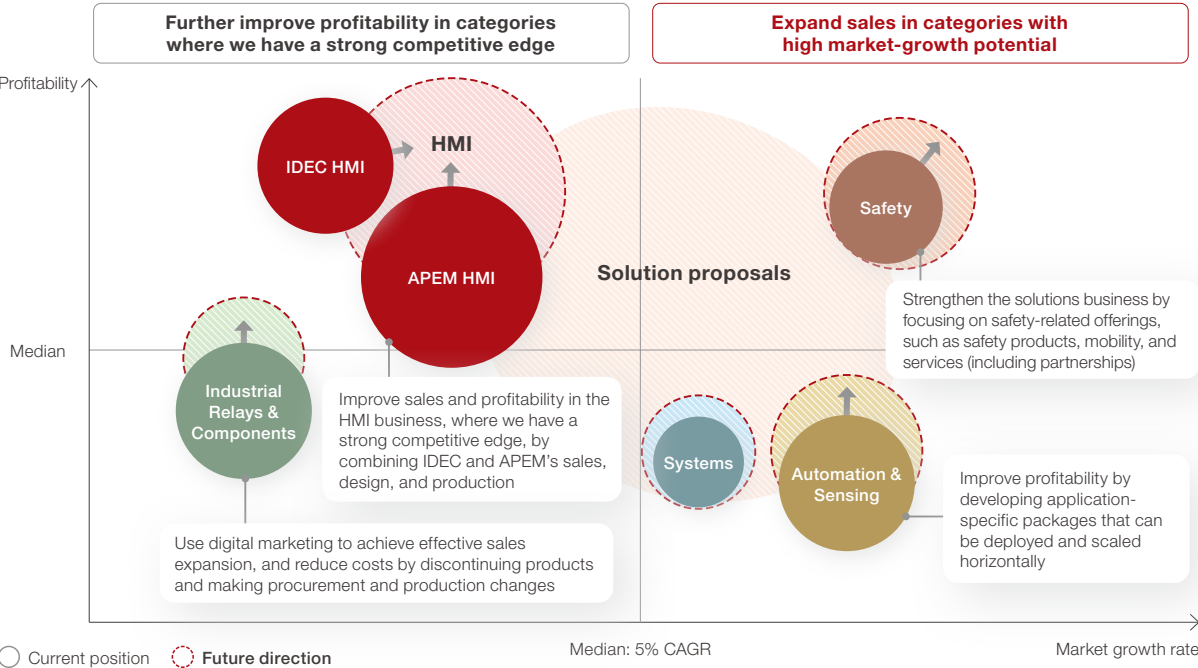 and services that meet potential customer needs, focusing on businesses that leverage the IDEC Group's strengths (HMIs, safety, and ANSHIN).

In the HMI business, where we have the strongest competitive edge, we will improve sales and profitability by combining IDEC and APEM's sales, design, and marketing functions.

In terms of our safety-related business, the next most profitable category after HMIs, there is strong potential for market growth. As such, we will strengthen our solutions business, focusing on safety products and mobility services (including partnerships) to drive further global expansion.

In our other businesses, we will promote initiatives to further improve profitability, at the same time considering discontinuation of unprofitable products and reviewing prices on a global scale in order to optimize our business portfolio.

Core Business Portfolio Strategy

Further improve profitability in categories where we have a strong competitive edge

Expand sales in categories with high market-growth potential

Profitability

HMI — IDEC HMI, APEM HMI

Safety

Solution proposals

Industrial Relays & Components

Improve sales and profitability in the HMI business, where we have a strong competitive edge, by combining IDEC and APEM's sales, design, and production

Strengthen the solutions business by focusing on safety-related offerings, such as safety products, mobility, and services (including partnerships)

Median

Use digital marketing to achieve effective sales expansion, and reduce costs by discontinuing products and making procurement and production changes

Systems

Automation & Sensing

Improve profitability by developing application-specific packages that can be deployed and scaled horizontally

○ Current position ◌ Future direction

Median: 5% CAGR

Market growth rate

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3 **Leveraging a wide variety of components to develop solutions that solve customer issues**

As part of our efforts to shift to a customer-centric business structure, we will accelerate the expansion of our solutions business. This initiative was also part of our previous medium-term management plan.
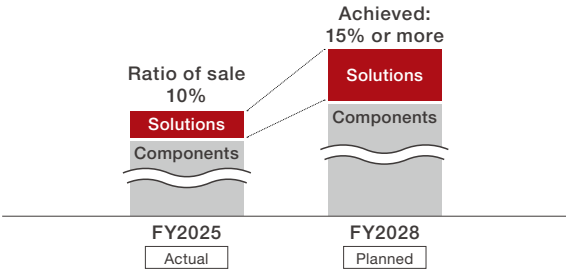
For IDEC brand products, our business structure of selling a brand lineup of general-purpose products—for use in a variety of industries—through distributors has become mainstream As such, we will continue to sell components via this conventional sales channel going forward.

At the same time, we will strengthen the solutions business by making it a high added-value business, leveraging IDEC Group components to propose customized solutions to customer issues.

One example of this makes use of products from ez-Wheel, which we acquired in 2023. These products feature in AMR/AGV development kits and assisti systems. By combining these offerings with the IDEC Group's HMIs, safety devices and software, we will propose solutions that leverage our strengths. These solutions can be rolled out in a variety of ways, ranging from horizontal deployment of application-specific packages to fully customized solutions

for individual customers.

In response to increasingly strict safety regulations in global markets (especially in Europe and China), the IDEC Group will also bolster its service-based solutions, using its safety consulting services to extend support beyond the issues customers currently face.

With the aim of realizing HMI-X, we will develop extensive solutions created from the customer's perspective. By doing so, our goal is to increase the ratio of solution-based sales to at least 15% of total sales in FY2028 (in three years' time).

	Achieved: 15% or more
Ratio of sale 10%	Solutions
Solutions	Components
Components	
FY2025	**FY2028**
Actual	Planned

| Single product solutions | • New HMIs / Custom joysticks / Keyboards
• Radar sensors | **Application-specific packages for horizontal deployment** | • AMR packages / Industry-specific controllers
• Library systems |
| Service-based solutions | • Robot Risk Assessment support software
• Safety Assessment | **Fully customized solutions** | • Transfer machines / Custom AMRs for individual customers / One-board panels
• Control panels |

Safety Consultant

4 **Achieve management that takes the cost of capital and share prices into account**

The IDEC Group has continued to move forward with structural reforms in response to market changes including the global financial crisis and the COVID-19 pandemic. However, there are limits to how far we can push previous initiatives as a way to further expand our business globally and improve profitability. Accordingly, the new medium-term management plan promotes radical structural reforms throughout the IDEC Group, to transform the Group into a global corporation with high profitability, and sets the goals of achieving net sales of at least 77 billion yen and an operating profit margin of 13% or more in FY2028, three years from now. In order to reach these goals, we will drive various structural reforms focused on the measures outlined in the table below.

To improve not only profitability but also capital efficiency, the IDEC Group has set the cost of shareholders' equity at 8%, and the weighted average cost of capital (WACC) at 6% accordingly. To generate even greater returns

and boost corporate value, we use Return on Equity (ROE) and Return on Invested Capital (ROIC) as indicators, aiming for ROE of 10% or more and ROIC of 7% or more.
*ROE of 2.8% or more and ROIC of 2.1% in FY2025.

To further improve ROE and ROIC, we have restructured our businesses and sites, aggressively widened investments linked to future reforms, and conducted cash management. To ensure that the cost of capital remains above 6%, we will work to improve capital efficiency (including our working capital and production facilities), accelerate global site restructuring, business reforms and digital transformation (DX) to further improve profitability, and achieve substantial cost reductions.
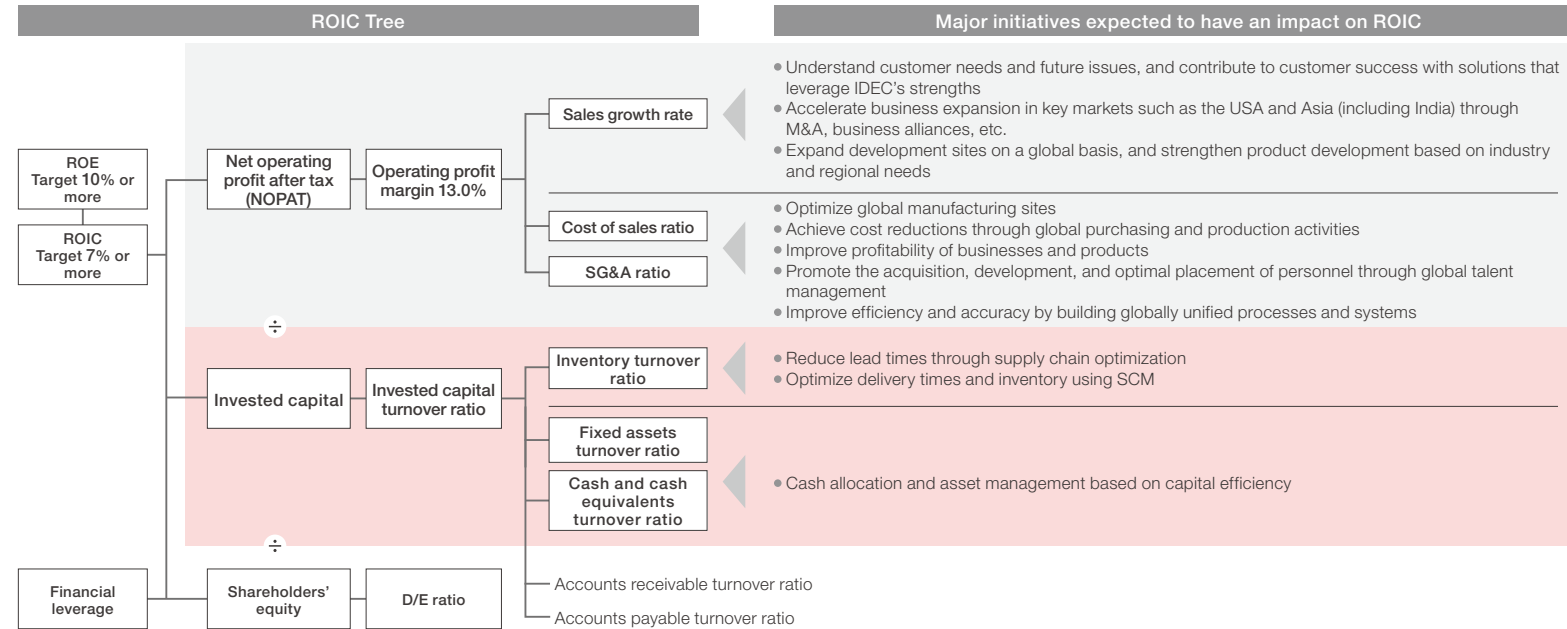
By practicing management that takes the cost of capital and share prices into consideration, we aim to sustainably increase corporate value while maintaining a sound financial base.

Structural reform measures to be implemented over the next three years

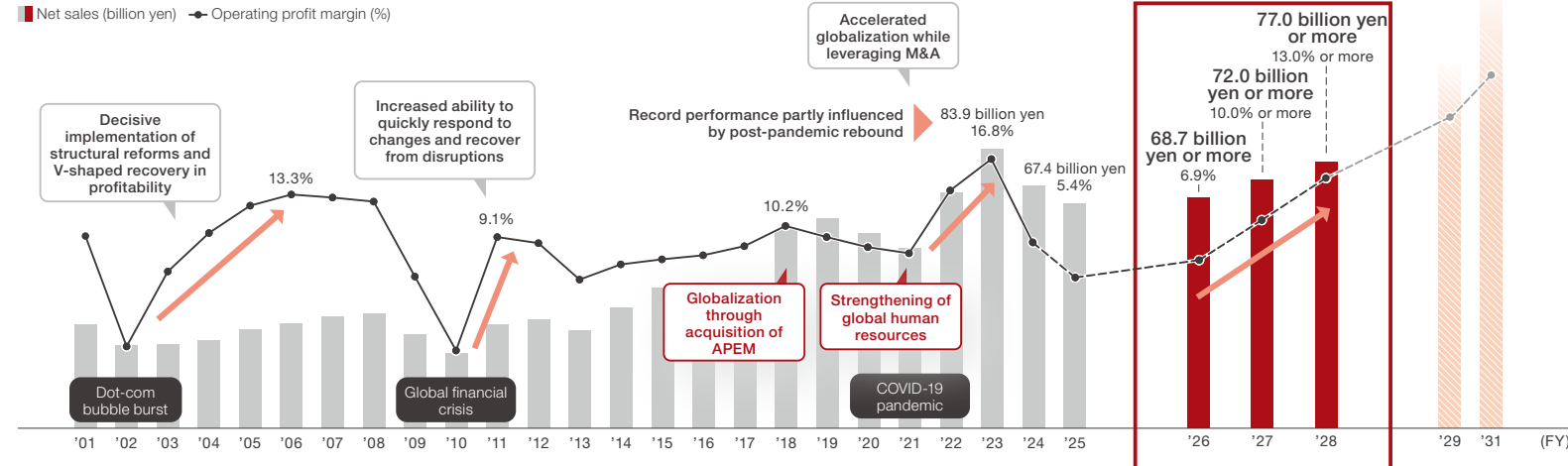| A Customer-Centric Business Structure | Global management structure | • Establish a global organizational structure
• Renew product planning and development processes that is based on industry and customer insights |
	Solutions	• Establish a business promotion system, including the solutions business sales
Businesses and Sites Strategy	Site restructuring	• Establish a global R&D system with three core hubs: Japan, USA, and France • Consolidate manufacturing sites in Japan based on assumed use of outsourcing • Consolidate factories in Taiwan as a manufacturing base for electronics • Build a new site in the US, establish a factory in Mexico, consolidate European sites and redistribute production
	SCM / Purchasing	• Advance global purchasing that includes IDEC and APEM, and reduce lead times through supply chain optimization
	Products / Businesses	• Discontinue unprofitable products, and set appropriate pricing • Transfer and restructure businesses as part of business portfolio reviews
Digital Innovation Strategy	SCM optimization	• Optimize delivery times and inventory by centralizing supply and demand data and inventory management using SCP
	Global IT systems	• Implement ERP, SCP, PLM and other systems globally, and strengthen security management • Develop a global talent management infrastructure
Capital Strategy	Resource management	• Cash allocation based on capital efficiency
	Personnel optimization	• Optimize human resources in Japan and enhance global talent

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ROIC Tree

ROIC Tree	Major initiatives expected to have an impact on ROIC

ROE Target 10% or more
ROIC Target 7% or more
Net operating profit after tax (NOPAT)
Operating profit margin 13.0%
Sales growth rate

- Understand customer needs and future issues, and contribute to customer success with solutions that leverage IDEC's strengths
- Accelerate business expansion in key markets such as the USA and Asia (including India) through M&A, business alliances, etc.
- Expand development sites on a global basis, and strengthen product development based on industry and regional needs

Cost of sales ratio
SG&A ratio

- Optimize global manufacturing sites
- Achieve cost reductions through global purchasing and production activities
- Improve profitability of businesses and products
- Promote the acquisition, development, and optimal placement of personnel through global talent management
- Improve efficiency and accuracy by building globally unified processes and systems

Invested capital
Invested capital turnover ratio
Inventory turnover ratio

- Reduce lead times through supply chain optimization
- Optimize delivery times and inventory using SCM

Fixed assets turnover ratio
Cash and cash equivalents turnover ratio

- Cash allocation and asset management based on capital efficiency

Financial leverage
Shareholders' equity
D/E ratio
Accounts receivable turnover ratio
Accounts payable turnover ratio

(1) Improve capital efficiency

Among the structural reforms to create a New IDEC, we aim to improve operational efficiency throughout the IDEC Group by making use of DX and enhancing supply chain management (SCM).
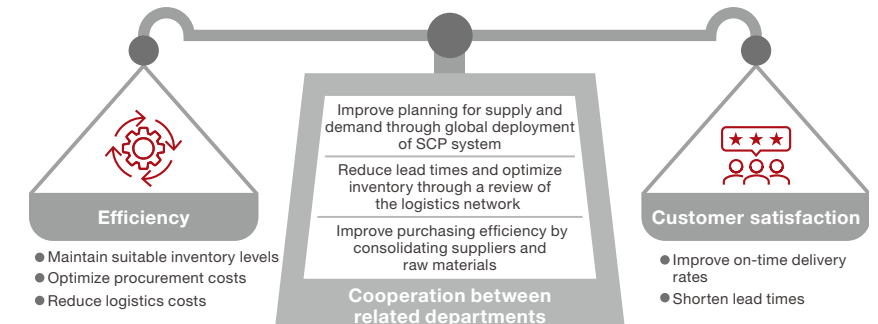
As part of these efforts, we are introducing a Supply Chain Planning (SCP) system to build globally standardized processes and systems. We started by introducing this system in Japan in 2024, and now plan to deploy it at our global sites.

As all domestic and overseas sites will be connected through the same system, production, orders, sales, and inventory data, etc., at each manufacturing site, sales company, and distributor can be collected and visualized immediately. Such a system will also centralize supply and demand processes. This will enable the entire IDEC Group to create and manage coordinated plans while responding to global changes in supply and demand. If supply or demand levels change, we can quickly assess the situation and make optimal decisions.

From FY2025, we have held sales and operations planning (S&OP) meetings once a month, with the aim of optimizing our entire supply chain. Personnel from global SCM, sales, marketing, product strategy, production, and finance departments come together and share information so that the company can make quick decisions in response to changes in supply and demand.

Other plans include conducting a review of our logistics network to shorten lead times, and improving purchasing efficiency by consolidating suppliers, plastics, metals, and other raw materials.

By implementing SCP on a global basis, we will raise the level of our customer service by improving on-time delivery rates and shortening lead times. At the same time, we will improve profitability by maintaining suitable inventory levels, optimizing procurement costs, and reducing logistics costs within the IDEC Group.

Net sales and operating profit margin

Net sales (billion yen) — Operating profit margin (%)

Transformation into a highly profitable global company, responsive to customer needs

Decisive implementation of structural reforms and V-shaped recovery in profitability

Increased ability to quickly respond to changes and recover from disruptions

Record performance partly influenced by post-pandemic rebound

Accelerated globalization while leveraging M&A

13.3%
9.1%
10.2%

83.9 billion yen 16.8%
67.4 billion yen 5.4%

68.7 billion yen or more 6.9%
72.0 billion yen or more 10.0% or more
77.0 billion yen or more 13.0% or more

Dot-com bubble burst
Global financial crisis
Globalization through acquisition of APEM
Strengthening of global human resources
COVID-19 pandemic

'01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '21 '22 '23 '24 '25 '26 '27 '28 '29 '31 (FY)

Improve planning for supply and demand through global deployment of SCP system

Reduce lead times and optimize inventory through a review of the logistics network

Improve purchasing efficiency by consolidating suppliers and raw materials

Cooperation between related departments

Efficiency
- Maintain suitable inventory levels
- Optimize procurement costs
- Reduce logistics costs

Customer satisfaction
- Improve on-time delivery rates
- Shorten lead times

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## (2) Cash allocation based on capital efficiency

We will use the cash generated by our businesses to invest in inorganic growth, including investments in DX, in development of custom solutions to meet customer needs, M&A, and establishing new sites. Through these investments, we will accelerate growth and improve capital efficiency at the same time. In addition, we will maintain stable dividends and other shareholder returns just as we have done in the past, and will flexibly purchase treasury stock based on stock price levels.

While proactively making various investments necessary for medium- to long-term corporate growth, we will continue to improve profitability and provide stable dividends, and engage in management and financial strategies that enable us to positively influence the cost of shareholders' equity.

Cash flows
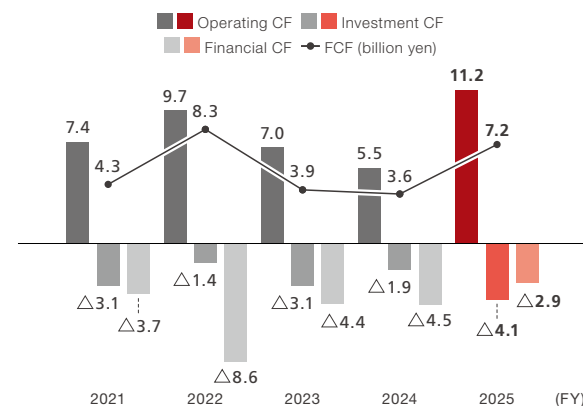
Total shareholder return (TSR)
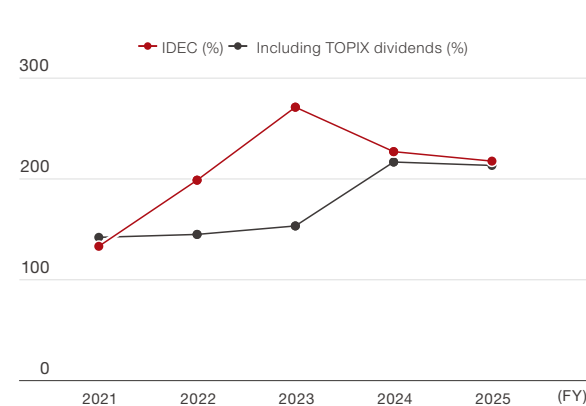
Dividends per share and dividend yield

Cash Allocation

FY2023-2025 (actual)
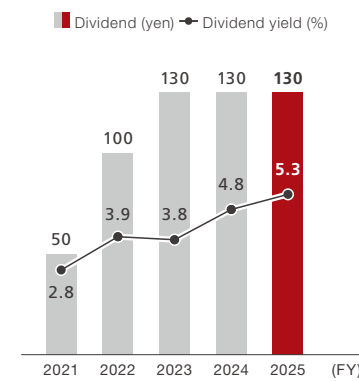
FY2026–2028 (the medium-term management plan)
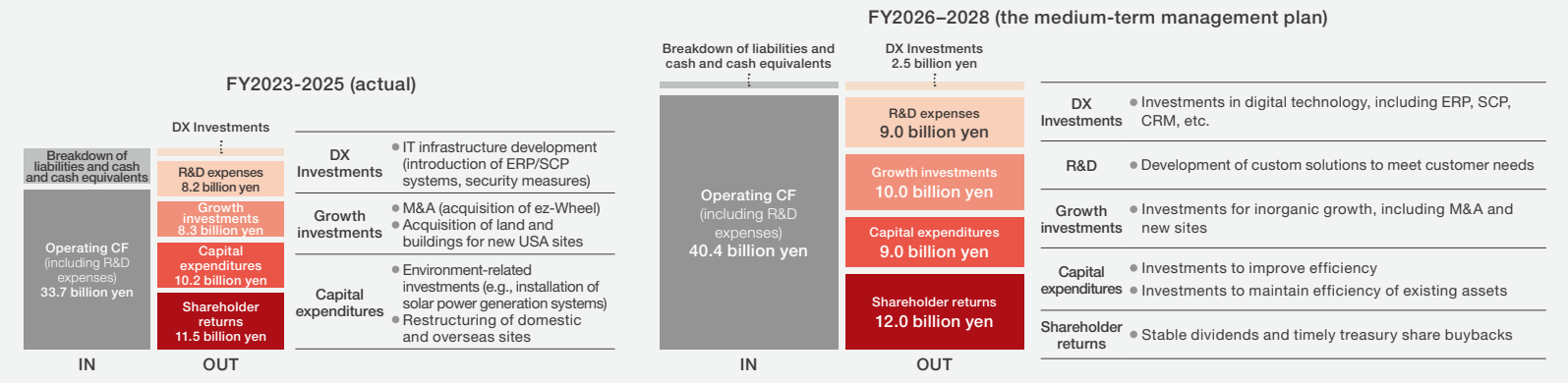
(3) Establish systems that reinforce the "One IDEC" concept

To achieve our vision for "One IDEC" and drive globalization, we are optimizing our workforce in Japan, investing in human capital, and advancing global improvements to our structure and systems.

We are preparing to introduce a talent management system that will act as the infrastructure for our global human resources. By managing personnel data such as skills and experience on a global scale, we will move forward with the visualization of our human resources and maximization of our organizational capabilities, as well as discovery and optimal placement of talent.

Recruitment and optimal placement of human resources by introducing global talent management	● Develop and implement systems and an information infrastructure to support training and active participation of human resources, and promote cross-regional placements and selective training programs ● Strengthen recruitment of personnel for global marketing, software engineering, production engineering, and IT divisions
Further globalization of the organization	● Appoint global function leaders in Japan and overseas, to plan and execute global strategies ● Strengthen global human resource acquisition at the new head office in the USA
Global business promotion Establishing systems	● Establish a global matrix management system for each IDEC/APEM business

In collaboration with our overseas group sites, we will expand opportunities for overseas trainees, overseas secondments, and overseas transfers, etc., to an even greater level than before. We are working as one to create an environment where all employees can gain global business experience. Looking ahead, by FY2028 we will select candidates for executive roles from our global sites and provide training for the next generation of executives, in order to produce successors who will support the Group's global management.

Examples of education programs
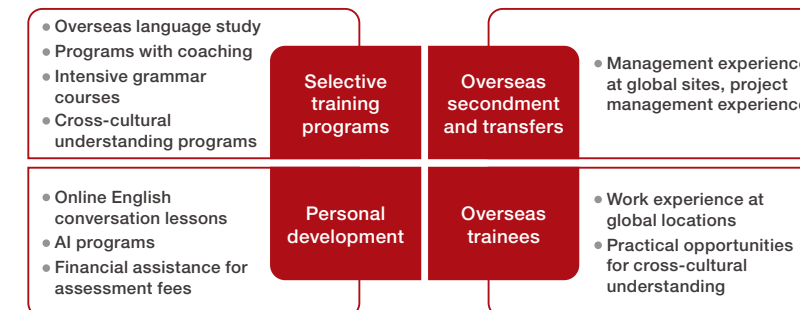
The Medium-Term Management Plan

Material Issues and Sustainability KPIs

Material issues	Vision for 2030	Sustainability KPIs		FY2025 results (Targets by FY2025)	Targets achieved of FY2025	FY2026-2028 Targets (based on the new medium-term management plan)
Productivity Improvement	Contribute to improving the productivity and efficiency of our customers and society around the world by providing the IDEC Group's long-cultivated control technology, products, and system solutions.	Solution ratio to sales	Ongoing	10% (12%)		15%
Safety, ANSHIN, and Well-being	Realize the optimum environment for both humans and machines to resolve societal issues to create safe and comfortable environment and achieve healthy, happy, and vigorous lives. Improve safety, productivity, and well-being through technology development, human resource development, management, and rulemaking.	CAGR in Safety & Explosion Protection Business (during the past five years)		5% (15%)		Shift from ratio to sales basis
		Sales of safety-related business	New	11.1 billion yen	—	Increase 50% (vs. FY2025)
		Number of cumulative employees holding safety qualification[1]		Decrease 0.3% YoY (Increase 3.0% YoY)		Focus on a global education system *Without KPI
		Frequency rate of industrial accidents[2]	Ongoing	0.68 (0)		0
Climate Change	Contribute to reduction of the environmental impact of customers and society through the use of the IDEC Group's technologies and products.	Cumulative ratio of enhanced eco-friendly products to total new products (Cumulative total since FY2020)		66.7% (60% or higher)	✓	Shift from ratio to sales basis
		Sales of enhanced eco-friendly products	New	2.1 billion yen	—	8.2 billion yen
	Reduce CO_2 emissions through the in-house use of renewable energy. Environmental disclosure and collaborative engagement with stakeholders.	Reduction ratio of CO_2 emissions (Scope1&2, vs. FY2020)	Ongoing	Decrease 28.4% (Decrease 24%)	✓	Decrease 35%
		Renewable energy utilization ratio		15.5% (18%)	✓	Shift from our standards to supply chain alignment
		Reduction ratio of industrial wastes (vs. FY2020)		Decrease 28.7% (Decrease 24%)		Shift from our standards to supply chain alignment
		Ratio of supply chain engagement	New	—	—	80%
Business Foundation	Ensure a thorough understanding of "The IDEC Way" and stimulate the company by creating an attractive work environment that gives employees a sense of purpose. Promoting Diversity, Equity & Inclusion (DE&I) and fostering talent that creates new value and innovation through increased investment in human capital.	Engagement score	Ongoing	— (Improvement in the scores for 3 main issues (as compared to FY2023))	—	Set KPI after the global engagement surveys in FY2027
		Ratio of males taking childcare leave[2]	Ongoing	92.3% (90%)	✓	100%
		Ratio of employees with disabilities (Japan)	New	3.1%	—	3% or higher
		Number of female managers[2] (including associates in the position of leader with subordinates)		16 (15)	✓	Shift from headcount to ratio
		Ratio of female manager	New	9.7%	—	12% or higher
		Average training costs per person[2]	Ongoing	58,000 yen (70,000 yen)		70,000 yen or more
	Conduct business with the highest ethical standards, respect human rights both at our company and in the value chain, and further strengthen corporate governance and compliance.	Human rights and compliance training attendance rate (Japan)	Ongoing	100% (100%)	✓	100%
		Number of serious legal violations	Ongoing	0 (0)	✓	0
		Board of Directors' effectiveness evaluation	Ongoing	44% of items below industry average (20% or less items below industry average)		20% or more improvement items
		Sustainability engagement ratio with suppliers[3]	New	98.7%	—	100%
		Audit and follow-up rate for suppliers with low SAQ scores	New	—	—	100%

[1] Number of employees certified as Safety Assessors, Safety Basic Assessors, Robot Safety Assessors, or Safety Officers [2] IDEC unconsolidated [3] Sustainability engagement ratio: SAQ response ratio

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The environment surrounding the IDEC Group

The business environment is changing dramatically. Along with the growing need for automation and productivity improvement, workers are also becoming more aware of safety and well-being. To achieve the goals of its medium-term management plan, IDEC will leverage its accumulated strengths to address such issues, by applying the following measures.

Automation and labor saving
- Address labor shortage and adapt to demographic changes

Introduction of new technologies
- Rapid response to ever-changing environment due to robot introduction and advancement of new technologies

Acquisition and utilization of AI technologies
- New possibilities of AI enhancing human abilities and increasing efficiency

Promotion of cooperative safety
- Provide a flexible environment where humans and machines coexist

To actualize HMI-X, we are also engaged in efforts to strengthen our diverse range of products and solutions created from a customer-centric viewpoint, rather than the conventional product-out approach.

HMI-X [Transformation]

Strengthen the business portfolio through M&A and alliance

Since acquiring APEM in 2017, we have actively pursued M&A and business alliances with companies that we expect to create synergies with our existing businesses, and in the regions where we operate.

2017 ① Strengthen global competitiveness by creating synergies with APEM

The addition of APEM to the Group has added a diverse range of HMI products to our lineup, expanding sales in Europe and other regions globally.

IDEC mainly delivers standard products for markets centered primarily on the FA industry, while APEM develops products for specialized vehicles such as construction and agricultural machinery, and for the automotive and materials handling industries. By offering products that take the specific usage environments of each industry into consideration, both IDEC and APEM have achieved widespread adoption of our products across a wide range of industries.

FA-centric markets: Semiconductors, Machine tools, Automotive, Robotics, AGVs/AMRs

Special vehicles, new mobilities, material handling, etc.: Agricultural machinery, Construction machinery, Material handling
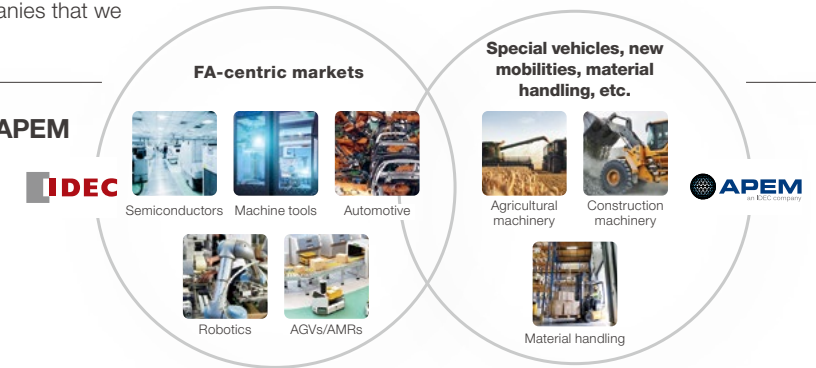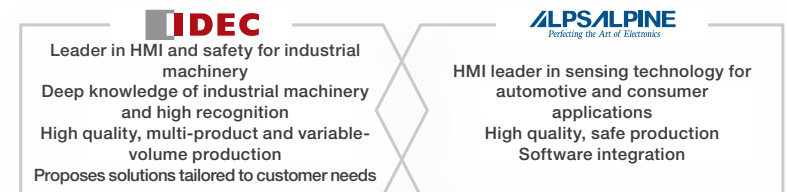
2021 ② Promote the new product development through the establishment of a joint venture with ALPS ALPINE CO., LTD.

IDEC has established a joint venture company with ALPS ALPINE CO., LTD., called IDEC ALPS Technologies Co., Ltd., to pursue product development leveraging the strengths and expertise of both companies.

The Multi-use mmWave radar sensors launched in 2023 represent an application of technologies cultivated in the consumer and automotive markets to industrial equipment, delivering excellent detection and distancing performance even under harsh environmental conditions. In 2025, we have launched sales of the second new product.

They are being adopted by customers in a wide range of industries, and contributing to solve societal challenges at a diverse range of workplaces and in the field.

Strengths of each company

IDEC
Leader in HMI and safety for industrial machinery
Deep knowledge of industrial machinery and high recognition
High quality, multi-product and variable-volume production
Proposes solutions tailored to customer needs

ALPS ALPINE Perfecting the Art of Electronics
HMI leader in sensing technology for automotive and consumer applications
High quality, safe production
Software integration

2023 ③ Expand transportation solutions through acquisition of ez-Wheel

We acquired ez-Wheel, a French company specializing in autonomous electric wheels, and merged it with APEM in 2024.

It offers a lineup of unique products, including Assist Wheel Drive, which simplifies the conversion of carts to electric-assist systems, reducing the burden of transporting heavy loads that were previously difficult for human workers to move alone, and the Safety Wheel Drive, an all-in-one solution that integrates all functionality required for the operation of Automatic Guided Vehicles (AGVs) and Autonomous Mobile Robots (AMRs).
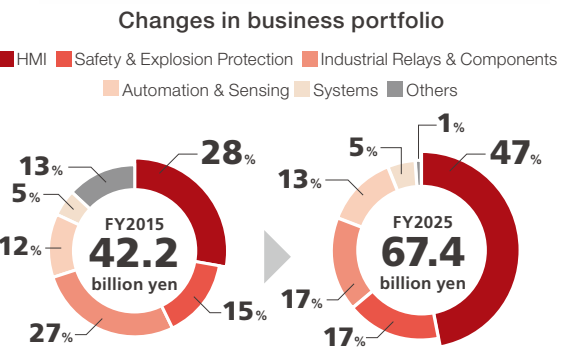
We deliver a wide range of solutions that combine HMIs, safety-related products, and software to solve customer transportation issues globally.

BEFORE   AFTER

An example of Assist Wheel Drive attached to an existing cart

An example of an AMR solution featuring ez-Wheel's Safety Wheel Drive

Business Strategy

Provide products, solutions and services to solve customer issues

As a result of M&A and alliances, the percentage of sales from HMIs—which has been IDEC's strength since its founding, and which is expected to generate high profitability—is increasing.

2017 ① 2017 APEM (France) joined the IDEC Group

HMI

Welcat Inc. joined the IDEC Group

Automatic identification devices

2018 Tokyo Sensor Co., Ltd. joined the IDEC Group

Safety-related products

2021 ② IDEC ALPS Technologies Co., Ltd. was established as a joint venture company with ALPS ALPINE CO., LTD.

Sensing technology

2023 ③ ez-Wheel (France) joined the IDEC Group

Transfer/logistics solutions

Changes in business portfolio

■ HMI ■ Safety & Explosion Protection ■ Industrial Relays & Components
■ Automation & Sensing ■ Systems ■ Others

FY2015
42.2 billion yen
28%　13%　5%　12%　27%　15%

FY2025
67.4 billion yen
47%　5%　13%　17%　17%　1%

In order to solve customer issues, IDEC will combine its strengths in HMIs and safety technologies and knowledge with new sensing technologies, to solve issues that could not be solved in the past. In addition, with the accelerated introduction of collaborative robots, AGVs, and AMRs, we will propose optimal environments for our customers' worksites by packaging collaborative safety that will ensure on-site safety and enable compliance with various regulations.

As safety standards are becoming increasingly strict in global markets such as Europe and China, we will expand the scope of support through the IDEC Group's safety consulting services, including risk assessment and the preparation of safety standards.

Product, Solution and Service Case Studies

Products combining HMIs, safety and sensing technologies

Solve the issue with new technology by detecting uncatchable objects which our customers have been unable to resolve until now

Solutions compliant with safety standards

Suggest a mobile package with safety features best suited for the customer's worksites

Expansion of support with service offerings

Support from on-site risk assessment to the creation of safety standards documentation for clients

Safety Consultant

Market strategy targeting focus industries

In the future, in addition to the AGVs/AMRs and robotics industries which are responding to the demand for smarter, safer workplaces, we will focus on the automotive industry which is always leading innovation, and on the transportation and construction machinery industries where changes in the HMI environment are accelerating. We will not only install our products in equipment, but also work together with end users and system integrators to actively propose solutions in each industry and strengthen our competitiveness.

AGVs/AMRs　Robotics　Automotive　Material Handling

Construction Machineries　Machine Tools　Semiconductors　Food and Packaging

Three evolving customer-centric strategic indicators

To achieve sustainable business growth, the IDEC Group will develop products, solutions and services based on "HMI, Safety and ANSHIN"—its greatest IDEC Group's strength—from a customer-centric perspective that responds to customer potential needs.

In the Safety business, we will grow sales by 1.5x or higher in three years by strengthening proposals for new safety equipment and solutions.

In the solutions business, we aim to increase the ratio of sales to total sales from the current 10% to 15% or more in three years, and to 20% in the long term.

In terms of new product contribution ratio, we will increase the ratio from 10% in FY2025 to 15% or more in three years by focusing on new products that offer added value to our customers.

Expand the Safety Business with safety and ANSHIN component solutions

Point 1.5x or higher driven by new business

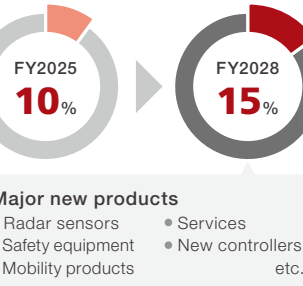11.1 billion yen → 1.5x or higher
FY2025　FY2028
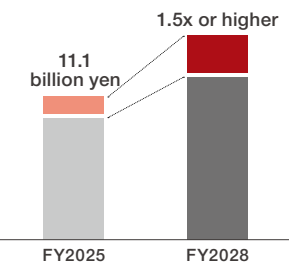
Increase solution sales ratio to accelerate provision of value to customers

Point Achieve 15% or more mainly in HMIs and Safety and aim for 20% in the long term

■ Solutions ■ Components

Ratio of sales 10% → 15% or more achieved
FY2025　FY2028
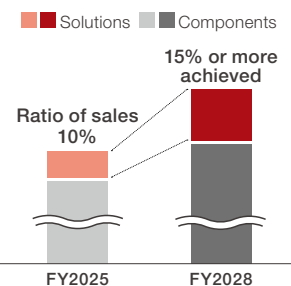
Provide new products that lead directly to improvements in added value for customers

Point Achieve new product contribution ratio of 15% or more

FY2025 **10**% ▶ FY2028 **15**%

Major new products
● Radar sensors　● Services
● Safety equipment　● New controllers
● Mobility products　etc.

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FY2025 Results

Although distribution inventories of switches and operator interfaces—our mainstay products—returned to generally appropriate levels, sales declined in Japan, EMEA, and other markets due to distribution inventory adjustments in the first half, resulting in net sales of 31.8 billion yen (down 6.2% year on year).

Going forward, IDEC and APEM will combine our sales, design, and production functions to improve sales and profitability.

HMI (Human-Machine Interface)

This product line includes products such as industrial switches, joysticks, LED indicators, operator interfaces, and other products that form the core of human-machine interface.

Sales history (billion yen)

FY	Sales
2021	23.7
2022	30.9
2023	35.8
2024	34.0
2025	31.8

Ratio of sales **47**%
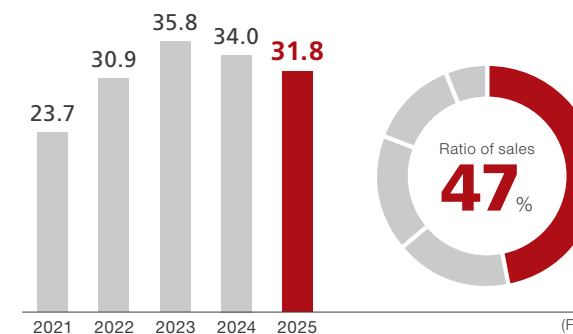
Priority Business Measures

Creating the optimum environment for humans and machines as the leading HMI company

The IDEC Group aims to become the world's No.1 leading company in HMIs, developing products that respond to new needs in the global market. Environments where humans and machines work together are changing. With the aim of achieving HMI-X [Transformation], we are working to optimize those environments by bringing greater interactivity to machine control. To achieve this, we have been launching new concept products, such as smart RFID readers that enable management of machine access and operation logs, and safety commanders that can be attached to tablets used at manufacturing sites to ensure worker safety. In addition to these, we have been expanding the line-up of APEM-brand products such as switches and joysticks, for better cater to diverse customer needs.

To continue growing as customer needs change in various ways due to megatrends and market changes, it is essential for us to develop next-generation HMI products that offer new features. Going forward, we will continue to expand our business and contribute to the realization of safety, ANSHIN, and well-being by creating new HMI products.

Enhancing the implementation of diverse solutions to meet customer needs

As the needs of manufacturing sites diversify with the times, we are strengthening our ability to provide solutions that meet the needs of customers in line with the changes in their working environments.

For example, RFID readers are products that can be utilized for various uses including access control, restricting the use of machinery and equipment, and recording work logs. By combining them with display units and programmable logic controllers, they can be used for a wide range of applications, and support the actualization of worker safety and improvements in productivity.

Example application for the KW2D smart RFID reader

IDEC

Industrial switch

Smart RFID reader "KW2D series"

Safety commander "HT4P series"

Operator interface "HG2J series"

APEM an IDEC company

Panel solution

Switch components

Joysticks

HMI
Human-Machine Interface

Safety & Explosion Protection

FY2025 Results

Sales of safety-related products declined due to distribution inventory adjustments, principally in Japan and the Asia Pacific region, and lower demand from key industries such as machine tools and robotics, resulting in net sales of 11.1 billion yen (down 5.2% year on year).

Going forward, we will seek to further strengthen our Safety Business, for which demand is expected to grow globally.

Safety & Explosion Protection

In addition to safety-related equipment such as emergency-stop switches, interlock switches, and enabling devices that help to ensure safety at manufacturing sites, this product line also includes explosion protection products that prevent accidents at sites where explosive gases are present, such as petroleum and chemical plants.

Sales history (billion yen)

FY	2021	2022	2023	2024	2025
	9.1	12.7	16.3	11.6	11.1

Ratio of sales **17** %

Priority Business Measures

Providing solutions that enhance safety and productivity

To create optimum environments for humans and machines, we develop and supply safety-related products that reduce the risks of using machinery, and explosion protection products that can be safely used in the presence of flammable gases and liquids.

Due to automation at manufacturing sites and increased awareness of occupational safety, the market for safety-related equipment is expanding globally, and the approaches to safety are changing with the times.

In recent years, there has been demand for products and solutions that can achieve collaborative safety, where humans and machines work in harmony to achieve safety and productivity. In response to this demand, we are working to develop a diverse range of products and propose solutions that will enable us to offer not only safety but also ANSHIN (peace of mind).

We strive to improve the well-being of society as a whole so that industrial workers and everyone else can live healthy, happy, and vigorous lives.

Examples of safety solutions proposed by IDEC

AI vision sensor detects only human, adjusts movement speed and determines whether to stop

ANSHIN sensor stops machine before contact with hazard

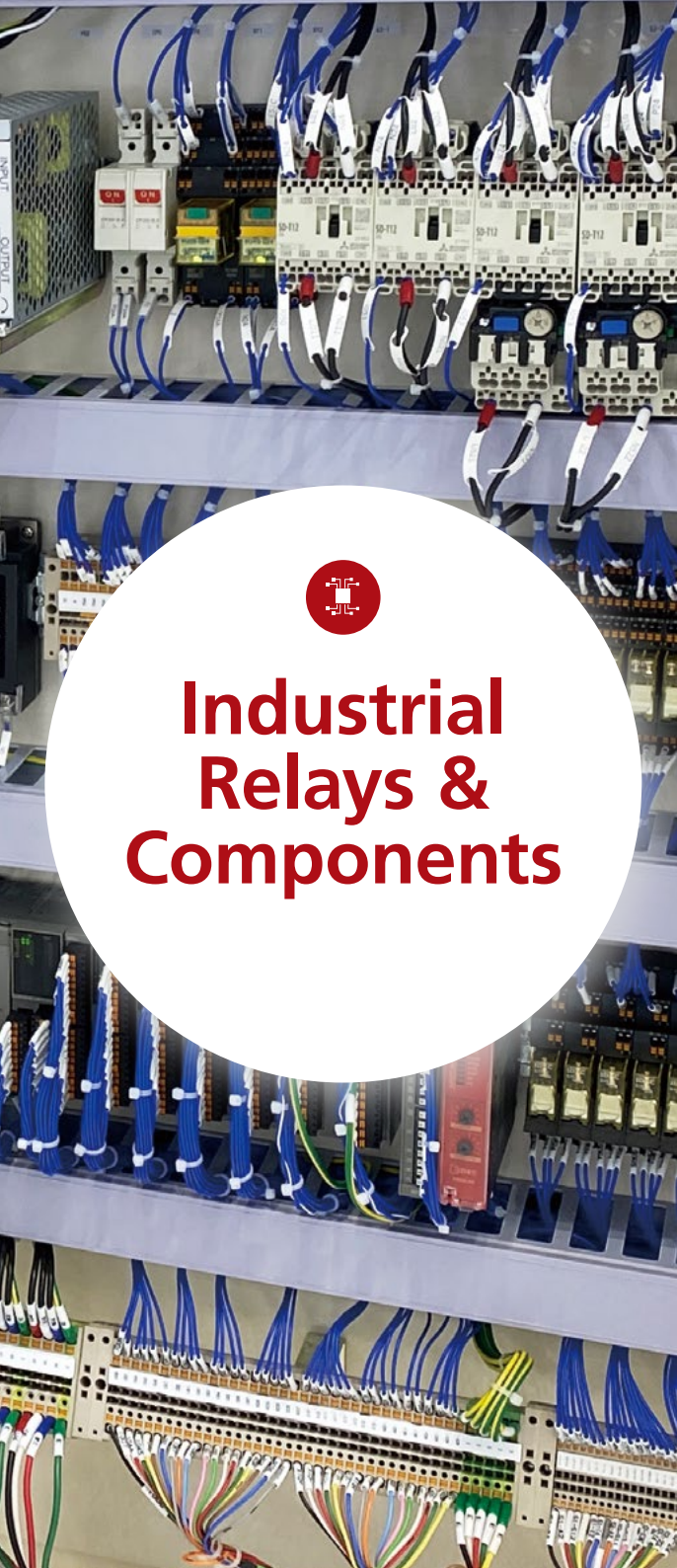Hazard area | Warning area | Caution area | Outside sensor area
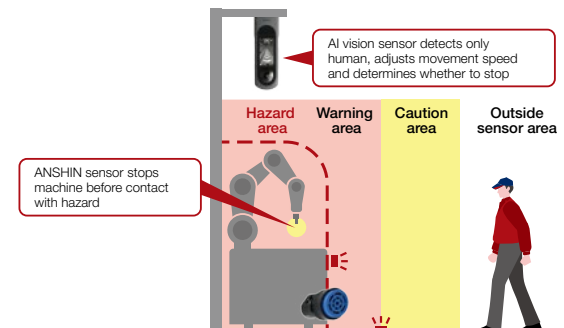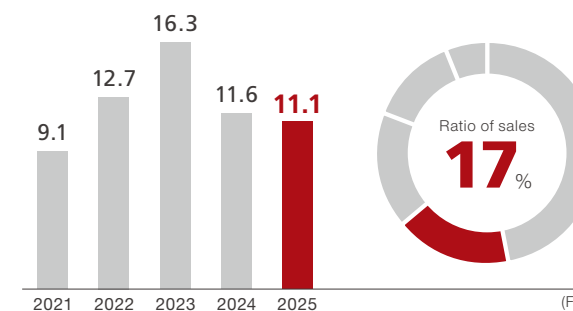
Improving safety, ANSHIN and well-being in a diverse range of fields

With the widespread adoption of AGVs and AMRs, the automation of factory conveyance processes and logistics site operations is progressing rapidly. In the past, stopping AGVs and AMRs required operators to press an emergency-stop switch mounted on the vehicle itself. This was a burden for operators, since they would have to chase after the vehicle to press the switch.

The emergency-stop assist system enables the equipment to be stopped safely and with peace of mind, allowing operators to remotely activate the emergency stop switch by pressing a switch they are wearing.

Emergency-stop assist system

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FY2025 Results

In the mainstay Asia Pacific market, sales of industrial relays decreased due to the impact of the economic slowdown, especially in the Chinese market, and continued distribution inventory adjustments, resulting in net sales of 11.3 billion yen (down 2.9% year on year).

Industrial Relays & Components

This product line includes products such as switching power supplies, terminal blocks, industrial relays/sockets, and circuit protectors, which are incorporated into control panels to control and operate machines and production lines. These products are used as the basis for the control of machines and equipment.

Sales history (billion yen)

9.8 — 2021
13.6 — 2022
15.5 — 2023
11.6 — 2024
11.3 — 2025

(FY)

Ratio of sales
17 %

Priority Business Measures

Solving customer issues with a wide line-up of compact products that require less wiring and less labor to produce

Industrial relays and components is a generic term used to describe a range of electrical devices embedded in control panels and control components used to operate and control machinery and production lines. They include control relays, terminal blocks, switching power supplies, and the LED lighting installed inside machine tools and other equipment. In addition being used at manufacturing sites, these products are employed in a wide variety of applications including automated warehouses and semiconductor fabrication equipment.

As solutions to the issues of miniaturization and labor saving for control panels and control units, we have expanded our lineup of devices equipped with printed circuit boards (PCBs), and products that support push-in and snap-in mounting. These products enable easy wiring by simply pushing in the terminal, resulting in reduced work hours spent on wiring compared with their screw-type counterparts, along with stable quality.

As needs for more intelligent, more compact equipment and facilities with stable quality continue to grow, we are supporting the resolution of various issues by adding new technologies to the various devices in control panels and proposing comfortable production environments, offering improved work efficiency and high convenience.
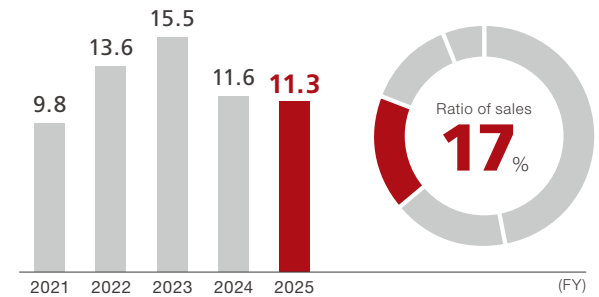

Push-in relay socket
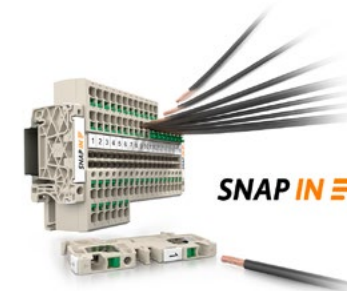
SNAP IN

Examples of snap-in products that can be wired simply by inserting wires

Expanding our lineup of interface devices compatible with high-density mounting

We offer a lineup of ultra-thin interface relays that support high-density mounting, meeting needs for higher performance and smaller size of control panels and control units.

With demand for interface devices that support increased efficiency of wiring and maintenance work expected to increase further in the future, we will continue to expand our lineup of timers and other products to meet the diverse needs of customers.

Interface relay "RV8H series"

Automation & Sensing

FY2025 Results

Although the backlog of orders for programmable logic controllers, a mainstay product, was resolved, new orders in Japan and the Americas declined, resulting in net sales of 8.7 billion yen (down 12.1% year on year).

Going forward, we will actively propose solutions using ez-Wheel products and cultivate new customers by utilizing sensing technologies.

Automation & Sensing

This product line consists of products that contribute to the automation of devices in various scenes, such as industrial work sites and daily life. It includes programmable logic controllers that serve as the brains of machines and other devices, automatic identification devices used in various fields such as retail and logistics, and sensors that detect changes in state and objects.

Sales history (billion yen)

FY	Sales
2021	7.0
2022	8.5
2023	10.3
2024	9.9
2025	8.7

Ratio of sales
13%

Priority Business Measures

Providing optimal solutions to meet customer needs

With the working population on the decline and the advance of IoT and other technologies, there is a growing demand for products that not only provide remote monitoring and operation, but also improve task efficiency or promote automation. We are working to enhance our line-up of automation and sensing equipment, which are key devices in this field.

We are driving the automation and streamlining of production through a wide range of solutions, including programmable logic controllers (PLCs) that control machinery and sensors that detect state changes and objects. To strengthen the solutions business, we are selling the SWD Build KIT, a development kit for AGVs and AMRs equipped with Safety Wheel Drive (SWD) from the ez-Wheel brand, which the IDEC Group acquired. We also offer a package together with IDEC's HMIs and safety-related products, which can be flexibly customized based on specific customer applications.

Going forward we will help customers overcome their issues with an extensive product lineup and wide variety of solutions.

Programmable logic controller

Safety laser scanner

Industrial switch

Safety wheel drive

SWD Build KIT

Controller with operator interface
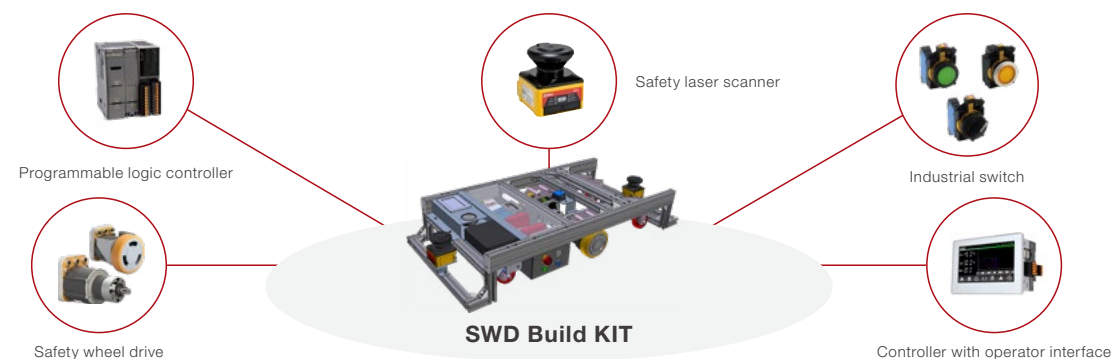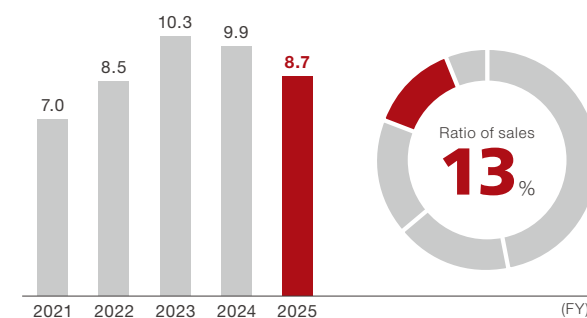
Strengthening the lineup of sensors to meet growing demand
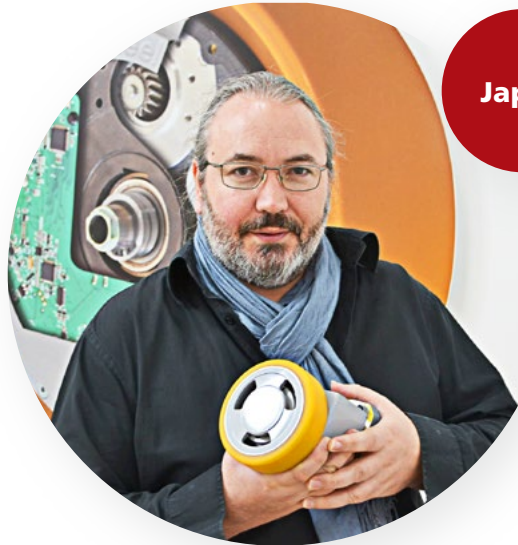
IDEC ALPS Technologies Co., Ltd. is expanding its lineup of sensors to meet a diverse range of needs. In addition to the "1A1M series" multi-use mmWave radar sensor, in 2025 the company also launched the new "1A2A series."

Like the "1A1M series," the "1A2A series" uses millimeter-wave radar to enable obstacle detection, intrusion detection, and proximity detection in a wide area 3D space, even in harsh environmental conditions. Because they can detect even the slightest human movements, these sensors can also be used for a variety of purposes, such as detecting accidents in private spaces, and to provide safety and ANSHIN (peace of mind) not only in factory automation but in a wide range of situations.

Multi-use mmWave radar sensor "1A1M series"

3D mmWave radar sensor "1A2A series"

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We interviewed employees who are driving the transformation into a "New IDEC," and who will lead the future of the IDEC Group.

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Japan

Become a global leader in solutions for custom mobile robotics!

Since ez-Wheel joined IDEC, our team has been continuously pushing the boundaries of system integration. By introducing disruptive innovations such as the first all-in-one electric assistance wheel for manual handling (AWD), and the first mobile robot wheel with embedded safe motion control (SWD), we are reinforcing our technological leadership in integrated drive systems for industrial mobility, now backed by IDEC's global reach and industrial expertise.

Within IDEC, we can enhance our offerings with the group's cutting-edge HMIs and safety devices, bringing unprecedented flexibility and modularity to mobile machinery designers and robotics integrators. The latest addition to our toolbox, ez-Way navigation software for mobile robots, enables the deployment of turnkey solutions to automate intralogistics flows, starting with industrial plants and logistics warehouses.

As a strategic Line of Business within a "New IDEC," empowered by a unique mobile robotics portfolio that combines modular hardware, embedded safety architecture, and scalable software applications, we are structuring a new business model based on integrated Solutions offerings.

While end-users seek greater customization and lower operational costs, robotics integrators are under increasing pressure to develop tailored solutions efficiently and with agility. By providing pre-engineered, pre-certified platforms enhanced with versatile software functionalities, our Solutions are key to addressing the evolving challenges of modern industry. We are committed to becoming the global leader in Solutions for custom mobile robotics!

Antoine Juan
General Manager
Mobility Solution
IDEC CORPORATION (Japan)

I started my career in the battery industry and founded ez-Wheel in 2009. ez-Wheel joined the IDEC group in 2023 and I am GM of Mobility Solution Department at IDEC Japan from 2025.

Core values I emphasize

Innovation

For millennia, humankind has distinguished itself through its ability to innovate, drawing inspiration from nature and adapting to its environment. When embraced positively and respectfully, innovation becomes a cornerstone for building a better way of life.

Americas

Focus on expanding DE&I initiatives to reflect regional nuances and building a robust global talent acquisition framework

I began my career in the entertainment industry as an HR Generalist with continual progression into executive level roles in a variety of industries, allowing me to drive tangible change within organizations and increase opportunities for the individuals within them.

As part of the mission to transforming into a "New IDEC" and into a global organization, my focus from an HR perspective in the US has been on laying the strategic and operational foundation to support international growth. I have prioritized organizing and streamlining the US HR operation to ensure a consistent employee experience across all locations. This has involved aligning and standardizing core HR policies, practices, and processes so that employees, regardless of where they are based, receive the same level of support and clarity. By reducing regional discrepancies and centralizing key HR functions, we have enhanced operational efficiency, improved compliance, and created a more unified company culture.

This foundational work is ongoing, but has not only improved the day-to-day employee experience but also positioned us for smoother scalability as we grow globally.

Looking ahead, I'm focused on expanding DE&I initiatives to reflect regional nuances and building a robust global talent acquisition framework. I would also like to develop a future-ready leadership and succession pipeline through rotations and mentorship development. These initiatives would be aimed at enabling IDEC to thrive as a cohesive, inclusive, and high-performing global organization.

Grazia Lynch
Director
Human Resources
IDEC CORPORATION (USA)

I have expanded my breadth of knowledge to include a wide range of HR and business competencies with accountabilities in legal compliance, benefit design, talent acquisition, performance management, culture development, and succession planning. And I joined IDEC in 2024.

Core values I emphasize

Innovation

It's essential to continuously evolve how we support people, shape culture, and drive organizational success. I believe innovation in HR means rethinking traditional practices, embracing technology, and designing people-centered solutions that enhance employee experience, improve engagement, and foster inclusion.

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EMEA

Strengthen collaboration between APEM and IDEC's R&D organizations to develop products

Emmanuel Maubert
Director
APEM Business Unit, R&D
APEM SAS (France)

I have 29 years' experience of project and engineering management, multi-sites and multi-disciplines development in Automotive, Railway, Aviation, Off-Road markets.
I joined the IDEC Group in 2021.

As we embark on our journey to transform into a "New IDEC," we reflect on the milestones achieved and look forward to future initiatives that will shape our success. Our commitment to delivering high-quality projects and products remains unwavering. We strive to meet Quality, Costs and Timing expectations, ensuring excellence in every endeavor, improving year-on-year our On-Time delivery KPI.

Over the past two years, we have been focused on enhancing development processes and performance for better results. By aligning our strategies and objectives, we aim to streamline execution and achieve greater efficiency.

Our employees are at the heart of our success. We are dedicated to promoting and developing their competencies and roles, fostering a culture of growth and innovation. Innovation is one key to our transformation and must drive us forward. We are continuously exploring and developing technologies that serve our needs, pushing the boundaries of what's possible. Collaboration is key. We are working to strengthen cooperation inside the R&D community and across entities, bringing APEM and IDEC together for a unified approach, co-developing products by leveraging the assets of the Group.

As we look to the future, functional safety and cyber-security remain a game changer, so top priorities for our future development and Global organization. Our commitment to these areas ensures that we stay ahead of potential challenges and safeguard our progress.

Thank you for your continued support and dedication. Together, we are building a brighter, more innovative future.

Core values I emphasize

Innovation

The power of innovation is to differentiate us and elevate our product and service offerings. By overcoming technical and industrial limits, we enable our people to learn more and grow, and we become more competitive.

China

Driving structural reforms to achieve customer success, productivity improvements, and cost reductions in the Chinese market

Ren Rong
Deputy General Manager
IDEC IZUMI SUZHOU CO., LTD.

Joined the company in 2007, and has been in charge of quality control for 12 years. I was transferred to the Production Department in 2019, where I currently work as Deputy General Manager, driving improvements in productivity and reforms throughout the Suzhou factory.

When I first joined the company, the Suzhou factory still relied heavily on manual labor. Today, it has been transformed into a modern factory, with 80% automation. To provide value that more closely matches the needs of customers, the Suzhou factory serves as a local supply base for IDEC's operations in China (local production for local consumption). We are working to improve customer satisfaction by responding quickly to diverse needs, and to achieve customer success.

Digital transformation (DX) and the ability to respond quickly and flexibly to customer needs will be key points in our future business development. To date, we have worked to achieve automation for high-volume production of a small number of product varieties. Going forward, however, we will work to build a collaborative production systems (based on cooperation between humans and machines) that can handle variable-type, variable-volume production, and develop automated material storage and transportation systems and information control systems. We will also work to implement a Flexible Manufacturing System (FMS) at our production sites. At FMS production sites, we will actively incorporate HMI-X concepts. These sites will function as model factories utilizing our products.

We will also redefine our supply chain structure and clarify the roles of in-house production, EMS, and partner factories, to reduce costs and enhance competitiveness. At the same time, we will reduce inventory and improve productivity through digitalization (such as the introduction of SCP systems) and the use of AI, while engaging in local procurement to achieve further cost reductions.

Core values I emphasize

Innovation

I believe that the core value for a manufacturing factory is to balance the three elements of production efficiency, product quality, and sustainability through resource integration and technological innovation, with the ultimate goal of creating long-term economic value.

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Section — **05.**

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Related material issue

🌐 Climate Change

Major sustainability KPIs (FY2026-2028)
- Sales of enhanced eco-friendly products: **8.2 billion yen**
- Reduction ratio of CO_2 emissions: **Decrease 35%** (Scope 1&2, vs. FY2020)
- Ratio of supply chain engagement: **80%**

| Environment | Social | Governance |

The environmental management of the IDEC group

The IDEC Group aims to create the optimum environment for humans and machines, and to achieve safety, ANSHIN and well-being for people around the world. We have also established an environmental policy that makes the conservation of the global environment a top priority in all aspects of our business activities and aims to create a sustainable society for future generations. In 2024, we renewed our Environmental Policy.

This Environmental Policy serves as a set of guidelines for meeting social demands from various stakeholders and fulfilling corporate social responsibilities. In working to improve upon environmental issues, the IDEC Group considered establishing environmental targets aimed at linking such improvements to contributions to its own business activities, and established new sustainability KPIs to coincide with the renewal of its three-year medium-term management plan beginning in FY2026.

We have established three new KPIs. In addition to further increasing the numerical target for reduction of CO_2 emissions by the end of FY2025, we have added two new items: sales of eco-friendly products and supply chain engagement ratio.

To achieve these new KPI targets, the IDEC Group is working globally as "One IDEC," utilizing the global environment management system established in FY2025. Here, we are setting common issues for all locations and priority issues for each location, checking progress on a quarterly basis, and working to achieve the new KPIs for the entire group, while accumulating and sharing success stories.

By disclosing global initiatives aimed at improving environmental issues and their positive impact on business activities, we hope to respond to the interests of not only investors, shareholders, and customers, but also various other stakeholders. Through these initiatives, we aim to achieve both conservation of the global environment and sustainable growth in our business activities.

Development of eco-friendly products

The IDEC Group's development activities emphasize consideration for the environment (eco-friendliness) from the earliest stages of the product development process. We evaluate the degree of eco friendliness based on our own unique standards, with products that contribute significantly to the environment being certified as eco-friendly products.

Beginning with this medium-term management plan, we have established new sustainability KPIs to measure the financial contribution of these eco-friendly activities in product development. This KPI is sales of eco-friendly products. The target amount for this KPI is estimated based on a selection of eco-friendly products launched in the past and new products to be launched within the medium-term management plan period which are eligible for eco-friendly product certification.

Evaluation items for eco-friendly products (excerpt)

Improvement of energy saving (high efficiency)	Energy-saving product design
Resource-saving (materials)	Reduction of materials used
Resource-saving (packages, packaging materials, etc.)	Reduction of packaging materials, paperless and label-less
Space-saving, weight reduction	Miniaturization and weight reduction compared to existing products
Reduction of man-hours	Improvement of production efficiency
Recycling	Adoption of recyclable materials
Adoption of eco-friendly materials (parts)	Application to components, packaging materials, and transportation materials
Ease of product disassembly	Design with no adhesive, screw reduction
Longer service life	Adoption of long-life parts, ease of maintenance

Examples of eco-friendly products

Emergency-stop switches "XA series"

We offer a lineup of switches that are compliant with the ISO 13850:2015 (JIS B9703:2019) safety standard, including illuminator-type switches for identifying active/inactive emergency stop devices, and types equipped with monitor contacts. These emergency-stop switches adopt the third-generation safety potential structure, and have obtained Type 4X (UL certification) for outdoor use.

These switches are used as emergency stop devices that operators can operate manually when they sense danger at production sites, or when they sense the possibility of abnormalities or damage to machinery or equipment. In terms of environmental considerations, these products have been developed with features such as a shorter body than conventional models, and consideration for product disposal.
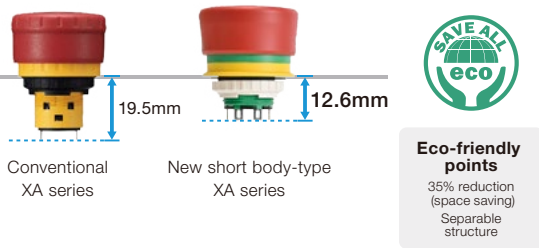
Examples of use

The shorter body of the emergency stop button contributes to the slim design of the remote control box.

Eco-friendly points

❶ Space saving
The height of the switch body has been reduced by approximately 35% from 19.5 mm in existing products to 12.6 mm, achieving the shortest body in the series. It also contributes to miniaturization and space saving when used in devices.

19.5mm · 12.6mm

Conventional XA series

New short body-type XA series

SAVE ALL eco

Eco-friendly points
35% reduction (space saving)
Separable structure

❷ Ease of product disassembly
The structure does not use adhesives, making it easy to dismantle, and enabling separation for recycling.

❸ Adoption of eco-friendly materials
The packaging materials for our products are FSC-certified, contributing to sustainable forest management.

🔗 **More information is available here.**
https://us.idec.com/csr/environment/ecoproducts

Environment

Initiatives to reduce CO₂ emissions

A 24% reduction in CO_2 emissions (Scope 1 & 2)—one of our sustainability KPIs for the period from FY2023 through FY2025—has been achieved, with emissions reduced from 11,943 t-CO_2 in the baseline year FY2020 to 8,555 t-CO_2 in FY2025, representing a 24% reduction.

To achieve the target of reducing CO_2 emissions by 35% (vs. FY2020 levels) over the three years beginning in FY2026, it is essential that the entire IDEC Group (not only domestic operations) works together. For Scope 1, we will review the appropriate number of company vehicles, increase the ratio of hybrid and electric vehicles, and promote the electrification of various heat sources. For Scope 2, we will reduce power consumption at each site, switch to electricity providers with low CO_2 emission factors, and replace air conditioning and production equipment with more energy-efficient models.

Strengthening supply chain engagement

Reducing Scope 3 CO_2 emissions requires not only the efforts of the IDEC Group, but also the cooperation of its suppliers. As part of our efforts to achieve this, we have set engagement with suppliers that account for 80% of the transaction amount at each production site as a KPI under our new medium-term management plan, and plan to engage in dialogue approximately 60 companies globally in FY2026.

Specifically, we will list the areas in which we wish to engage with suppliers, and collaborate with them in achievable areas at all purchasing sites, both domestically and globally, through our global environmental management system activities.

We will increase the number of engaged suppliers every year, and work together with the suppliers whom we are already engaged in dialogue to improve achievable items.

Going forward, engagement with suppliers is expected to contribute to reducing Scope 3 Category 1 emissions (purchased goods and services), which account for the largest share of CO_2 emissions in our Scope 3 upstream.

Nature initiatives
Biodiversity initiatives

The IDEC Group conducted an analysis and assessment of biodiversity risks in FY2025. We utilized the Risk Filter developed by the World Wide Fund for Nature (WWF) as an evaluation tool to quantify biodiversity risks by country for countries where major IDEC sites are located, and updated data on the top ten biodiversity risk indicators across the entire Group.

To assess impact on ecosystems in surrounding areas, we conducted wildlife surveys at five locations: IDEC head office, three business sites (Takino, Fukusaki, and Amagasaki), and a logistics hub. We also took measures to eradicate invasive species that cause damage to ecosystems (such as Canada goldenrod), based on advice from an external review body for the SEGES "Operation, Management and Active use" category obtained by IDEC head office in FY2024.

**Results of the investigation at Takino factory**

Task force on nature-related financial disclosures (TNFD)

While the IDEC Group has been implementing Task Force on Climate-related Financial Disclosures (TCFD) since 2022 as part of its environmental information disclosures, stakeholder requests are now expanding beyond climate change to include biodiversity and other areas covered by Task Force on Nature-related Financial Disclosures (TNFD).

The IDEC Group has disclosed the results of our country-specific biodiversity risk analyses (performed using the WWF-developed Biodiversity Risk Filter) and our water risk analysis (performed using Aqueduct Water Risk Atlas 4.0) on our website since 2023.

Going forward, in addition to TCFD, we plan to disclose nature-related financial information based on the TNFD framework, and utilize the Leveraging Environmental and Natural Capital for Performance (LEAP) approach to assess risks and opportunities through the Environmental Strategy Committee.

Biodiversity risks by country (FY2025)
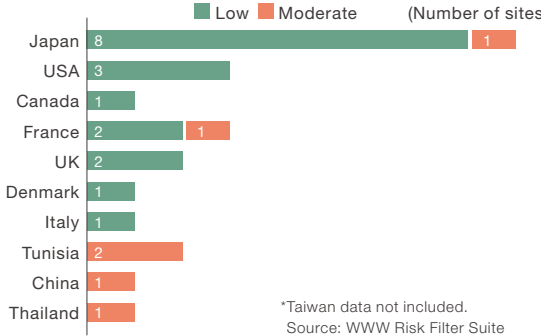
Environmental training

In the environmental education conducted within the company in FY2025, we utilized our intranet to provide explanations of biodiversity and living organisms as defined by the TNFD, introduced IDEC's eco-friendly products, and gave examples of environmental investment estimated using internal carbon pricing (ICP).

We have also incorporated explanations of CDP and EcoVadis and examples of IDEC's environmental initiatives, into the learning materials for our environmental management system, and into our new employee training materials. As part of our environmental education for FY2025, we have published a total of six articles in the "Environment Words" series on our intranet.

Environmental keywords on the intranet

Realization of a circular society
Reduce plastic waste

At IDEC Group production sites, we are making continued efforts to reduce plastic waste and make efficient use of resources. We regrind and recycle plastic waste generated in the molding processes in the initial stages of production by crushing/grinding and granulating, and engage in paid collection of plastic waste. We could reuse a total of 8,627 kg of plastic material by regrinding in FY2025.

Reduction of industrial waste

The IDEC Group has set an industrial waste reduction rate of 24% (in comparison with FY2020) as one of the sustainability KPIs in its medium-term management plan from FY2023 to FY2025, and is working to reduce industrial waste globally. As a result of successful efforts at our manufacturing sites in Japan, Suzhou, and Taiwan, we were able to achieve a 32.4% reduction as of the end of FY2025 (in comparison with FY2020). Going forward, the entire IDEC Group will continue its efforts to reduce industrial waste.

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External environmental evaluations

IDEC responds to requests from ESG rating agencies such as CDP, EcoVadis, FTSE, and MSCI, and discloses climate-related financial information through responses to questionnaires.

In February 2025, IDEC received a "B" score in the Climate Change Report 2024, published by CDP, continuing its rating from 2024. In EcoVadis' 2024 Environmental Category, IDEC scored 75 points, an improvement of 25 points from the previous year.

IDEC also expressed the support for TCFD in 2021, and has been disclosing climate-related financial information since 2022. Starting in 2024, we have disclosed information based on the IFRS S2.

Information disclosure in the EU (France, APEM)

APEM—which is part of the IDEC Group and operates mainly in EMEA—has established a team to work on the requirements of the Corporate Sustainability Reporting Directive (CSRD), and is preparing for the disclosure in 2026. We are currently preparing responses to EcoVadis and setting double materialities (material issues) for our European Group companies.

Information disclosure based on the IFRS S2 sustainability disclosure standards

Governance

The Environmental Strategy Committee, a specialist committee of the Sustainability Committee chaired by the CEO, plays a key role in our efforts to disclose climate-related financial information.

The Environmental Strategy Committee is composed of employees from various departments, and meets every other month under direction by the Senior Executive Officer in charge of the Environment. Decisions made by the Environmental Strategy Committee are discussed by the Sustainability Committee, reported to the Top Management Meeting for approval, then reported to the Board of Directors for final approval. Progress on the goals set in the sustainability KPIs started in FY2026 are reviewed at the meeting every other month, and response measures are discussed if things are not progressing as planned.

As part of our global governance structure, in FY2025 we established and launched a Global Environment Management System Steering Committee. The committee consists of members from IDEC head office, domestic group companies, and bases in Suzhou, Taiwan, Thailand, and each APEM site (France, UK, Denmark, Tunisia, and USA) and holds quarterly Steering Committee meetings. The committee checks progress on environmental issues, shares information on topics such as waste, ecofriendly materials, and the introduction of recycled plastics, and discusses environmental issues.

Risk management

For each of the climate-related risks and opportunities identified by the Environmental Strategy Committee, we considered the likelihood of occurrence, degree of impact, and amount of potential financial impact, and compiled them into a risk and opportunity map. The identified results and risk items that have been assessed as important in our mapping are managed by referring to an integrated risk map for the IDEC Group. They are also reflected in the risks and opportunities associated with natural capital, one of our materialities.

The Environment Promotion Department lists environmental risk management items on an annual risk management table, specifies performance indicators, and reports the state of achievement to the Risk Monitoring Subcommittee.

Strategy ☐Transition plan☐

The IDEC Group regards environmental strategy as an integral part of its business strategy, and has incorporated eco-friendly products into the sustainability KPIs starting in FY2026 by introducing sales targets for eco-friendly products as KPIs. This will enable us to systematically improve the level of environmental contribution of our business activities.

We are also accelerating the development of our value chain with suppliers by setting supply chain engagement rate as a K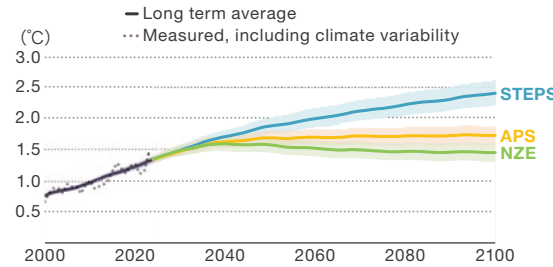PI and revising CSR procurement and green procurement guidelines. In addition, we are continuously engaged in various environmental initiatives, including reducing CO_2 emissions to achieve carbon neutrality, reducing industrial waste, and increasing recycling rates.

These transition plan-related activities align with the IDEC Group's purpose of contributing to the realization of safety, ANSHIN, and well-being for people worldwide, as a harmonized approach to environmental considerations. In addition, ESG-related information, including disclosures based on the TCFD Recommendations, has been included in our Securities Report sinceFY2024.
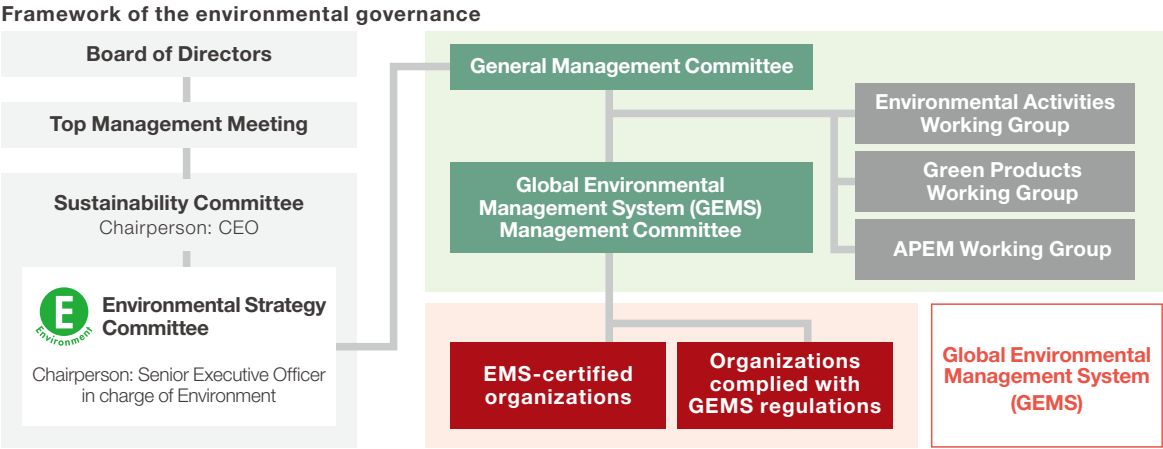
Strategy ☐Climate resilience☐

The IDEC Group's selection scenario for FY2025 will be the same as in FY2024, and the transition risk scenarios will be the WEO2024 STEPS (2.6°C scenario) and NZE (1.5°C scenario). For our physical risk scenarios, we adopted RCP2.6 (2°C scenario) and RCP8.5 (4°C scenario) of the IPCC Fifth Assessment Report, and referred to them when formulating the IDEC Group's world view.

Framework of the environmental governance

- Board of Directors
- Top Management Meeting
- Sustainability Committee — Chairperson: CEO
  - **E** Environmental Strategy Committee
    Chairperson: Senior Executive Officer in charge of Environment

- General Management Committee
  - Global Environmental Management System (GEMS) Management Committee
    - Environmental Activities Working Group
    - Green Products Working Group
    - APEM Working Group

- EMS-certified organizations
- Organizations complied with GEMS regulations
- Global Environmental Management System (GEMS)

Long-term average temperature rise by scenarios (2000-2100)

— Long term average
··· Measured, including climate variability

(°C)
3.0 2.5 2.0 1.5 1.0 0.5
2000 2020 2040 2060 2080 2100

STEPS
APS
NZE

(Source: WEO 2024, International Energy Agency)

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Environment

Based on our selected scenarios, we held workshops at IDEC head office and GEMS Steering Committee members' countries and regions in FY2025 to analyze risks and opportunities together with team members from various departments. In our workshops, we used the International Energy Agency's World Energy Outlook 2024 (WEO2024), IFRS S2 and industry-specific disclosure topics, CSRD/ESRS, and the Materiality Assessment Implementation Guidance (MAIG) as reference materials for risk and opportunity assessments. Findings were categorized into transition and physical risks, time-related impacts, and potential financial impacts, and organized into our 1.5°C/2°C and 4°C scenarios.

> 🔗 More information is available here. >
> https://us.idec.com/csr/environment/tcfd/all

Members of the Environmental Management Committee and the Environmental Strategy Committee in Japan participated in the workshop

The workshop was also held at IDEC IZUMI SUZHOU (China)

## Strategy Climate change risks and opportunities

Based on our scenarios and other findings from risk and opportunity workshops conducted in Japan and other countries participating in the Global Environmental Management System, we identified transitions and physical risks and opportunities reasonably expected to have an impact on IDEC Group's outlook.

Next, we calculated the probability of occurrence, degree of impact, and potential financial impact for each risk and opportunity item, and updated our climate-related risk and opportunity map.

Details are provided on page 39, summarizing the potential financial impacts of risks and opportunities and measures to address them.
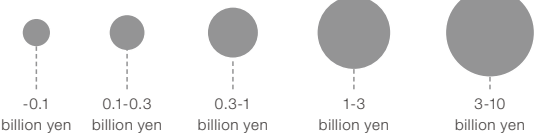
Major Risks List, Main Opportunities List

Mapping of climate-related risks and opportunities

- 🔴 Risks
- 🟢 Opportunities
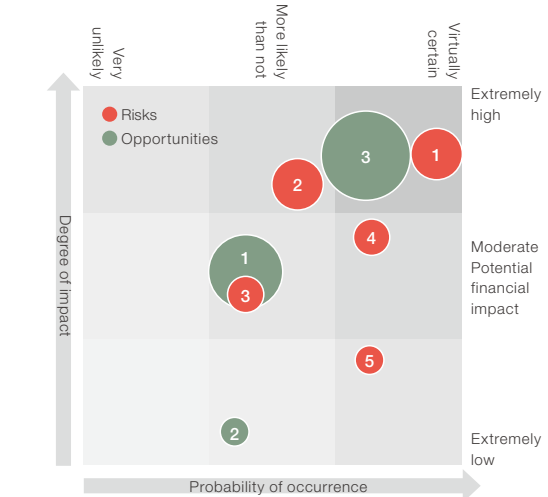
Numbers on the map correspond to the contents listed in the table on page 39.

Potential financial impact

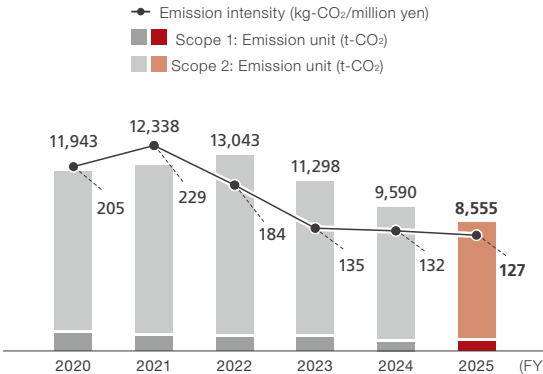| -0.1 billion yen | 0.1-0.3 billion yen | 0.3-1 billion yen | 1-3 billion yen | 3-10 billion yen |

Metrics and targets

The DEC Group aims to achieve carbon neutrality by 2050. To reduce CO_2 emissions, in our sustainability KPIs we have set the targets of reducing Scope 1 and Scope 2 CO_2 emissions by 35% by FY2028 and 50% by FY2031 (both compared to FY2020). The internal carbon price (ICP) introduced in FY2023 has been set at 14,000 yen/t for FY2026. While the impact of ICP on environmental investment decision-making is not yet sufficient, the Environmental Strategy Committee is working to raise awareness within the Group by introducing model cases of ICP utilization on the intranet.

With the Performance Share Units (PSUs) introduced into the officer compensation system in FY2024, around 10% of compensation may be allocated to directors and executive officers in the form of stock compensation, with non-financial indicator performance being used in the calculation of PSUs. Our return on carbon (ROC) profit ratio, which indicates how much CO_2 was reduced and how efficiently profits were earned, has continued to decline in line with the decrease in operating profit.

In terms of CO_2 emissions for FY2025, total Scope 1 and Scope 2 emissions decreased in comparison with FY2024. We have been successful in continuously reducing emissions since FY2023.
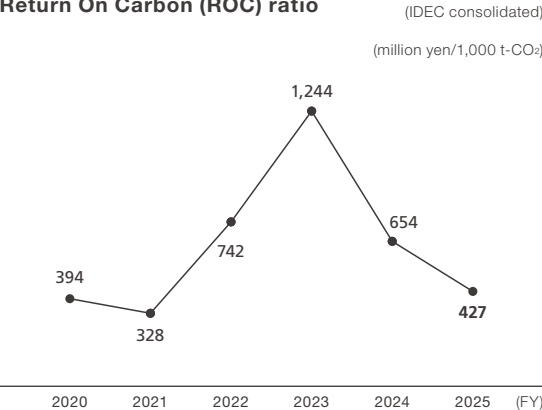
CO₂ emissions (Scope 1 and 2) (IDEC consolidated)

- ➡ Emission intensity (kg-CO_2/million yen)
- 🔴 Scope 1: Emission unit (t-CO_2)
- ⬜ Scope 2: Emission unit (t-CO_2)

FY	2020	2021	2022	2023	2024	2025
Emissions	11,943	12,338	13,043	11,298	9,590	8,555
Intensity	205	229	184	135	132	127

While we do not plan to add solar power generation equipment in FY2026, the on-site power generation equipment introduced at Tatsuno Distribution Center in FY2025 is now in operation, and will contribute to reducing CO_2 emissions in FY2026. In addition, we expect to see CO_2 reduction benefits from switching to electricity with lower emission factors and achieving improved operating rates at each factory.

With regard to Scope 3 emissions, we will continue to implement eco-friendly considerations—such as energy-saving design—in our product development processes to reduce emissions.

Return On Carbon (ROC) ratio (IDEC consolidated)

(million yen/1,000 t-CO_2)

FY	2020	2021	2022	2023	2024	2025
ROC	394	328	742	1,244	654	427

CO₂ emissions (IDEC consolidated)

(t-CO_2)

	Scope1	Scope2	Scope 3 upstream	Scope3 downstream
FY2020	1,152	10,791	-	-
FY2021	948	11,390	-	-
FY2022	897	12,146	-	-
FY2023	925	10,373	214,009	870,694
FY2024	624	8,966	184,688	634,324
FY2025	634	7,921	173,513	579,758

Environment

Major Risks List `Climate change risks and opportunities`

Category		Item	Potential financial impact	Anticipated risks	Responses
Transition risks	**Market**	❶ **Increase in raw material costs**	B/E	■ Suspension of factory operations and transportation delays due to global natural disasters and human disasters, etc. ■ Resulting shortages of parts and materials, and resulting chain of increased transportation, labor, and energy costs ■ Eco-friendly materials, low environmental impact materials and technologies	■ Transfer costs in response to price increases by continuously increasing mutual understanding with suppliers and customers ■ Reduce manufacturing costs in anticipation of medium to long- term increases in the cost of raw materials, and reduce costs through planned product redesign and introduction of alternative parts and materials ■ Diversify transportation networks and distribute factories and logistics centers across multiple regions
		❷ **Growing environmental awareness among customers and investors**	C/D	■ Declining demand and damage to corporate value due to growing criticism of products and initiatives with high environmental impact ■ Increased weight of services as a factor in purchasing decisions ■ Rapid changes in trends within the industrial products sector ■ Declining trust from stakeholders	■ Position environmental strategy as one of the priority items in the medium- to long-term plan, set materiality KPIs relating to the environment, such as increasing the cumulative ratio of eco-friendly products among new products, and check progress ■ Drive continuous technological development in relation to consideration and introduction of eco-friendly packaging materials and components, and engage in regular dialogue with investors ■ Ensure transparency through enhancement of integrated reports and web content, and make appropriate information disclosures through TCFD and CDP
	Technology	❸ **Delay in relative to competitors in the transition of existing and new products to low-emission/low-carbon technologies**	C	■ Rapid emergence of new products that generate added value through environmental response in the industrial products sector and increasing customer needs for such products ■ Enactment of new regulations on GHG emissions ■ Increased risk of industrial equipment failures due to climate change	■ Systematically incorporate technologies that we do not have and integrate them with our core technologies through long-term collaboration with other companies ■ Obtain information at an early stage through regular monitoring of regulatory information, and establish a system that allows for reflection of this information in business strategies and product development ■ Enhance the durability of equipment and devices to adapt to extreme weather and global warming caused by climate change
	Regulations	❹ **Tendency of carbon pricing**	B/E	■ Accelerated global momentum for climate change measures and reduced CO_2 emissions, with governments around the world introducing carbon taxes ■ Introduction of carbon pricing in Japan (from 2028 onward), with carbon taxes being added to energy prices, leading to increased manufacturing costs for raw materials ■ Decline in profitability due to stricter regulations and mandatory energy conservation targets	■ Plan and implement planned upgrades to energy-saving equipment ■ Reduce indirect costs through efforts to save energy and improve the operating rate of factories ■ Drive decarbonization activities through the introduction of ICP ■ Invest in technologies necessary for reducing emissions, and introduce a system for regularly managing emission reduction targets
Physical risks	**Urgent / chronic**	❺ **Natural disasters (heavy rain, hail, snow/ice, cyclones, hurricanes, typhoons, floods, inundation, earthquakes) and temperature rise**	D	■ Increased frequency of natural disasters such as localized heavy rainfall, cyclones, hurricanes, and typhoons caused by global warming, and extreme changes in rainfall and weather patterns ■ Decline in production activities (power shortages, equipment damage, inability of employees to come to work, etc.) and supply chain disruptions due to frequent occurrence of disasters such as abnormal weather conditions worldwide ■ Spread of new viruses and other infectious diseases due to climate change ■ Increased cooling costs and decreased productivity due to rising temperatures, and disruption of transportation networks due to prolonged cold weather	■ Enhance BCP measures to enhance the company's resilience ■ Assess and review to supply chain risks ■ Prepare hazard maps of manufacturing sites and find potential risks, and formulate disaster prevention plans tailored to each region ■ Formulate recovery plans for each site and develop manuals for employee work procedures ■ Diversify production bases for mainstay products ■ Ensure that employees affected by disasters are fully aware of how to confirm their safety as soon as possible

B: Increase in direct and indirect costs C: Reduced sales due to decreased demand for products and services D: Reduced sales due to decreased production capacity E: Increase in capital expenditure

Main Opportunities List

Category	Item	Potential financial impact	Anticipated opportunities	Response
Resource efficiency	❶ **Demand for low-emission products and a diverse variety of new products and services through R&D and technological innovation**	B/A	■ Increased demand for recycling accompanying effective utilization of resources ■ Increased demand for products with low emissions throughout the product life cycle ■ Political measures such as GX bonds and subsidies ■ Selection of suppliers based on the extent of GHG emissions reduction	■ Accelerate technological innovation taking environmental aspects of main product lines into account ■ Research applications of easily recyclable materials to products ■ Secure a first-hand advantage by accelerating investment in development ■ Introduce Life Cycle Assessments (LCA)
	❷ **Shift to alternative materials / diversification / new technologies**	B	■ Increased demand for new technological innovations to address various changes in working environments caused by climate change ■ Diversification of working environments and development of unmanned and remote technologies due to the decline of the working-age population ■ Popularization of robots in harsh and dangerous working environments ■ Increased sales of automation systems driven by demand for labor reduction	■ Shift away from extrapolations of existing technologies ■ Engage in M&A and business alliances, strengthen software and system-related technologies through recruitment and training of human resources ■ Promote the incorporation of new technologies to respond to diverse needs through partnerships and collaborations with other companies and academic organizations ■ Develop products utilizing HMIs and sensing technologies, and propose solutions through systematization and packaging
Products and services	❸ **Transition to distributed energy generation and the creation of new markets**	A	■ Progress in transition measures in response to global climate change ■ Utilization of clean energy other than electric power, and increased demand for labor-saving technologies and energy-saving products ■ Launch of various renewable energy development and energy conservation projects as measures to reduce emissions	■ Enter new markets, engage in technological innovation, and secure competitive advantages ■ Develop products utilizing HMIs and sensing technology, and propose problem-solving solutions based on the needs of new markets ■ Implement localization strategies that provide products and services tailored to regional characteristics

A: Increased sales through entry into new and developing markets B: Increased sales as a result of increased demand for products and services

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Business Foundation

Main sustainability KPIs (FY2026-2028)
- Ratio of female manager (IDEC unconsolidated): **12% or more**
- Ratio of males taking childcare leave (IDEC unconsolidated): **100%**
- Average training costs per person (IDEC unconsolidated): **70,000 yen or more**

Environment | **Social** | Governance

HR Strategies

One of the four Materialities defined by IDEC is "Business foundation: Establishment of a management structure that promotes value creation, respect for human rights, and development of a corporate culture and talent." As corporate revitalization and the strengthening of human capital are vital for sustainable growth and increasing corporate value, we have declared a 2030 vision and implement several initiatives in coordination with the medium-term management plan measures and sustainability KPIs.

To achieve further growth, it is necessary to strengthen investment in human capital throughout the IDEC Group. For this reason, we are going to introduce a new talent management system as the foundation of our global human capitals, and plan to make use of it to identify and appropriately place talented personnel.

We will also drive globalization of the organization and conduct global engagement surveys.

IDEC also considers initiatives advancing the concepts of diversity equity & inclusion to be essential. To ensure diversity in our personnel, we are actively recruiting mid-career and global talents. In Japan, we are also taking steps to improve the ratio of female managers, to reduce the wage gap between male and female employees.

We have positioned the filling of key positions, global talents, and development of leadership talent as part of our medium- to long-term HR strategy.

We are systematically selecting and developing top management candidates who will assume leadership responsibilities in the next generation.

Implementation structure

IDEC has established the Strategic Planning Division, as an organization under the direct supervision of the Representative Director, to draft management and HR strategies. The division works in coordination with related departments to lead the formulation of long-term visions, medium-term management plans, sustainability KPIs, management and HR strategies, and the management of our resources. By collaborating with staff across IDEC USA and France, the division drives global HR strategies. Critical matters are referred to the Top Management Meeting, before final policy decisions are determined and reported to the Board of Directors.

A Decent Work Subcommittee was established in 2022 as a specialized subcommittee of the Safety and Health Committee. The subcommittee works to create a rewarding workplace environment and increase employee satisfaction to achieve employee well-being.

```
Representative Directors
        |
Strategic Planning Division
        |
Corporate Communication Department
        |
Sustainability Management Department
        |
Strategic                Human Resources
Planning                 and General
Department               Affairs Department
                               |
                         Healthcare
                         Center
```

HR Development Policy and In-house Environmental Improvement Policy

The IDEC Group has established the following as its main purpose: "Achieving safety, ANSHIN, and well-being for people around the world."

"The IDEC Way" has defined the purpose and the following vision for the company "Pioneer the new norm for a safer and sustainable world."

The goal of "The IDEC Way" is to create a safer and more sustainable society that brings happiness and ANSHIN to all people.

To achieve our vision, we will continue to expand our activities on a global scale and strive to contribute to the resolution of various social issues through our business activities.

In order to achieve this goal, we have set as a key theme the recruitment and development of personnel who possess a wide range of strengths and can demonstrate their abilities, as well as those who are passionate and able to take ownership of the future as the next generation of leaders.

We will continue to actively promote diversity equity & inclusion and implement a variety of HR development measures.

The IDEC Group will also protect the mental and physical health of our employees and strive to provide a safe and healthy working environment where human rights are respected without discrimination.

Instilling and practicing our corporate philosophy

With approximately 70% of the Group's current employees based outside of Japan, due to M&A (mergers and acquisitions) and other factors, sharing IDEC's corporate philosophy—"The IDEC Way"—is an essential element in achieving sustainable growth.

Specific activities include displaying posters internally, using the corporate intranet and company newsletter, and distributing credo cards. We also link personnel evaluations to a role- and grade-based personnel system based on "The IDEC Way."

In an effort to further encourage and instill the implementation of the Core Values, we renewed the President's Award in FY2025, with winners selected from the Core Values category and four theme-based categories.

The Core Value award promotes the Group's philosophy by recognizing exemplary employees who act in accordance with the principles that should be kept in mind when working.

Harmony
Passion
Commitment
Core Values
Innovation
Integrity
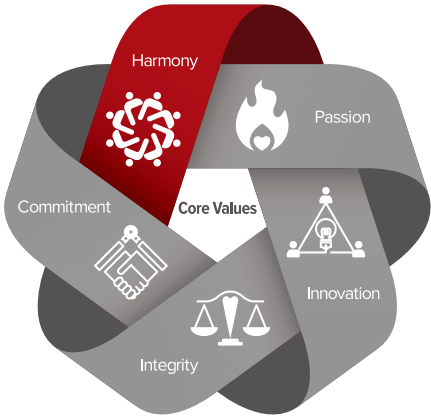
Human Capital

Improving employee engagement

We conduct regular engagement surveys to improve employee engagement and have been promoting initiatives to address the issues identified.

In Japan, the survey was conducted in FY2020 and FY2023. The scores for the representative indicators "Total Employer Attractiveness" and "Total Workplace Attractiveness" improved, and improvements were seen in many other areas.

On the other hand, we have identified three major issues that scored lower, 1) HR development, 2) strengthening management abilities, and 3) improving satisfaction with the HR system, and have implemented measures to improve these areas.

Engagement survey results (Japan)

Item	FY2020 score	FY2023 score
Total Workplace Attractiveness	3.12	↑ 3.16
Total Employer Attractiveness	3.01	↑ 3.12

Issues	Major action plans implemented since FY2024
❶ ❷ HR development Strengthening management abilities	• Improving personnel training including management training, career design training, etc. • Implementing a career design program • Preparing to introduce a global talent management system • Expanding the operation of multi-faceted evaluations
❸ Improving satisfaction with the HR system	• Strengthening the feedback provided on personnel evaluations • Conducting training for evaluators
Encouraging communication	• Further enhancing communication to achieve "One IDEC" • Disseminating and instilling the medium-term management plan and corporate policies, etc.
Promoting work style reform and improving the welfare system	• Phased restoration of welfare services • Introducing flexible workstyles (discretionary work and flextime) and promoting working from home
Improving workplace culture	• Implementing action plans to resolve workplace issues in each department
Promoting diversity equity & inclusion	• Implementing policies to support families raising children

In FY2026, we plan to conduct our third survey in Japan and verify the effectiveness of various initiatives through comparative analysis with the APEM Group's survey. From FY2027, we will conduct a global survey in collaboration with the APEM Group. Based on the results, we will identify issues and consider various improvement measures.

Through future global surveys, we will work to further spread and strengthen our corporate philosophy, including "Management with respect for humanity," which has been one of our core values since the founding of IDEC. We are committed to further strengthening our corporate foundations by instilling corporate philosophy globally and improving employee engagement.

Attracting, training and deploying the right people to support global management

To expand our business, we must continue to attract and train employees who will support a "New IDEC," and create an environment in which they can play an active role around the world.

The IDEC Group recruits people with the following qualities. By developing employees who are constantly thinking about how to improve their productivity, and who are not afraid to take on challenges, we aim to become a company that can achieve sustainable growth.

> • **Have a global mindset**
> • **Passion for implementing business reforms and willingness to take on difficult challenges**
> • **Always aware of productivity, making continuous efforts to improve production efficiency**

Going forward, we will develop and roll out systems and information infrastructure that will support the development and performance of HR at a global level and drive their deployment and development across national and regional boundaries.
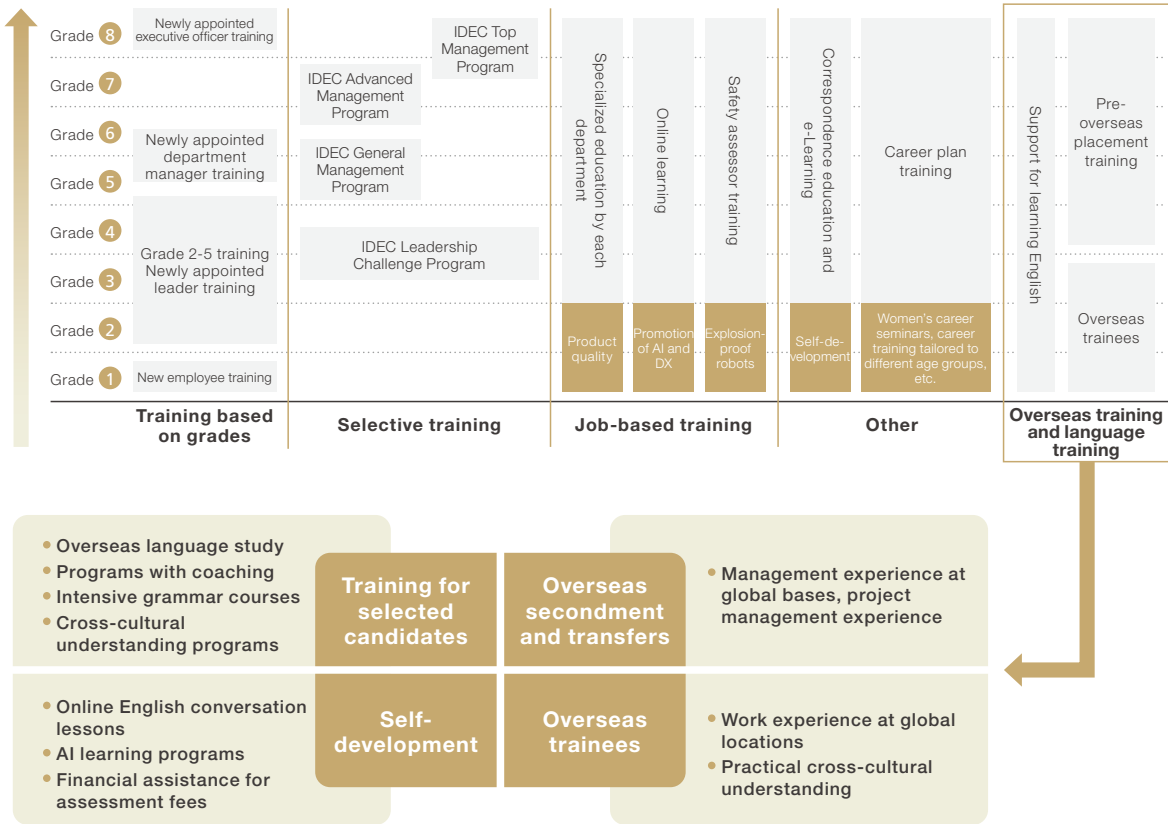
Training system

We have increased investments in employees, which is essential to support sustainable growth, and developed our training system.

In particular, regarding English education, we decided to focus investment on a reskilling program, having previously supported self-development. Specifically, we have expanded our range of English learning options with coaching and overseas study programs, as well as strengthening our cross-cultural understanding programs as part of new employee training. We are also raising our English language standards for management appointments and working to develop leaders who can play an active role globally.

Furthermore, we are working with the overseas group to expand overseas training, overseas secondments, and overseas transfers, etc., to an even greater extent than before and are working together to create an environment where employees can gain global business experience.

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Global talent management

We have been preparing to introduce a talent management system as a global HR base. By managing personnel data such as skills and experience on a global basis, we will promote the visualization of HR and the maximization of organizational capabilities to identify talented personnel and allocate them appropriately. In Japan, we will consolidate personnel development plans, e-Learning, the organizational structure, survey management and other aspects based on skills and experience into a talent management system, and work to promote career development and improve engagement.

Diversity equity & inclusion

IDEC values respect for humanity and is committed to creating an environment in which a diverse range of employees can succeed, regardless of race, color, age, gender, sexual orientation, gender identity, gender expression, ethnicity, nationality, or disabilities; and to improve its support structure to help achieve this.
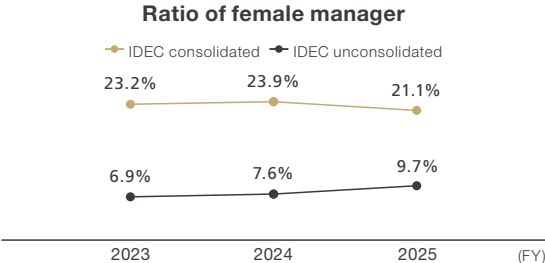
Promoting women's advancement

As part of our efforts to develop an environment and culture in which a diverse talent can take on challenges,

we have been pursuing initiatives to enable female employees to succeed. We set a target of increasing the number of female managers at IDEC on a non-consolidated basis to 15 by the end of FY2025, and managed to achieve this goal ahead of schedule in FY2024, by conducting awareness training for all department managers who will be key figures in promoting the success of female employees, and by promoting initiatives such as selection-based training for female management candidates. In addition, we have set a new KPI to increase the female manager ratio at IDEC to 12% or more by FY2028.

IDEC is also working to address the issue of correcting the wage gap between men and women in Japan. The wage gap was 80.2% in FY2025. We are actively implementing selective training for female employees to increase effectiveness, and we are also strengthening our recruitment of female managers to promote women's advancement.

The female manager ratio at our sites outside of Japan has been relatively high for some time.

Ratio of female manager

- IDEC consolidated - IDEC unconsolidated

	2023	2024	2025
IDEC consolidated	23.2%	23.9%	21.1%
IDEC unconsolidated	6.9%	7.6%	9.7%

(FY)

New Generation Program

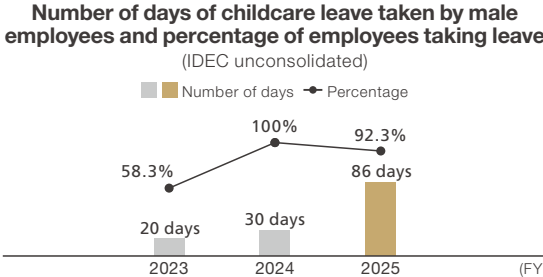| Phase	Before training	Training	After training (use in the field)		
			Practical application	Review	Repeat practical application
Measures	Interviews Orientation	Attend training (3 months)	Create 3-year plan / share at supervisor interviews and career development meetings		
Key points of measures	● Prepare for training Supervisor: Pre-interview with trainee Trainee: Recognize current situation based on assessment results HR: Orientation for trainees	● Maximize learning by expanding ideas for practical application ● Networking with trainees from other companies	Repeated practical application ● Trainees: Materialize and implement action plans ● Supervisor: Execute training plan	● Gain a sense of growth and understand issues	● Share the results of initiatives ● Recognize further growth issues through feedback
			Repeated practical application ● Provide appropriate supervisor support and feedback	● Visualize level of growth based on 3-year plan	● Departments and HR track trainee growth

Creating a comfortable working environment

IDEC is promoting work style reforms that enable flexible working styles, such as improving work efficiency through digital transformation (DX), encouraging the planned use of annual leave and the taking of childcare leave by male employees, and introducing discretionary work systems and flexible working hours.

To improve the percentage of eligible male employees in Japan taking childcare leave, we have posted interviews with employees who had taken childcare leave on the company intranet and made efforts to increase awareness among supervisors. As a result, in FY2025, 92.3% of eligible employees took childcare leave.

From FY2026, we have been working to improve HR systems, and new initiatives are planned to create a workplace culture where everyone can work with peace of mind, including not only employees on childcare leave, but also colleagues who take over their work while they are away.

Number of days of childcare leave taken by male employees and percentage of employees taking leave
(IDEC unconsolidated)

Number of days - Percentage

	2023	2024	2025
Percentage	58.3%	100%	92.3%
Number of days	20 days	30 days	86 days

(FY)

Improvement of employee support systems
(IDEC unconsolidated)

- ● Lump sum payments for female employees returning to work early from childcare leave
- ● Financial assistance with babysitter fees and extended childcare fees
- ● Special allowances for employees taking over the duties of a person on childcare leave (planned for FY2027 onward)
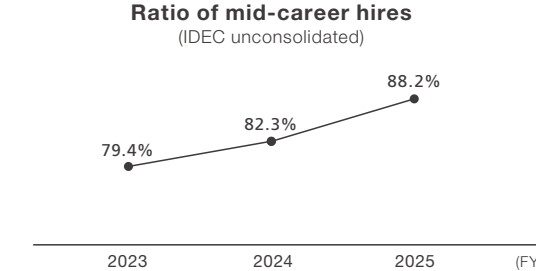
Creating employment opportunities for people with disabilities

Since FY2022, we have applied a special corporate group exception to calculate the number of employees with disabilities. At the end of FY2025, the ratio of employees with disabilities in IDEC unconsolidated was 2.5% and in the IDEC Group in Japan was 3.1%. As part of our efforts to create a company environment in which everyone can play an active role, in FY2025 we established a new Office Support Team at IDEC head office to promote the employment of people with disabilities.

Hiring diverse employee

To promote the global expansion of our business, we are recruiting a diverse range of talent, regardless of nationality, and are committed to developing an environment that is conductive to people from diverse backgrounds, including efforts to produce multilingual recordings of important meetings. We are also actively recruiting mid-career employees to bring new skills and diverse perspectives to the management of our business, including DX and AI-minded employees who can drive business innovation, as well as those with highly specialized knowledge that enables them to propose optimal solutions to customer's problems or develop new products.

Going forward, we will continue to recruit talents with the skills and knowledge to strengthen our business.

Ratio of mid-career hires
(IDEC unconsolidated)

2023	2024	2025
79.4%	82.3%	88.2%

(FY)

Safety, Health, Well-being

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🏢 Business Foundation

Main sustainability KPIs (FY2026-2028)
• Sales of safety-related business: **Increase 50%** (vs. FY2025)
• Frequency rate of industrial accidents (IDEC unconsolidated): **0**

Environment | Social | Governance

Basic approach

Since its founding in 1945 as Izumi Shokai, IDEC has been committed to "management with respect for humanity," which is the starting point for IDEC's well-being.

Our management philosophy, "The IDEC Way," which was established in 2019, positions management with respect for humanity as the foundation of our Vision, Mission, and Core Values. We are engaged in a variety of initiatives to improve the well-being of our employees.

To achieve our purpose: "Create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world," we develop products that can "protect people's lives" even under unforeseen circumstances, based on the premise that people make mistakes and machines break down, and aim to build a society of "from zero to plus," where anyone can live safely, healthily, happily, and vibrantly.
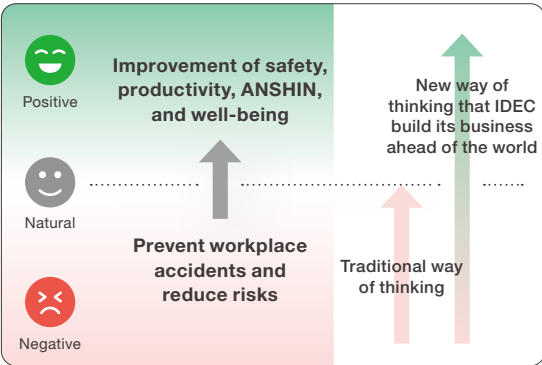
Source: Nikkei BP publishing "Well-being in Practice!"

Health and productivity management

The IDEC Group has established the IDEC Group Health Declaration, and is engaged in various initiatives to ensure the safety and health of its employees.

In terms of specific activities, in 2019, we constructed the Well-being Center within our head office. The center includes a cafeteria that provides healthy meals, as well as a fitness gym and Healthcare Center, and is staffed by a dedicated industrial physician and full-time occupational health nurse for the health management of employees.

In 2022, we opened an on-site clinic at our head office welfare building, and in 2025, we began offering online medical consultations for employees of Group companies in Japan. Going forward, we plan to consider measures to address women's health issues such as the menopause and menstruation, and offering outpatient support for employees to quit smoking.

In terms of mental health measures, we conduct annual stress checks at all business sites with 50 or more employees, prepare organizational analysis reports, and provide feedback to departmental managers. In addition, our industrial physicians and occupational health nurses meet with managers to improve their knowledge of line care and discuss health issues within their departments, thereby strengthening cooperation between management and healthcare personnel.

Since 2024, we have been engaged in initiatives aimed at ensuring the mental and physical health of all employees, such as introducing a new health management system that enables the centralized management of health information, including employee health checkups and stress checks.

With a project team that promotes health management, we are considering measures to create an environment where each employee can initiatively participate in health activities. We've been discussing, especially for improvement of presenteeism and Health Literacy as important issues. Through these initiatives, we aim to multiply the vitality and productivity of our

Cafeteria

Fitness gym

In-house corporate clinic

employees, and to achieve sustainable growth and to increase social trust.

Going forward, we plan to continue providing more finely tuned health education for employees and managers to strengthen health awareness. We will analyze the results of various health checkups and surveys to establish a system to provide more appropriate interventions for each individual. We will also identify health issues to be addressed as a company and link them to concrete measures.

Health and productivity management promotion project team

🔗 **More information for the IDEC Group Health Declaration is available here.** ›
https://us.idec.com/social/health

Occupational health and safety initiatives

IDEC has established a Company-wide Safety and Health Committee as its central organization for occupational safety and health for the domestic IDEC Group. The Committee works to prevent occupational accidents, improve employee health, and drive the creation of comfortable working environments through four specialized subcommittees (Traffic Safety, Health Promotion, Equipment Safety, and Decent Work), working in collaboration with the safety and health committees at each business location to discuss and improve upon company-wide issues.

We have also obtained ISO 45001—an international standard for occupational health and safety management system—for the first time at our Takino factory in 2019, and subsequently obtained it for all of our Japanese factories (Takino, Fukusaki, Amagasaki, and Tatsuno) in 2022. Overseas, we have obtained certification for our Suzhou and Taiwan factories, and plan to expand it to our Thailand factory in the future.

The IDEC Group considers ensuring the safety and health of its employees and improving their well-being to be its most important issue. We are working to create workplaces where employees can work energetically with peace of mind (ANSHIN), by engaging in activities to prevent occupational accidents and health hazards.

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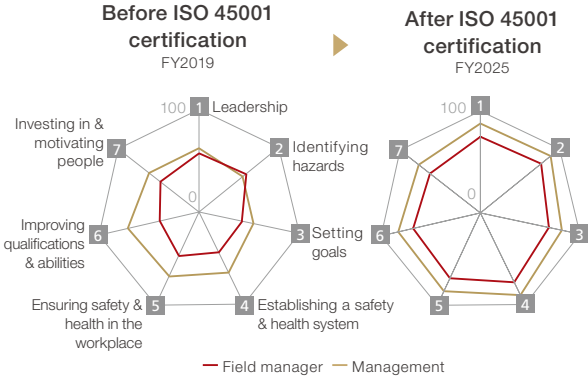Value Creation

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Safety, Health, Well-being

Vision Zero activities

To build a society where anyone can live healthy, happily, and vibrantly, it is important not only to have the technical aspects of supplying products with high performance, ease of use, and stable quality, but also human resources education and training, rulemaking and response with regard to standards, and commitment from management to achieve well-being. For this reason, we have been engaged in activities from the four aspects of Technology, People, Rulemaking, and Management. As part of these activities, in 2018, we became the first company in Japan to endorse and register under the Vision Zero campaign on occupational health led by the International Social Association (ISSA) under the International Labour Organization (ILO), which is a specialized agency of the United Nations. We also established a dedicated department for Vision Zero activities. The Vision Zero campaign is an initiative led by top-level management to improve the safety, health, and well-being of employees by preventing accidents, illnesses, occupational illnesses, and injuries in the workplace.

Even since before acquiring ISO 45001, we have been taking an approach based on the 7 Golden Rules for Zero Accidents and Healthy Work developed by Vision Zero, and surveying our achievements on a yearly basis. We have identified priority items that require improvement, and were able to take measures quickly by creating a radar chart of the results of our activities. Through our ongoing activities, we have created a workplace where employees can work with security and ANSHIN.

Before ISO 45001 certification FY2019

After ISO 45001 certification FY2025

1. Leadership
2. Identifying hazards
3. Setting goals
4. Establishing a safety & health system
5. Ensuring safety & health in the workplace
6. Improving qualifications & abilities
7. Investing in & motivating people

— Field manager — Management

IDEC received the first ISSA Vision Zero Awards

IDEC and two partner organizations that have been engaged in activities together (IGSAP, Japan Certification Co., Ltd.) received the first ISSA Vision Zero Award in November 2023, established by ISSA, in global recognition of their activities so far. This is the first time since IDEC's foundation that we have received an award from an authoritative United Nations-related agency. The award ceremony was held at the 23rd World Congress on Safety and Health at Work, organized by the ILO and ISSA in Sydney, Australia.
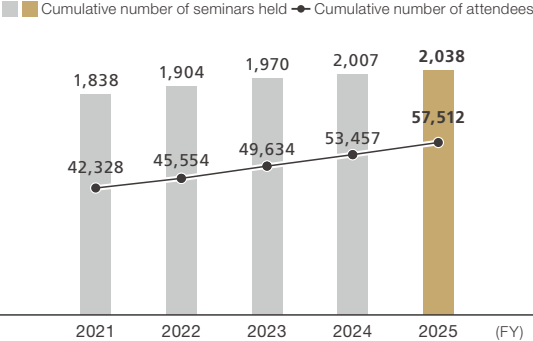
Development of safety personnel

We encourage employees to acquire safety qualifications such as Safety Assessor and Safety Officer, and are working to train and develop human resources who can advance safety and ANSHIN principles in society. We cover the cost of taking qualification tests and renewing qualifications, and we have the highest number of qualified Safety Lead Assessors—the highest qualification—in Japan. We also encourage employees to obtain the Robot Safety Assessor qualification, which certifies that they possess basic safety knowledge in the field of robotics, and the Safety Officer qualification, which measures the knowledge and ability of management personnel to perform occupational safety management.

P05 > IDEC at a Glance

Leveraging our extensive experience in manufacturing and advanced knowledge of safety, we also provide safety consulting services that aim to achieve both safety and productivity, such as through risk assessment support at industrial sites and the proposal and development of risk reduction measures. We also provide safety education to all employees, with the aim of becoming a company that pursues and realizes the highest levels of safety, ANSHIN and well-being in the world. In the safety training, participants learn about IDEC's safety history, safety concepts, safety products, and the latest information such as Vision Zero and Collaborative Safety (Safety2.0). They also take a comprehension test after the training to consolidate their knowledge.

Cumulative number of attendees and number of safety & explosion protection seminar held
(IDEC unconsolidated)

☐ Cumulative number of seminars held —•— Cumulative number of attendees

	2021	2022	2023	2024	2025	(FY)
Seminars	1,838	1,904	1,970	2,007	2,038	
Attendees	42,328	45,554	49,634	53,457	57,512	

Promotion of Collaborative Safety (Safety2.0)

The IDEC Group is actively engaged in Collaborative Safety (Safety2.0), in which humans and machines work together to achieve both safety and productivity, and is working to expand its diverse product lineup.

In January 2024, the Institute of Global Safety Promotion (IGSAP) established an organization to promote the on-site introduction of Collaborative Safety (Safety2.0), a new safety concept that originated in Japan, and to promote the creation of international standards. IDEC is also participating in this endeavor. Activities are being driven through public-private collaboration, with 13 leading Japanese companies such as Toyota Motor Corporation. The Ministry of Economy, Trade and Industry (METI) is an observer of this initiative.

Human Rights

Related material issue

Business Foundation

Main sustainability KPIs (FY2026-2028)
• Human rights and compliance training attendance rate:
100% (Japanese group companies)

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Our approach

Since its foundation in 1945, the IDEC Group has promoted "Management with Respect for Humanity," which is also positioned as our corporate philosophy, "The IDEC Way".

We respect humanity and strive to avoid discrimination in any form, including race, color, age, gender, sexual orientation, gender identity, sexual expression, ethnicity, nationality, disability, pregnancy, religion, political party affiliation, labor union affiliation, military experience, protected genetic information, and marital status. As a company engaged in business globally, we embody international principles and norms, including the United Nations Guiding Principles on Business and Human Rights. We strive to respect human rights and recognize the need to mitigate or prevent any adverse impacts of our corporate activities have on the human rights of various stakeholders. We have established a Human Rights Policy to ensure that all people involved with the IDEC Group have a strong awareness of human rights and contribute to the sustainable development of society. We formulated a new IDEC Human Rights Statement and revised our Human Rights Policy in 2023. We expect all business partners including suppliers, to understand and support this policy, and continuously encourage them to respect it.

Prohibition of forced and child labor

The IDEC Group's Human Rights Policy prohibits all forms of forced labor and child labor including slavery and human trafficking. This also applies to the supply chain. In the IDEC Group's CSR Procurement Guidelines, we prohibit forced labor, including slavery and human trafficking, and require our suppliers to comply with those stipulations.

International principles and codes of conduct endorsed by the IDEC Group

• The Ten Principles of the United Nations Global Compact
• United Nations Guiding Principles on Business and Human Rights
• International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, Children's Rights and Business Principles
• The Responsible Business Alliance (RBA) Code of Conduct

Implementation structure

In 2024, we established a Human Rights Subcommittee within the Risk Management Committee to lead our human rights initiatives.

The Risk Management Committee is a specialized committee within the Sustainability Committee, which is chaired by the CEO. Activities of the Human Rights Subcommittee are also reported to the Board of Directors through reports to the Sustainability Committee.

The Human Rights Subcommittee monitors the status of human rights initiatives and activities globally, clarifies action items, and implements them in coordination with related functions as appropriate.

Human rights issue response process

In FY2024, we clarified a process for instituting human rights-related initiatives and are currently pursuing initiatives in accordance with this process.

In FY2025, we conducted human rights impact assessments, identified human rights issues, and considered plans for future human rights due diligence.

In addition to responding through the existing IDEC Hotline, we plan to join the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), as part of our efforts to develop a human rights remedy mechanism.

Human rights issue response process

Establishment of Policies	**FY2024** • Formulation of the IDEC Human Rights Statement and revision of the IDEC Human Rights Policy • Disclosure of the statement and policy on the website in Japanese, English and Chinese (simplified and traditional)

Human Rights Due Diligence

Human rights impact assessment	**FY2025** • Assessment of impacts on human rights • Identification of high priority human rights issues • Enhancement of CSR self-assessment to suppliers, and implementation of internal human rights assessment in light of high priority human rights issues	**FY2026 (planned)** • CSR self-assessment for high-priority overseas suppliers **FY2027 (planned)** • Engagement surveys as part of human rights due diligence for employees
Preventive and corrective measures (plan)	• Promotion of specific efforts to implement preventive and corrective measures for identified high priority human rights issues	
Monitoring (plan)	• Survey of minority employees at IDEC head office and manufacturing sites in Japan	
Disclosure of information (plan)	• Disclosure of initiatives on the IDEC website and in the integrated report (IDEC Report)	

Establishment of a human rights remedy mechanism (plan)	**- FY2025** • Established IDEC Hotline as an internal reporting contact point within the company • Established the IDEC Group Partner Hotline as a point of contact for consultations and reports from suppliers	**FY2026 (planned)** • Join the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a full member, to respond to complaints and consultations from a wide range of stakeholders

Human Rights

Human rights impact assessment

The Risk Management Committee's Human Rights Subcommittee has identified and assessed potential negative impacts on human rights within our value chain that could be caused by the IDEC Group's business decisions and operations.

The human rights issues below are based on "Human Rights Issues of Importance to the IDEC Group" in the IDEC Human Rights Statement. For the human rights issues identified as high priority in our impact assessment, we conduct due diligence and self-assessment to understand the current situation and to formulate and implement preventive and corrective measures.

Human rights issues and stakeholders that may be negatively impacted

● Tier 1: High priority human rights issues
○ Tier 2: Risks that need addressing

Human rights items	Impacted stakeholders			
	Employees	Supply chains	Customers	Local communities and societies
Freedom of employment	○	●		
Prohibition of child labor and the protection of young workers		●		
Fair working hours	●	●		
Fair wages & benefits	○	●		
Elimination of discrimination/harassment	●	●		●
Freedom of association	○	●		
Occupational health & safety	●	●		
Protection of personal information & privacy	○	●	●	
Human rights issues related to technology and AI		○	○	○

Examples of high priority human rights issues (Tier 1) and possible negative impact

● **Employees**

Fair working hours	Failure to provide employees with leave essential for safety, health problems due to long working hours, and work outside statutory working hours
Elimination of discrimination/harassment	Lack of consideration for minorities and diversity, and human rights violations due to various forms of harassment
Occupational health & safety	Accidents and adverse physical, mental or cognition impairment caused by working environment

● **Supply chain**

Freedom of employment	Forced labor, human trafficking, retention of foreign workers' passports to deprive them of freedom of movement, and the violation of freedom to change jobs
Prohibition of child labor and the protection of young workers	Failure to verify the age of young workers, damages to children's health and safety, and disruption of their growth and learning
Other issues related to the work environment in general	Health problems due to long working hours, accidents due to work environment, leaking of personal information

● **Customers**

Protection of personal information & privacy	Improper collection, leaking, and unconsented use of personal information

● **Local communities and societies**

Elimination of discrimination/harassment	Lack of consideration for minorities and diversity, and human rights violations due to various forms of harassment

Human rights due diligence for employees

In FY2026, we surveyed the experiences of minority employees at IDEC head office and manufacturing sites in Japan, who are considered to be at a high risk of suffering human rights violations. In addition to conducting a survey of the working environment and systems. We will continue ongoing improvement and monitoring based on the results of this survey.

We also plan to use engagement surveys of all employees in Japan in FY2027.

Supplier self assessments

In FY2025, we conducted CSR self-assessments of 205 major Japanese suppliers in six categories, including human rights issues in accordance with the IDEC Group's CSR Procurement Guidelines. We have also conducted self-assessments at our main suppliers in China, Taiwan, and Thailand. If the results of the self-assessment raise concerns that suppliers are at high risk, we will conduct detailed interviews and on-site surveys, etc., and encourage them to address human rights issues.

Establishment of a human rights remedy mechanism

The IDEC Hotline—which has been established as an internal whistleblowing hotline—accepts reports and consultations from all IDEC Group employees on a range of concerns and complaints, including human rights issues and compliance violations.

We have also established the IDEC Group Partner Hotline as a point of contact for suppliers to consult with or report on human rights and compliance issues.

In FY2026 we plan to join the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) to enable us to respond to inquiries from a wide range of stakeholders, which provides a non-judicial grievance platform based on the United Nations "Guiding Principles on Business and Human Rights." We are building a system to ensure that access to appropriate remedies is available in the event of human rights violations.

Human Rights Education, training and enlightenment

As part of position-based training for new graduates, mid-career hires and promoted employees, we conduct human rights training and workshops based on the UN "Guiding Principles on Business and Human Rights."

In addition, we provide human rights-related training that broadly covers the areas of human rights that companies should respect, including harassment training, compliance training, and health and safety training, with human rights themes.

In FY2025, we provided training on harassment and on the Act for Eliminating Discrimination against Persons with Disabilities at group companies in Japan. The participation rate was 100% for both. To prevent harassment, we have also distributed IDEC Group Harassment Example Cards to managers and are working to ensure that they have the correct knowledge about harassment.

Furthermore, since FY2022, we have continued to provide in-house training on LGBTQ+ issues to create a work environment in which everyone can do their job well. In FY2025, IDEC Group ran a group-wide LGBTQ+ Ally Campaign, registering employees who show support and understanding for LGBTQ+ people and awarding them with a certificate and a rainbow ribbon. We have established the "Guidelines for Creating an LGBTQ+ Friendly Workplace" in FY2026.

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Human Rights

IDEC Human Rights Statement

The IDEC Group's vision is to "Pioneer the new norm for a safer and sustainable world." We envision a safer and more sustainable world, bringing happiness and peace of mind for all. As we strive towards achieving this vision, the IDEC Group also strives to make the most of its efforts to clarify its approach to respecting human rights. We have established this Human Rights Policy (hereinafter referred to as the "policy") as an upper-level guideline, incorporating the opinions of external experts.

Scope of Application

This policy is applicable to all personnel of IDEC Corporation and IDEC Corporation Group Companies (hereinafter referred to as the IDEC Group) across all levels of employment; executives, fixed term/part-time employees, temporary employees, and contract employees (hereinafter referred to as employees). In addition, the IDEC Group expects all business partners, including suppliers, to understand and support the contents of this policy. We will continue to encourage and ensure that they are following and respecting the policy.

Commitment to the Respect for Human Rights

The IDEC Group is fully committed to the respect for human rights in adherence with the United Nations "Guiding Principles on Business and Human Rights" and its referencing rules "International Bill of Human Rights" and the International Labour Organization (ILO) "Declaration on Fundamental Principles and Rights at Work", as well as "Children's Rights and Business Principles" and other international norms and principles relating to human rights.

Human rights items significant to the IDEC Group

At the time of creating this policy, the IDEC Group considers the following human rights items to be of particular importance in reference to our business.

1. Freedom of Employment
2. Prohibition of Child Labor and the Protection of Young Workers
3. Fair Working Hours
4. Fair Wages & Benefits
5. Elimination of Discrimination/Harassment
6. Freedom of Association
7. Occupational Health & Safety
8. Protection of Personal Information & Privacy
9. Human Rights Issues Related to Technology and AI

The preceding list of human rights items is not exhaustive and is subject to updates in accordance with the results of human rights impact assessments under due diligence continuously implemented based on the policy.

Remediation

In the unlikely event that the IDEC Group's business activities, products or services have a negative impact on the human rights of our customers, local communities, or our stakeholders, the IDEC Group will provide relief/aid via appropriate procedures. If a business partner of the IDEC Group, including suppliers, is found to have a negative impact on the human rights of our stakeholders in connection with the IDEC Group's business activities, products or services, the IDEC Group will exercise its influence over the business partner, and by doing so, seek to provide relief for those affected.

Application & Observations of Laws

The IDEC Group complies with all applicable laws and regulations of its operating countries and regions. In the event that the laws and regulations of a country or region is in contradiction of internationally recognized laws and regulations of human rights, the IDEC Group will seek to prioritize and adhere to those internationally recognized.

Governance

The IDEC Group is committed to establishing a framework for an internal "Human rights due diligence" system to fulfill the responsibility of respecting and promoting human rights. Furthermore, the IDEC Group will ensure the proper integration of this policy into its business activities by reflecting it in human resources, procurement and other related policies, procedures, and contents.

Human Rights Due Diligence

The IDEC Group will implement the following process to ensure the human rights due diligence is appropriately incorporated into all aspects of its business, in accordance with the United Nations "Guiding Principles on Business and Human Rights."

The IDEC Group will identify, assess, prevent, and reduce any negative impacts on human rights that may occur along the value chain as a result of the IDEC Group's business decisions and operations. Subsequently, the IDEC Group will track and evaluate the effectiveness of its responses and will periodically disclose these efforts through channels such as the website.

In conducting the above human rights due diligence, the IDEC Group will adhere to international norms and principles related to humans rights mentioned above, and will also comply with the Responsible Business Alliance (RBA) Code of Conduct, standards, and procedures, which are international CSR standards for the supply chain of electronic components.

In situations involving stakeholders where the IDEC Group cannot control decision-making, the IDEC Group will continue to exert its influence to ensure that the policy is respected and work to avoid complicity in human rights abuses.

Grievance Mechanism

In addition to the IDEC Hotline for IDEC Group employees, the IDEC Group will establish a report desk that those within the company such as employees and those outside such as suppliers, business partners, members of the local community, and stakeholders can use. By creating the report desk, the IDEC Group aims to quickly identify concerns including negative impacts on human rights at an early stage, enabling us as a group to resolve the presented issues via necessary procedures swiftly. Whistleblowers' information and the contents of their report will be kept confidential to protect their identity, and thorough protection will be provided to avoid any outcomes of unfavorable treatment or retaliation measures against the whistleblower.

Stakeholder Engagement

The IDEC Group recognizes the importance of addressing the negative impacts on human rights from the perspective of individuals or groups affected. Therefore, the IDEC Group will make efforts to engage in direct dialogue with the affected groups or via a legitimate representative, such as NGOs, while additionally, considering the opinions of external experts in its efforts.

Awareness and Education

The IDEC Group will conduct appropriate education and training for all officers and employees to raise awareness of this policy within the company. Additionally, to integrate this policy effectively into the company's business activities, it will be reflected in relevant policies, procedures, and its operations. The IDEC Group will also develop the capabilities of its personnel to ensure the effective implementation of "human rights due diligence," and strive for a commitment to human rights throughout the supply chain by ensuring that suppliers and business partners are fully aware of the contents of this policy.

Human Rights Policy Process and Review

The IDEC Group will continue to take into consideration societal trends, changes in the business environment, and dialogues with stakeholders, to periodically review this policy and strive to enhance efforts in respecting human rights.

> 🔗 More information is available here.
> https://us.idec.com/social/human-rights

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Related material issues

⚙ Productivity Improvement   ♡ Safety, ANSHIN, and well-being

Environment | **Social** | Governance

Resolving social issues through social rulemaking

IDEC has been involved in the formation of social rules for many years, through active participation in international standardization activities. From the 1960s to the 1990s, IDEC expanded its market by mainly by utilizing existing rules. Since the 1990s, IDEC has actively participated in technical committees of the International Electrotechnical Commission (IEC) and International Organization for Standardization (ISO), proposing and promoting international safety standards in response to new technological developments in the global society. IDEC has been active in shaping the rules by proposing and promoting the development of international safety standards.

Since 2017, we have focused on activities to create rules based on new ways of thinking, such as Vision Zero and well-being, to achieve our purpose: "Create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world."

We have defined our international standardization activities in the following three categories, and have established a dedicated unit, the International Standardization and Collaborative Safety Department,
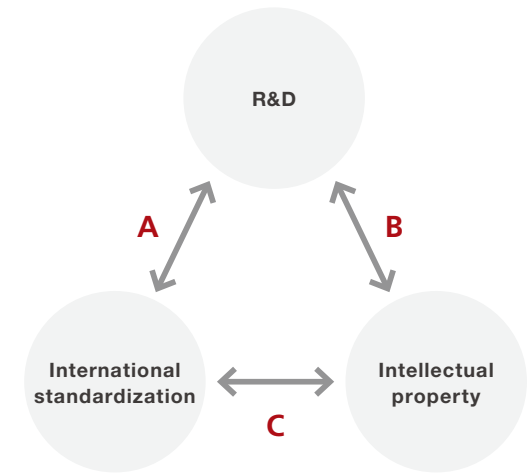
within our head office to promote a variety of activities. Among the three categories, we are particularly focusing on "strategic creative" and "strategic proactive" international standardization activities, which we advocate to the world with Japanese leadership. We are also aiming to achieve further growth of our business through continuous human resources development through OJT (on-the-job training).

Open & Close strategy

As part of our intellectual capital strategy, we are engaged in business activities based on the Open & Close strategy. In addition to international standardization, we operate a development promotion system in which R&D and intellectual property are integrated with international standardization as a trinity. This trinity includes the kinds of activities on the right.

The Open & Close strategy essentially means keeping a closed area of the company's core technology that generates profits, while leaving other technologies in the open domain. Instead of competing in an area where many companies are competing, it is important to build barriers to entry through intellectual property (IP) and international standardization in areas where we can be a unique entity.

For example, in the case of enabling switches, we have not only obtained patents for key technologies, but also actively participated in international standardization efforts. Consequently, our enabling switches have been adopted by many robotics and machinery manufacturers in Japan and overseas, resulting in a global market share of over 90%. This approach has led to an unparalleled market dominance and remarkable profitability.
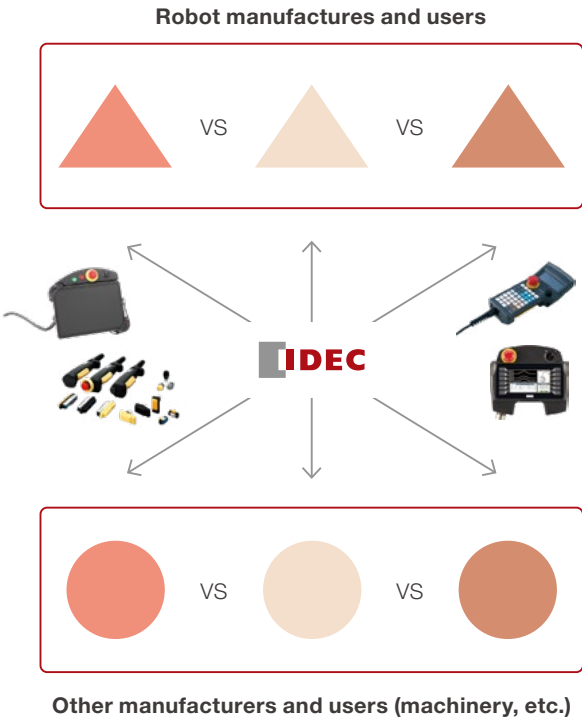
Types of international standardization activities at IDEC

Strategic creative approach

Activities that create new rules and mechanisms such as international standards and certifications for people, products, and services

Strategic proactive approach

Activities that involve taking the initiative to change or revise existing international standards, or utilizing obtained information to expand business operations ahead of other companies

Passive reactive approach

Activities aimed at continuing current business operations, such as ensuring conformity with international standards during product development and design modification

Open & Close strategy

R&D — A — International standardization — C — Intellectual property — B — R&D

A Leading the world in the creation of international standards through collaboration between standard-setting authorities and developers, and active participation in international standards activities.

B Developing distinctive technologies and fostering development focused on achieving a substantial market share through proprietary technologies, while considering standardization prospects.

C Intellectual property personnel analyze standardization trends and construct patent maps, and apply for intensive strategic patents for the creation of international standards.

Robot manufactures and users

VS   VS

IDEC

Other manufacturers and users (machinery, etc.)

Intellectual Capital

International standardization activities

IEC standardization activities

As a Japanese representative at the Advisory Committee on Safety (IEC ACOS), one of the seven technical advisory committees of the IEC, IDEC introduced Collaborative Safety (Safety2.0) and proposed the need to develop an IEC Guide on Collaborative Safety. Consequently, the development of the IEC Guide was approved in 2022, and it is expected to be officially published in the near future following voting by each national committee.

Through its participation in the development of international standards, IDEC has made a significant contribution to the development of standards for three-position enabling switches, for which IDEC holds over a 90% share of the global market, and to the revision of standards for emergency-stop switches.

ISO standardization activities

IDEC has been participating in the working group for the technical committee on robot safety, where it has contributed to the development of the ISO10218 series of international standards relating to the safety of various industrial robots (including collaborative robots) and their related systems.

We have also participated in the working group of the technical committee on the safety of automated guided vehicles (AGVs, AMRs, and AGFs, etc.), which have become increasingly common in recent years, and have contributed to the development of ISO 3691-4, the international safety standard for such technologies.

Case studies

(1) Three-position enabling switch

As industrial robots became more widespread, there had been numerous of accidents during robot teaching, and the need for new safety devices was being discussed by the Standards Committee for Robot (Robotic Industries Association at that time). IDEC obtained this information at an early stage, and in 1997 became the first company in Japan to commercialize the three-position enabling switch.

Later, IDEC took a leading role in contributing to the development of new international standards from the proposal stages. The IEC standard (IEC60947-5-8) incorporating safety and ease-of-use requirements was published in 2006. We also contributed to the development of the ISO standard for industrial robots (ISO 10218-1), and the ISO standard incorporating the requirement for a three-position enabling switch to be installed in teaching device was published in 2006.

As a result, IDEC has contributed to ensuring safety during robot teaching around the world. Since the international standard was issued, overseas sales have also grown significantly, contributing to improving safety, ANSHIN and well-being in a wide range of fields, including production sites and in the construction industry.

(2) Emergency-stop switch

Since first participating in an IEC working group in 2003, IDEC has continued to take part for more than 20 years, contributing actively to the development and revision of related international standards.

Since 2013, IDEC has been contributing to the revision of the IEC standard (IEC60947-5-5) as the project leader in an international standard revision project for emergency-stop switches, composed of global companies in the control equipment industry.
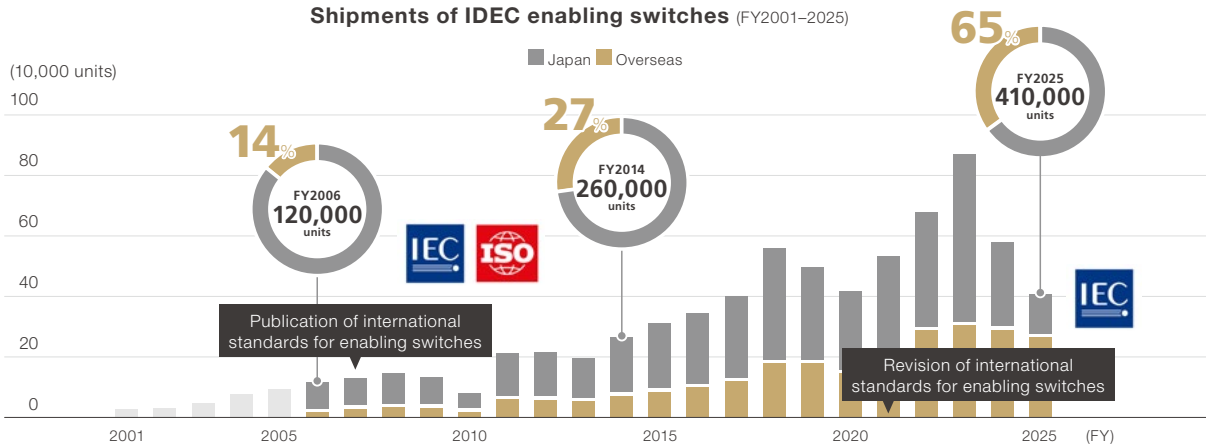
We also have a lineup of products utilizing IDEC's proprietary "safety potential structure," with a safety level that exceeds the requirements specified in the standard, and are driving their social implementation to support further improvements of safety in various workplaces.

Shipments of IDEC enabling switches (FY2001–2025)

(10,000 units)

- ■ Japan ■ Overseas
- 14% FY2006 120,000 units
- 27% FY2014 260,000 units
- 65% FY2025 410,000 units

Publication of international standards for enabling switches

Revision of international standards for enabling switches

Safety potential structure of the emergency-stop switch

Unlocked / locked
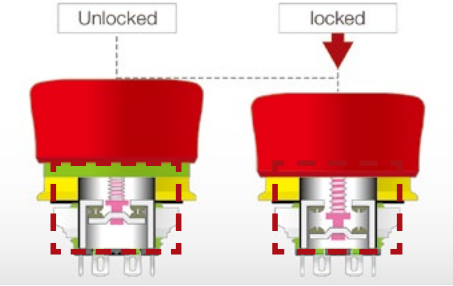
Switches always default to the off position (a safe condition) even when the button part is damaged

IDEC experienced a bitter loss of market share both in Japan and overseas, because the creation of the international standard for switches—one of its main products— was spearheaded by overseas manufacturers, resulting in the exclusion of a typical Japanese round-hole panel mounting size for switches at that time. From this experience, Dr. Toshihiro Fujita, Chief Safety, Health and Well-being Officer, recognized the importance of conducting international standardization activities from Japan. He has since taken a leading role in Japan-led international standardization activities, by facilitating communication and cooperation between numerous European and US companies, standardization organizations, and certification bodies. In recognition of his activities, Fujita received the Prime Minister's Commendation for Industrial Standardization from Ministry of Economy, Trade and Industry in 2022. In addition, Takao Fukui, Masaki Nobuhiro, and Fujita received the highly prestigious Ichimura Prize in Industry for Excellent Achievement Award, which recognizes technology developers who have contributed to the advancement of science and technology and the development of industry in Japan. The presentation ceremony, attended by Princess Akiko, was held in April 2024.

Ichimura Prize in Industry for Excellent Achievement Award

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Business Foundation

Main sustainability KPIs (FY2026-2028)
• Sustainability engagement ratio with suppliers*: **100%**
• Audit and follow-up rate for suppliers with low SAQ scores: **100%**

*Sustainability engagement ratio: SAQ response ratio

Environment **Social** Governance

IDEC Group's approach to CSR procurement

The IDEC Group aims to build a supply chain that ensures the stable and sustainable procurement of raw materials and supply of products. To achieve sustainable procurement, we believe it is essential to pursue initiatives to respect human rights, improve the working environment, ensure health and safety, achieve thorough compliance, and protect the global environment throughout the supply chain. To translate this idea into practice, we have established the Purchasing Policy, the Responsible Minerals Sourcing Policy, and the Code of Conduct for Procurement Activities. We have also released the CSR Procurement Guidelines and the Green Procurement Guidelines and require our suppliers to comply with them. We aim to build a safe and efficient logistics system for a stable supply of goods by practicing advanced supply and demand management and engaging in ethical logistics (also referred to as "White Logistics" in Japan) in cooperation with logistics companies.

Purchasing Policy and Code of Conduct

The IDEC Group engages in supply chain management based on the following policies, aiming to enhance its sustainable corporate value.

|		
1	**Purchasing Policy**	We practice fair trade with diverse suppliers around the world, procure materials with low environmental impact, and maintain responsible procurement based on the four pillars of "Global," "Fair and Impartial," "Green Procurement," and "CSR Procurement."
2	**Responsible Minerals Sourcing Policy**	In the procurement of tantalum, tin, tungsten, and gold, the Group clearly states that it will not use minerals that are a source of funds for armed groups in conflict-affected and high-risk areas, that it will perform due diligence using the CMRT (Conflict Minerals Reporting Template) and EMRT (Extended Minerals Reporting Template) issued by the RMI (Responsible Minerals Initiative)and apply immediate corrective actions.
3	**Code of Conduct for Procurement Activities**	In procurement activities, we have established and thoroughly enforced the following standards of conduct: 1) Compliance with the Subcontract Act and other legislation; 2) Prohibition of abuse of superior bargaining position; 3) Procurement activities at appropriate prices; and 4) Prohibition of demands for entertainment and gifts, etc.

The IDEC Group adheres to these policies and strives to build a transparent and responsible supply chain.

🔗 **More information is available here.**
https://us.idec.com/sustainability/partner

CSR procurement implementation structure

The IDEC Group's CSR procurement is led by the SCM Division, which collaborates with Group companies and relevant departments to formulate plans and implement specific initiatives to address sustainability issues.

The progress of these plans and activities is regularly reported to the Sustainability Committee, which is chaired by the CEO, for deliberation and decision-making. The content discussed and decisions made by the Committee are supervised by the Board of Directors, ensuring the transparency of governance.
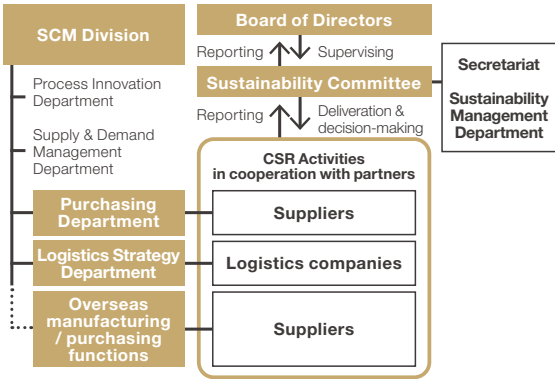
PDCA cycle for CSR procurement
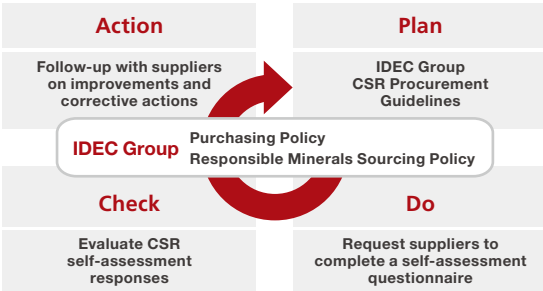
Green Procurement Guidelines

To reduce environmental impact throughout our supply chain operations in cooperation with suppliers, the IDEC Group has published the IDEC Group Green Procurement Guidelines, which define the IDEC Group's approach to environmental management activities and specific requests.

In November 2024, in response to a global request, we revised the Guidelines by soliciting suppliers to share their CO_2 emissions data generated during their business operations and modifying on prohibited substances.

CSR Procurement Guidelines

The IDEC Group complies with the laws, regulations and social norms of each country and engages in procurement in line with international CSR standards. Based on the IDEC Group Code of Conduct, and in compliance with the Ten Principles of the UN Global Compact, the ILO International Labor Standards, and the Responsible Business Alliance (RBA) Code of Conduct, we adopted the **IDEC Group CSR Procurement Guidelines**.

These guidelines present the IDEC Group's specific approach, covering the six key areas of **(1) labor, (2) health and safety, (3) environment, (4) ethics, (5) product safety, and (6) management system.** We have also established the IDEC Group Partner Hotline as a contact point for receiving consultations and reports regarding compliance from suppliers. The IDEC Group engages in CSR procurement in cooperation with its suppliers based on these Guidelines, with an emphasis on transparency and responsible procurement.

🔗 **More information is available here.**
https://us.idec.com/sustainability/partner

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CSR self-assessment

The IDEC Group encourages CSR self-assessment so that suppliers can assess their CSR activities and use the results to make improvements. The assessment is divided into six categories, with a question about human rights added in the FY2025 revision, bringing the total number of questions to 35. Suppliers are asked to evaluate each question on a five-point scale to improve their CSR activities.

Evaluation criteria for the self-assessment

Score	Evaluation criteria	Evidence
5	Supplier engages in all elements of the activity. There are documents and records necessary for engaging in the activity.	Required
4	Supplier engages in most aspects of the activity. There are also documents or records that show partial engagement in the activity	Required
3	Supplier engages in most aspects of the activity. There are no documents or records	Not required
2	Supplier hardly engages in the activity, but will do so within around one year.	Not required
1	Supplier has no plans to engage in this activity for the time being.	Not required

The results of the FY2025 CSR self-assessment are shown in the table below. While suppliers that received low ratings last year improved, suppliers that received high ratings were given a more elaborate evaluation based on concrete explanations.

Going forward, we will continue to implement the CSR self-assessment program regularly for suppliers in response to growing social demands regarding CSR (on issues such as respect for human rights, conflict minerals, and chemical substance regulations), and will continue to conduct on-site audits based on the results of assessments.

CSR Self-assessment; no. of companies, average (on scale of 1 to 5)

FY	Number of companies	Category						Average
		Labor	Health and Safety	Environ- ment	Ethics	Product Safety	Manage- ment	
2024	211	4.1	3.9	4.0	4.0	4.1	3.6	4.0
2025	191	4.1	3.8	3.9	3.9	3.9	3.5	3.8

CSR procurement education

To instill the importance of CSR throughout the entire supply chain, we conduct CSR procurement training not only for employees in charge of purchasing but for all employees.

In FY2025, 100% of employees of the IDEC Group in Japan (1,027) and employees engaging in purchasing activities in Suzhou (China), Taiwan, Thailand, and APEM (global) (58) completed the training. The training covers the core concepts of CSR (Corporate Social Responsibility), the importance of CSR procurement, reasons for responding to requests from customers, benefits of CSR procurement and initiatives, and specific IDEC Group CSR procurement activities. After the training, we conduct a comprehension test to confirm its effectiveness.

We also provide the same training materials to our suppliers and work together to promote CSR activities.

Responsible minerals sourcing

With regard to conflict minerals, we use templates (CMRT and EMRT) issued by the Responsible Minerals Initiative (RMI) and ask our suppliers to submit reports indicating that their materials do not contain 3TG*, cobalt, or mica refined in conflict-affected or high-risk areas.

Survey results: (Suppliers to the manufacturing sites in Japan, China, Taiwan, Thailand)

FY	CMRT (3TG)			EMRT (cobalt and mica)		
	Target companies	Response submitted	Response ratio	Target companies	Response submitted	Response ratio
2025	347	324	93%	323	309	96%

* 3TG: tin, tantalum, tungsten, and gold

Education on the subcontract act

Education on the Subcontract Act was provided to 385 IDEC Group employees in Japan. We regard compliance with the Subcontract Act as more than simple compliance with laws and regulations; it is a foundation for building sustainable business partnerships based on trust. Going forward, we will continue to strengthen governance and build a fair and resilient supply chain.

Dialogue and co-creation with suppliers

The IDEC Group emphasizes dialogue and collaboration with suppliers to build a sustainable supply chain.

Our supplier newsletters, published annually since 2018, seek to deepen mutual understanding and cooperative relationships by introducing examples of CSR initiatives by suppliers, IDEC's sustainability activities, business overview, and new product information. In December 2024, we published our tenth issue and delivered it to approximately 300 suppliers.

In terms of disaster response, we have established the Supplier Safety Confirmation System with 115 companies in Japan (as of March 31, 2024). When an earthquake of seismic intensity 5+ or higher occurs, or when an emergency warning is issued, a safety confirmation e-mail is sent automatically based on information from the Japan Meteorological Agency, enabling us to quickly grasp the situation. In the Noto Peninsula and Hyuga-nada earthquakes of 2024, we kept in touch with suppliers in the affected areas and took appropriate measures.

Starting from FY2026, we will introduce a new partnership evaluation framework for our business transactions with existing suppliers, which will reflect on the results of CSR self-assessments and voluntary evaluation sheets for environmental conservation, in addition to the conventional quality, cost, and lead time criteria. With this initiative, we aim to co-create social and environmental value with our suppliers from a broader perspective and build a sustainable supply chain. Evaluation results will be shared separately, and opportunities for improvement will be identified together through two-way dialogue, leading to stronger trusting relationships.

Promotion of "White (Ethical) logistics"

IDEC has endorsed the ethical logistics ("White Logistics") movement being advocated by Japan's Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry, and Ministry of Agriculture, Forestry and Fisheries, submitting a declaration of voluntary action in September 2019. Since then, we have given extra care and consideration to ensure that our partner logistics companies comply with relevant laws and regulations, and have taken steps to clarify contract details, improve the efficiency of cargo handling operations, and institute safety measures.

In FY2025, we made the following improvements to enhance logistics efficiency and environmental friendliness.

1. Renovation of distribution center facilities
- Reduction of work time by introducing an automatic sorting machine (developed by IDEC)
- Further reduction in assembly time by improving existing automated warehouses
- Improvement in work efficiency by installing conveyors and vertical conveyors
- Improvement in working environments by installing a large roof over truck loading and unloading areas

2. Improvement in transportation efficiency
- Review of transportation routes
- Reduction of truck traffic by introducing round use of import / export containers

3. Improvement in the contracting system
- Separation of contracts for transportation and cargo handling operations to ensure legal compliance

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Related material issue

[icon] Business Foundation

Main sustainability KPIs (FY2026-2028)

- Board of Directors' effectiveness evaluation: **20% or more improvement items**
- Number of serious legal violations: **0**

Approach to corporate governance

IDEC considers ensuring management transparency and efficiency to be fundamental to corporate governance for its shareholders and other stakeholders. To achieve this, we actively appoint outside directors and separate management oversight and executive functions, with a constant emphasis on management transparency and efficiency.

In addition, we have established and published the IDEC Corporate Governance Policy, which outlines our approach and operating policies with regard to corporate governance within the Group.

[link icon] More information is available here.
https://us.idec.com/sustainability/governance

Initiatives to enhance corporate governance

IDEC has been actively appointing outside directors for many years. We have ensured that outside directors constitute the majority of all directors since FY2017. The Board of Directors is a diverse body of directors from both inside and outside the company, including men and women with different backgrounds and areas of expertise.

IDEC established its IDEC Corporate Governance Policy in FY2017. We transitioned into a Company with an Audit and Supervisory Committee in FY2019, established a voluntary Nominating Committee in FY2022, and a voluntary Remuneration Committee in FY2023. We reviewed our executive compensation system in FY2024, and introduced performance-based stock-based compensation (performance share units, or PSU) and restricted stock (RS).

Features of IDEC's governance (as of June 2025)

1 Outside directors represent **more than half of all directors**, and all of them are **independent directors**

67%

Inside directors **3**
Outside directors **6**

2 Female directors represent **33%** of the Board of Directors

33%

Male directors **6**
Female directors **3**

3 The effectiveness of the Board of Directors **has been continuously evaluated** since FY2016

4 The Chairperson of the Nomination and Remuneration Committee is **an independent external director**, and it is composed **solely of outside directors.**

Numbers of directors and institutional design

(FY)	2019	2022	2023	2024	2026
Features Institutional design	Transition to a Company with an Audit and Supervisory Committee	Establishment of the Voluntary Nominating Committee	Establishment of the Voluntary Remuneration Committee Increase in the number of female directors	Augmentation of Specializations based on the Skill Matrix Start of the New Remuneration System	Appointment of outside directors as chairs of the Nomination and Remuneration committees
Total inside directors	7	9	9	10	9
Ratio of Outside directors	70%	67%	67%	60%	67%
Ratio of female directors	10%	11%	33%	30%	33%

Corporate governance system

General Meeting of Shareholders

Nominating Committee — Reporting

Remuneration Committee — Reporting

Appointment / Dismissal

Board of Directors — Meetings **7**

Directors (excluding Audit & Supervisory Committee members)

Appointment / Dismissal

Audit & Supervisory Committee — Meetings **9**

Directors (Audit & Supervisory Committee members)

Appointment / Dismissal

Accounting Auditor

Selection

Auditing

Execution of Business

Top Management Meeting — Meetings **8**

CEO

Executive Officers' Meeting — Meetings **11**

Sustainability Committee — Meetings **2**

Various departments / Group companies

Internal Audit Dept.

Accounting auditing

Inside/Male — Cooperation
Outside/Male — Auditing
Outside/ Female — Instructions / Reporting

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Nominating Committee and Remuneration Committee

The Company established the Nominating Committee and Remuneration Committee in 2021 and 2022 respectively, and operates them as non-statutory advisory bodies to the Board of Directors.

The Nominating Committee considers and deliberates over the nomination of candidates for director, plans to cultivate candidates for the next-generation of top management and succession plans, while the Remuneration Committee considers and deliberates matters related to the remuneration system and regulations, and makes remuneration decisions in accordance with the system. Both committees report to the Board of Directors. The members of each committee consist of directors selected by the Board of Directors.

The Nominating Committee and Remuneration Committee membership was reviewed, and it was decided that an outside director would serve as chairman of each committee. At a meeting of the Board of Directors held on June 20, 2025, outside director Yasuo Himeiwa was appointed and took office as chairperson of both committees. As a result, IDEC's Nominating Committee and Remuneration Committee has been composed solely of outside directors.

Message from the Chairman

Chairman of the Nominating Committee and Remuneration Committee
Yasuo Himeiwa
Outside Director

The Nominating Committee and Remuneration Committee have always deliberated and reported on nominations and remuneration from an objective perspective, with a majority of outside directors. Going forward, as IDEC transforms into a "New IDEC," we will further strengthen the monitoring function of the nomination and compensation decision-making process by appointing outside directors as the chairman of the Nominating Committee and the Remuneration Committee.

Nominating Committee

Chairman	Outside Director	Yasuo Himeiwa
Members	Outside Director	Hiroshi Kobayashi
	Outside Director	Michiko Kanai
Key details	• Report on candidates for director for the next fiscal year • Report on the progress of next-generation executive development • Selection of a candidate for substitute director and Audit & Supervisory Committee member	

Remuneration Committee

Chairman	Outside Director	Yasuo Himeiwa
Members	Outside Director	Hiroshi Kobayashi
	Outside Director	Hideyuki Ohkubo
	Outside Director	Michiko Kanai
Key details	• Schedule for determining remuneration for the next fiscal year • Remuneration levels, recommendations • State of achievement of KPIs • Performance-based remuneration levels, calculation and consideration of PSU achievement indicators	

Succession plan

The Nominating Committee has selected candidates for the next generation of top management and discussed development programs for them, and has started a development plan for succession to the next generation (a so-called succession plan). The Committee implemented the development program for selected next-generation executive candidates, arranged outside training, 1-on-1 action learning provided by outside directors, lectures on specialized topics and other activities, and provided opportunities for candidates to deepen their contact with current directors and executive officers while gaining hands-on experience with management issues through attendance at Top Management Meetings and Board of Directors meetings.

While directors were chosen from among the next-generation executive candidates in June 2023, the newly appointed directors will continue with the development program including executive coaching following their appointment, and the Nominating Committee will request appropriate reports on the status of their development, which it will use to offer opinions on the development plan.

Policy and procedure for director appointment and dismissal

The Committee considers candidates based on the requirements of advanced specialized knowledge, extensive experience in management and business execution, and high levels of insight necessary for a director of the company, and reports to the Board of Directors on any decisions to dismiss a director based on the criteria for dismissal.

Based on the Committee's recommendations, the Board of Directors deliberates and makes resolutions on proposals as agenda items for the General Meeting of Shareholders.

Dismissal policy
• When it is determined that a director does not meet the requisite skills and requirements
• When a director has violated laws and regulations, or the articles of incorporation

Succession plan program

			FY2022	FY2023	FY2024	FY2025	FY2026
In-house training	**Lectures delivered by outside directors** Gain deeper insight into each area of expertise to be prepared as a director	P56		Held 8 times in total			
	Action learning Carry out actions based on themes set to reflect the actual work				Conducted in alternate months		
	Weakness analysis Individual training for each field and competency based on one's own strengths and weaknesses				Conducted in alternate months		
Outside training	**Outside management training** Taking part in management training programs provided by outside organizations			Training location dependent on trainee (2 weeks to 4 months)			
	Executive coaching Transform one's mindset and behavior as an excellent leader in a 1-on-1 format					Coaching depending on trainee (8 to 10 months)	
	Liberal arts Hone insight into the nature of things through lectures and dialogue with experts						Conducted depending on the trainee

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Overview of the remuneration system

In FY2024, we revised our executive compensation system and adopted the following director remuneration system, following a resolution at the General Meeting of Shareholders. New KPIs and evaluation reflection ratios are set in accordance with the new medium-term management plan, taking discussions and recommendations made by the Remuneration Committee into consideration.

● **Composition of remuneration**
Remuneration comprises basic remuneration as a basic compensation, performance-based remuneration (bonuses) and non-monetary remuneration (share-based remuneration) at a ratio of 60:25:15.

● **Base compensation**
Basic remuneration is a fixed monthly payment and determined in a comprehensive manner in consideration of the position, responsibilities and IDEC's financial status.

● **Performance-based remuneration**
Bonus
To raise awareness of the need to improve business performance in each fiscal year and clarify the commitment to stakeholders with respect to such matters, performance-based monetary compensation reflecting key performance indicators (KPIs) is divided into 12 and paid monthly together with monthly basic remuneration.
　　Bonus amounts are calculated by multiplying a standard amount for bonus calculate set for each officer by a payment coefficient corresponding to the business results for the fiscal year. KPIs used for calculation are the consolidated operating profit margin in each fiscal year and human resource evaluations (excluding titled directors) concerning business results, etc. from the division for which the director is responsible.

Share-based remuneration
Share-based remuneration comprises PSU as a medium-term incentive and RS as a long-term incentive.

	Short-term remuneration Incentive to achieve the plans of the fiscal year	Medium-term remuneration Incentive to achieve the medium-term management plan	Long-term remuneration Incentive to enhance corporate value	Basic ratio
Performance-based remuneration — Share-based remuneration		For residents of Japan		40%
		PSU 10%	RS 5%	
Cash remuneration	Bonus 25%	For non-residents of Japan		
		Phantom stock		
Fixed remuneration	Base compensation 60%			60%

PSU
PSUs are issued as shares in the common stock of the Company with transfer restrictions, based on the number of share units issued for each position multiplied by a payment coefficient linked to the attainment rate of financial and non-financial indicators emphasized in the medium-term management plan. The KPIs used for calculating PSUs are the degree of attainment of targets stated in the medium-term management plan as financial and non-financial indicators, and individual evaluations (excluding titled directors) regarding business performance in the division for which the director is responsible.

RS
RS is issued as shares in the common stock of the Company with transfer restrictions. The number of shares is determined based on a number equivalent to a base monetary amount determined in light of the Company's business performance, the scope of responsibilities of each director and various circumstances.
　　Note that if a director is a non-resident of Japan when share-based remuneration is issued, they shall be granted phantom stock in lieu of PSU and RS.

● **Director remuneration basic policies**
To ensure that the remuneration of directors (other than outside directors and directors who are Audit & Supervisory Committee members) adequately functions as an incentive for directors to pursue the sustainable enhancement of corporate value, the individual remuneration of directors is paid as basic remuneration as a fixed amount based on position in light of the scope and size of responsibility for management, etc., performance-based remuneration (bonuses) and non-monetary remuneration (share-based remuneration). Remuneration for outside directors and directors who are Audit & Supervisory Committee members is limited to fixed basic remuneration, in the interest of preserving the independence of their management oversight role.

● **Policy for determining remuneration, etc. for individual directors**
When determining the remuneration for each individual, the Remuneration Committee conducts deliberations that take into account their position, performance, expertise and other qualities and reports those details to the Board of Directors. The Board of Directors, which comprises a majority of independent outside directors, entrusts the CEO with making the determinations. The CEO shall respect the reports made by the Remuneration Committee when determining the details of individual compensation.

● **Malus and clawback of remuneration**
When serious misconduct or violations involving a director have occurred, based on a report from the Remuneration Committee the company may demand the forfeiture or return of all of part of bonuses and share-based remuneration.

Formula for calculation of performance-based remuneration and method of performance linking

● When bonuses and PSUs are issued, the payment amounts and number of shares issued are determined in proportion to corporate performance and individual evaluations.

● When PSU and RS-based shares vest, their assets values are linked to the share price.

remuneration category	Performance-based remuneration		
	Cash remuneration	Share-based remuneration	
	Short-term incentives	Medium-term incentives	Long-term incentives
	Bonus	PSU*	RS*
Formula	Based calculated amount × operating profit margin × individual evaluation coefficient	Total number of issued share units over three years for each position × medium-term KPIs × individual evaluation coefficient	Number of RS-based shares to be issued as set for each position

* PSU: Performance Share Units * RS: Restricted Stock Units

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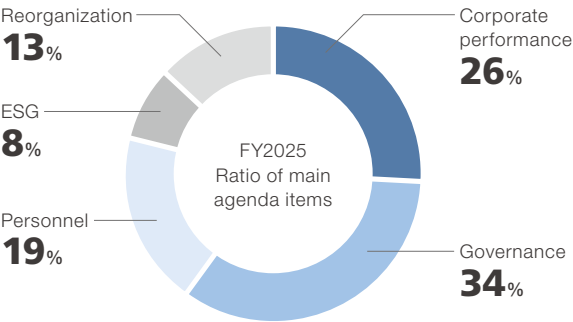## State of deliberation by the Board of Directors

IDEC's Board of Directors consists of four inside directors and six outside directors, and seven board meetings were held in FY2025. Agenda items are reviewed in advance at Top Management Meetings, then submitted to the Board of Directors based on the resolutions and comments made at that meeting. Meetings of the Board of Directors are attended by all directors, and lively discussions are held at each meeting. The CEO (who acts as chairperson) and executive officers in charge of each area provide detailed responses to questions and opinions raised by outside directors, enabling substantive discussions to be held.

The Company also utilizes document-based resolutions when necessary to ensure flexible decision-making. In FY2025, we carried out two document-based resolutions by the Top Management Meeting and one document-based resolution by the Board of Directors.

Governance-related matters accounted for a large portion of items discussed and reported on in FY2025. Most of the time spent in deliberations was devoted to business performance and plans, followed by personnel strategies relating to ongoing structural reforms and proposals for reorganization of the Group.

◎ Document-based meeting

Month	April	May	June	July	August	September	October	November	December	January	February	March	Total meetings for the year
Top Management Meeting		○	○	○		○	○		○	○	◎	◎○	**8** **2 document-based**
Board of Directors		○	○		○	○		○	◎		○	○	**7** **1 document-based**
Audit and Supervisory Committee		○	○	○	○		○	○	○		○	○	**9**

FY2025 Ratio of main agenda items

- Corporate performance **26**%
- Governance **34**%
- Personnel **19**%
- ESG **8**%
- Reorganization **13**%

Agenda items for deliberation	Number of reports
24	**23**

Main agenda items / reports in FY2025

Agenda items / reports relating to business performance and plans	• Deliberation on year-end and quarterly financial results • Deliberation on performance forecasts and revised plans • Proposals for appropriation of surplus • Inventory forecasts and optimal inventory levels
Agenda items / reports relating to governance	• Decision to convene an Annual General Meeting of Shareholders • Matters relating to remuneration for directors (and other officers) • Evaluation of internal control, and internal control measures for the next fiscal year • Governance report and revision of Governance policy • Reports on summaries of internal whistleblowing cases • Reports on Audit and Supervisory Committee audit plans • Notice of implementation of an effectiveness evaluation questionnaire and report on the results • Establishment of an information security policy

Agenda items / reports relating to personnel	• Resolutions on the appointment of representative directors and specific directors • Executive personnel appointments and main organizational restructuring • Deliberations on the global matrix organization concept • Personnel optimization strategies
Agenda items / reports relating to ESG and sustainability	• Reports on the Integrated Report • Sustainability Committee activity reports • IR / SR activity reports
Agenda items / reports relating to group reorganization	• Deliberations and decisions on mergers and consolidation of subsidiaries • Deliberations and decisions on business succession and sale of businesses

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Outside director activities

The majority of IDEC directors are outside directors. Outside directors express their opinions based on their high-level expertise and management experience, and participate in the Board of Directors in an independent capacity.

They are also actively involved in the growth of our business by holding individual sessions with their relevant departments based on business issues and themes, and conducting lectures and face-to-face meetings in the curriculum for next-generation education. They play their roles as outside directors with expertise and independence.

ITMP program by directors

We are continuing to implement the IDEC Top Management Program for two candidates following on from Takao Funaki, who has already been appointed as a director. Under the program, outside directors conduct action learning and weakness analysis through regular one-on-one meetings, from their professional perspective as outside directors.

Participation in the Sustainability Committee

Outside directors participate in the Sustainability Committee, which meets twice a year. We receive advice on the activities of each expert committee, including environmental initiatives, human capital utilization, and human rights-related initiatives.

Outside directors' exchange sessions

We hold annual outside directors' exchange sessions as a forum for outside directors to exchange opinions. In FY2025, outside directors held discussions focusing on topics such as dialogue with shareholders and investors.

Constructive dialogue with shareholders, investors, and analysts

To gain trust and fair evaluation of our management, the CEO, senior executive officers and head of the Strategic Planning Division play active roles in IR and SR activities. This includes diligently responding to requests for interviews from shareholders and institutional investors. The information acquired from those interactions, including appraisals and opinions concerning markets, is regularly reported to the Board of Directors, and six such reports were made in FY2025.

By sharing the opinions received as feedback with the Board of Directors, we can take concrete action to address them. We also work to enhance investor relations tools such as our Shareholder Newsletter and website to better help shareholders and investors make informed investment decisions, and proactively disclose our financial results and management strategies, as well as sustainability information, news and other topics.

The Strategic Planning Division, which is responsible for these activities, coordinates with related departments to collect and analysis various management information. While ensuring thorough control over insider information, the division provides information internally and publicly in an timely and appropriate manner.

Main details of dialogue and matters of interest

- Business results and progress of the medium-term management plan
- Activities of the Nominating Committee and Remuneration Committee
- The new remuneration system
- Succession plans
- Status of action and initiatives to address climate change
- Response to human rights issues
- Diversity Equity & inclusion efforts
- Approach to shareholder returns

Policy for cross-shareholding

In the interest of maintaining its financial health, the IDEC Group does not, in principle, hold shares in other companies except when there is a rationale for doing so.

A rationale for cross-shareholding exists when the Board of Directors has decided that a particular case of cross-shareholding promises to increase the IDEC Group's corporate value by realizing synergies and improving both sides' competitive advantages in the market. Such decisions must be based on a validation of the profitability of the cross-shareholding relationship that duly examines the risks, costs, and returns involved from a medium to long-term perspective, and must comprehensively consider the intended aims, such as maintaining and strengthening a business relationship or establishing a capital or business alliance.

Furthermore, the company regularly validates the significance of existing cross-shareholdings in light of various criteria, including the purpose of holding those shares. If a particular case of cross-shareholding is determined to be inappropriate, the shares are sold off after taking into account diverse considerations such as the impact on the company and the market, and the issuer's financial strategy.

We do not engage in inappropriate practices with cross-shareholders such as continuing or reducing transactions, or impeding the sale of stocks based on the fact that we maintain those cross-shareholdings.

Moreover in the exercise of voting rights in relation to cross-shareholdings, the company makes comprehensive decisions to vote in favor or opposition, taking into account various factors including whether the company in question has established an appropriate governance structure and is making decisions leading to the medium to long-term enhancement of corporate value, and whether a matter will contribute to the improved corporate value of the IDEC Group.

Internal control system

To ensure the credibility of our Group's financial reporting, we have established the Internal Control Policy on Financial Reporting and clearly defined our Group-wide system for implementing that policy, in line with standards for assessing internal controls on financial reporting. We have also created a framework for continuous self-auditing by divisions and Group companies and independent monitoring by the Internal Audit Department.

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Efforts to evaluate effectiveness

In order to improve the effectiveness of the Board of Directors, an evaluation of all directors except the CEO has been conducted using a questionnaire method every year since FY2016.

A third-party organization has conducted the questionnaire survey and analyzed the responses since FY2022. The results of their evaluation are reported to the Board of Directors, whose members share the issues identified and continuously strive to make improvements.

Outline of the effectiveness evaluation in FY2025

Target members	All directors except the CEO
Evaluation method	Anonymous 5-point questionnaire
Number of questions	40
Survey period	February 2025
Response status	All targets answered

Questionnaire evaluation items
- Roles and responsibilities of the Board of Directors
- Size and composition of the Board of Directors
- Succession plan
- Design and operation of organizations such as the Board of Directors
- Relationship and dialogue with shareholders

Results of effectiveness evaluation in FY2025

IDEC's Board of Directors was evaluated highly for its diverse membership, which enables it to hold discussions while receiving highly specialized opinions and advice. In terms of FY2025 initiatives, the Board was evaluated positively for improvements in deliberation time and timing of document provision.

At the same time, evaluations of the Board declined due to insufficient discussions on profitability, capital efficiency, and human resources development in its management plan, resulting in an overall evaluation similar to that of the previous year.
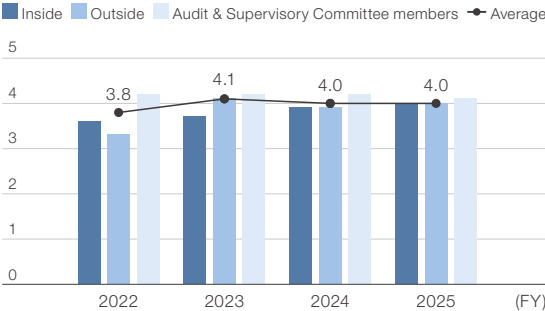
Main initiatives in FY2025
- Provide materials at an early stage
- Set agenda items to secure time for deliberation
- Improve Board of Directors deliberations
- Establish operation of new remuneration system through the Remuneration Committee
- Update management succession plans and drive human resources development programs

Evaluation of FY2025 initiatives
- The timing of information provision and the time for deliberation of the Board of Directors have been improved and are generally appropriate
- Fundamental discussions are held with balanced advice and comments on high transparent management issues
- Deeper discussions are needed with regard to management strategy and sustainability

Based on the results of this evaluation, we plan to strengthen communication among directors by providing opportunities for them to discuss and exchange opinions on topics such as the medium-term management plan, management issues, and individual ESG themes in FY2026. This will further enhance the effectiveness of the Board of Directors.

Change in average effectiveness evaluation score

Legend: ■ Inside ■ Outside ■ Audit & Supervisory Committee members ─●─ Average

Values: 2022: 3.8 | 2023: 4.1 | 2024: 4.0 | 2025: 4.0 (FY)

Main issues identified and initiatives in FY2026

Issues identified	Main initiatives (plans)
Discussions based on capital efficiency and profitability enhancement	• Establish a forum for discussions on the medium-term management plan and projects to address management issues
Improvement and involvement in ESG initiatives	• Create forum for focused discussion
Improve the effectiveness of the Board of Directors	• Improve and enhance Board meeting materials • Establish opportunities for explanations to promote understanding of the business
Discussions based on dialogues with shareholders and investors	• Set up opportunities for discussions that take the opinions of institutional investors into account • Conduct IR for general investors and share details with the Board of Directors
Nomination and Remuneration Committee operation	• Share key points from committee discussions with the Board of Directors

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Directors Interview

Interview with Outside Directors

We interviewed outside directors Michiko Kanai and Mariko Sugiyama about discussions at the Board of Directors to achieve a "New IDEC," and what is needed for the IDEC Group to drive globalization in the future.

Outside Director
Mariko Sugiyama

Outside Director
Michiko Kanai

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How do you feel looking back at Board of Directors meetings over the past year?

Kanai IDEC's Board of Directors includes outside directors, each with their own areas of expertise, including Ms. Sugiyama, who specializes in the IT and digital fields, and I was impressed by their frank questions and comments at each meeting. The inside directors, including the CEO, are very sincere in their responses. Even if they cannot answer a question fully on the spot, they always present their thoughts at a later date, so the discussion never ends partway through. The discussions at the Board of Directors also seem to have created a good sense of urgency among the executive officers and employees. I feel that having a majority ratio of outside directors has had a very positive impact on the company.

In addition, the timing of provision of Board meeting materials—which was previously highlighted by the outside directors as an issue to be addressed going forward—has also been improved, allowing for a thorough review of the materials prior to meetings. However, since there are a lot of materials, it would be helpful if we could get brief summary of the key points in advance so that we can discuss them with a better understanding before each Board meeting. I would like to ask the secretariat for their continued support going forward.

Sugiyama I feel that each of our meetings involves a lively exchange of various opinions and constructive, in-depth discussions. In FY2025, following the unauthorized access to network in October 2023, there were lively discussions on cybersecurity measures to prevent any repeat occurrences. I have the impression that, when a problem arises, IDEC's board discusses not only momentary measures, but also with proper awareness of what the IDEC Group should work on as an organization under normal circumstances, which I feel is an excellent attitude.

What do you feel is necessary for IDEC to further globalize in the future?

Sugiyama There are two important points in advancing globalization.

One is business agility, or, in other words, speed to adapt to market and environmental changes.

According to the findings of the World Digital Competitiveness Ranking published by the Institute for Management Development (IMD) of Switzerland in November 2024, Japan ranks only 31st out of 67 countries, and one of reasons given for this is a lack of speed in its efforts to prepare digital transformation (DX) and human resource development for the future readiness.

The IDEC Group will be able to be more globally active in the future if it strengthens its ability to execute operations in three or six-month periods, in line with the global practice of setting quarterly milestones rather than in the longer span of a year.

The other is business model. IDEC products are mainly sold through distributors. While this has the advantage of enabling efficient product sales, I feel that it also causes a loss of speed and prevents us from seeing detailed information. If the IDEC Group is to strengthen solution sales globally in the future, I think it will be important to reform our sales force to enhance our solution capabilities. It is important not only to make partial improvements, but also to speed up executive decision-making as a whole.

Kanai I will continue to oversee this as a member of the Board of Directors, as I too feel it is important to strengthen IDEC's driving force and reform its business model.

From a legal and compliance perspective, which is my area of expertise, I think it is also necessary to transfer authority to the local level to an appropriate degree, and have operations executed speedily as a method of global business management. Patent strategy is a particularly important aspect of intellectual capital,

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and a point that will become even more important as we move forward with globalization, so I hope that IDEC's board can actively address this as a theme in the future and discuss it in light of global developments.

Sugiyama We also need to standardize operations throughout the group. This will enable us not only to speed up but also to reduce costs, and to further drive globalization. While there may be some difficulties in operability as a result of standardizing globally, I hope that the Board will consider it from the perspective of whether it is optimal for the IDEC Group as a whole.

Kanai There is a term, "self-optimizing," which means that it should be optimal for the IDEC Group globally, not just for IDEC itself as a company. I think it would be good if those in executive leadership roles, including executive officers and managers, would proactively communicate what perspectives we need to consider.

How should the governance of the Board of Directors of the head office be with respect to group-wide governance, compliance, and audit supervision?

Sugiyama Since I don't usually have much chance to learn about Group companies in detail, and have only a financial understanding of them, I would like to have more opportunities to learn more about each company. Since time at Board meetings is limited, I would appreciate more opportunities to promote understanding, such as in the form of an off-session briefing, for example.

Kanai Yes, I agree. In terms of the Group as a whole, I think it is very important to have a global auditing system. Even if problems don't arise at a company's head office, they can occur at overseas group companies. We haven't seen this within our Group, but we do see it happening at other companies. If there are specialists who can be easily consulted in various parts of the world, it will be possible to respond quickly when legal problems arise.

It is also essential to have an adequate whistleblower hotline. While IDEC already has a global whistleblower system in place, it is necessary not only to develop the system but also to keep employees informed about it. Instead of rejoicing at the low number of calls, we must work to have more people make use of the reporting desk, otherwise it will not be meaningful.

One of the challenges for the IDEC Group is to increase the ratio of female managers in Japan. What kind of environment and systems are required for women to play active roles within the company?

Sugiyama Women's empowerment is a topic of particular interest in Japan. The IDEC Group is working on this issue as one of its key challenges in Japan. In order to achieve the target ratio of female managers, it is necessary not only to recruit from outside the company, but also to actively promote women from within.

Although the IDEC Group has a relatively high ratio of female managers overseas, many Japanese women find it difficult to balance management work with family life. In addition, young people in their 20s and early 30s often turn down management positions, and this applies not only to women but also men. In addition to working to increase their self-esteem, it is necessary to communicate to these people that there are many different ways to be a manager, and that it is acceptable to create a new image of leadership that makes use of their own personality, and to devise ways to make management positions seem more attractive. It would also be good to have opportunities to experience gradual growth through a series of leadership experiences in small cross-departmental projects. At the same time, it is necessary to conduct awareness-raising activities to help recognize and remove assumptions and prejudices, such as it being difficult to entrust women with certain tasks. As a company, I believe that IDEC should make further efforts to create workplace environments in which everyone can work comfortably.

Kanai IDEC on a non-consolidated basis reached a total of 15 female managers in FY2024. How about making role models of those who have become managers and showing how they overcame difficulties to get where they are today, thereby encouraging those who are currently struggling? I think it is very important to provide a push from behind, to let people know that the work is interesting and challenging.

It would also be a good idea to talk to women who are currently in management positions in overseas Group companies. Learning from people overseas is another important step toward globalization.

What challenges does IDEC face as the social responsibility required of companies expands further, such as addressing human capital, human rights, and environmental issues as sustainability issues?

Sugiyama I have been reviewing IDEC's activities on sustainability issues, and I think the company is making a great effort.

On the other hand, in terms of human rights, there is a gap in awareness between different generations, and understanding may not yet have spread throughout the company. There are ongoing efforts in training, but I think that coaching on each individual event or incident is also needed.

Kanai I have the impression that IDEC is tackling each of these sustainability issues head-on, but the key point is how to solve human rights and harassment in concrete ways that address familiar stories. For example, many people over a certain age in Japan reject the term "human rights (in Japanese)" itself, so I think that devising language and other ways of expressing it effectively is one useful means of addressing it. Working hard to address human rights violations and harassment does not mean that they will cease to occur. Even problems that were previously overlooked are now being discussed by more and more people as human rights violations. Addressing human rights issues means that we will need to determine whether or not human rights violations have occurred, and we will need to be prepared to face serious challenges and conflicts on a daily basis. I believe that this is an issue that cannot be avoided, and I urge IDEC to engage actively with this issue.

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Directors

(As of July, 2025)

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Composition of the Board of Directors

Inside directors **3** — Ratio of outside directors **67**% — Outside directors **6**

Outside directors represent more than half of all directors, and females represent 33% of the Board of Directors

Environment | Social | Governance

Expected skills matrix of the Board of Directors

	Toshi K. Funaki — Chairman and CEO	Mikio Funaki — Senior Executive Vice President, COO	Takao Funaki — Managing Director	Hiroshi Kobayashi — Outside Director [Outside Independent]	Hideyuki Ohkubo — Outside Director [Outside Independent]	Mariko Sugiyama — Outside Director [Outside Independent]	Yasuo Himeiwa — Outside Director [Outside Independent]	Michiko Kanai — Outside Director [Outside Independent]	Eri Nakajima — Outside Director [Outside Independent]
Corporate management and management strategy	●	●		○	●				
International business	●	●	●	●		○	○	○	
Industry knowledge	●	●	○		●		○		
R&D and manufacturing	○	○	○		●				
Sales and marketing	○	○	●	●		○			
Financing and accounting							●		
Legal affairs and risk management	○						○	●	
Personnel affairs and development				○	○	○			○
IT and DX		○	●			●			
Sustainability and ESG	○		○					○	●

Expected skills matrix of the Board of Directors (○ indicates contributing areas/roles; ● indicates contributing areas/roles with particularly high expectations)

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Attendance rate at each meeting of the Board of Directors and reasons for appointment

		Board of Directors	Reasons for appointment	Nominating Committee	Remuneration Committee
Directors	Chairman and CEO — **Toshi K. Funaki**	7/7 (100%)	Mr. Funaki has been the CEO since 1997. He has extensive experience and achievements as a business leader, including knowledge of international business and industry.		
	Senior Executive Vice President, COO — **Mikio Funaki**	7/7 (100%)	Mr. Funaki was appointed Senior Executive Vice President in 2006. He has a wealth of experience gained mainly from overseas operations of IDEC CORPORATION and its Group companies.		
	Managing Director — **Takao Funaki**	7/7 (100%)	After joining IDEC USA, he was also headed operations in Australia and Germany. In his concurrent posts as a Senior Executive Officer of IDEC CORPORATION and President of APEM Inc., he is working to strengthen the Group's business in North America, purchasing & SCM, and production.		
	Outside (Independent) — **Hiroshi Kobayashi**	7/7 (100%)	Mr. Kobayashi has experience as Senior Executive Officer and Division General Manager in charge of Regional Operations (Asia & Oceania) for Honda Motor Co., Ltd. He has experience both in Japan and overseas, and knowledge of the automotive industry.	✔	✔
	Outside (Independent) — **Hideyuki Ohkubo**	7/7 (100%)	Mr. Ohkubo served as Representative Executive Officer and in other posts at Mitsubishi Electric Corporation, where he was responsible for FA Systems, Export Control, and Production Systems. He has in-depth knowledge and broad experience in the FA business.		✔
	Outside (Independent) — **Mariko Sugiyama**	7/7 (100%)	As an Outside Director for IDEC CORPORATION, Ms. Sugiyama provides oversight and advice on IT and DX strategy, drawing upon her experience in the IT industry, which includes serving as an Executive Director for Salesforce Japan Co., Ltd.		
Directors Audit & Supervisory Committee Members	Outside (Independent) — **Yasuo Himeiwa**	7/7 (100%)	Mr. Himeiwa is a Certified Public Accountant. He was appointed as an Outside Director and Audit and Supervisory Committee Member in 2020. He contributes to the strengthening of IDEC's auditing system from a finance and accounting perspective.	✔	✔
	Outside (Independent) — **Michiko Kanai**	7/7 (100%)	Ms. Kanai is an attorney. She became an Outside Director for IDEC CORPORATION in 2016. She contributes to the strengthening of legal aspects of IDEC's auditing system with her high-level expertise as a lawyer.	✔	✔
	Outside (Independent) — **Eri Nakajima**	7/7 (100%)	Ms. Nakajima was appointed as an Outside Director by IDEC CORPORATION in 2022 to draw upon her past experience as a Ministry of the Environment official and Deputy Governor of Nagano Prefecture. She contributes to the strengthening of IDEC's auditing system with regard to environmental measures.		

The skill matrix for directors is based on the following criteria

Corporate management and management strategy	International business	Industry knowledge	R&D and manufacturing	Sales and marketing	Financing and accounting	Legal affairs and risk management	Personnel affairs and development	IT and DX	Sustainability and ESG
Have experience in corporate management as a (representative) director, executive officer, etc., and considerable knowledge in that area.	Have experience in international business at a company, or involvement in international business cases as an attorney, certified public accountant, or other professional, and considerable knowledge in that area.	Have considerable knowledge of industries in which the IDEC Group is involved, such as the control device industry, industrial devices industry, and the factory automation (FA) industry	Have experience in development and manufacturing at a company, and considerable knowledge in that area.	Have experience in the sales department at a company, and considerable knowledge in that area.	Have experience as a certified public accountant, tax accountant, or other professional who has been involved in finance and accounting, in the accounting and finance department of a company, and considerable knowledge in that area.	Have experience in corporate legal affairs and risk management as an attorney, or in a corporate legal department, etc., and considerable knowledge in that area.	Have experience in corporate human resources, such as organizational development and human resource development at a company, and considerable knowledge in that area.	Has considerable knowledge in the IT and digital business fields.	Have considerable knowledge of sustainability and ESG.

Compliance

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Related material issue
: Business Foundation

Main sustainability KPIs (FY2026-2028)
• Human rights and compliance training attendance rate: **100%** (Japan)

Environment   Social   Governance

Compliance initiatives

To prohibit corrupt practices such as bribery and ensure compliance, we have established the IDEC Group Code of Conduct and Anti-corruption Policy, which clearly state that we will not engage in any acts of bribery, unfair profiteering, dishonesty, fraud, other acts of corruption, extortion, or embezzlement, and will not engage in business transactions or any kind of relations whatsoever with anti-social forces.

As part of our internal audits, we also conduct audits to check for compliance violations and appropriately recognize the risks associated with neglect or violations of compliance. Through our internal reporting (whistleblowing) system and risk monitoring activities, we have also established a system that enables us to detect prohibited acts, either before they occur, or as soon as possible after they occur.

FY2025 (consolidated)

Bribery-related fines, penalties, or settlements	**0 yen**
Political contributions	**0 yen**
Disciplinary dismissals for involvement in corrupt practices	**0**
Number of serious legal violations	**0**
Number of harassment reports and consultations	**4**

🔗 **More information is available here.**
https://us.idec.com/governance/compliance ›

Anti-Corruption Policy

1. Basic Approach
The IDEC Group has established "The IDEC Way" as a new philosophy with the aim of becoming a truly global company. One of the Core Values that we must share, as stated in "The IDEC Way," is "Integrity," which means that we should face everything with sincerity and act with honesty and fairness to continue being a trusted entity.

Recognizing that acts of corruption such as bribery, illegal gratuities, and profiteering in our business activities have an impact on the fair and sustainable development of society, we will work to prevent corruption throughout the Group through the implementation of "The IDEC Way" and the "IDEC Group Code of Conduct," in light of the call on global companies to take action against corruption.

2. Compliance with Applicable Laws and Regulations
The IDEC Group complies with anti-corruption laws and regulations that are applicable in the countries and regions where it operates.

3. Prohibited Acts
The IDEC Group prohibits, directly or indirectly, the giving, offering, or exchange of bribes, or the provision of benefits, whether domestic or international, including the following:
• Bribery of or the provision of benefits to public officials and others in similar positions in the country or region where the Group operates.
• Bribery of or the provision of benefits to a private citizen when such acts are prohibited by laws and regulations.
• Demands for illicit bribes or profiteering in business activities.
• Having relationships as well as engaging in business with anti-social forces.
• Other matters prohibited by laws and regulations related to anti-corruption applicable in the country or region where the Group operates.

4. Proper Accounting
The IDEC Group complies with applicable accounting laws, regulations, and standards, conducts proper accounting under appropriate internal control systems, and conducts as well as maintains transparent accounting reports, controls, and records to confirm and objectively prove that no misconduct has occurred.

5. Education and Enlightenment
The IDEC Group strives to properly educate and enlighten its officers and employees on the prevention of corruption.

6. Response to Violations
The IDEC Group takes a strict stance against corruption, and if any IDEC Group officer or employee violates this policy or any applicable anti-corruption laws or regulations, we will take action in accordance with our internal rules.

In addition, if a business partner commits an act of corruption, a review that includes the cancellation of transactions with the business partner will be conducted.

7. Management and Monitoring system
The IDEC Group strives to operate the IDEC Hotline, which is set up as an internal reporting hotline, in a fair and impartial manner, and will maintain a system that enables the early and appropriate detection and monitoring of corruption and related acts.

In addition, when a report has been received through our hotline, the Risk Management Committee sends the report to the Board of Directors, which reports on risk monitoring activities twice a year through the Sustainability Committee and is supervised by the Board of Directors.

Compliance

Internal reporting system

The IDEC Hotline has been established as a hotline that allows users to report compliance violations via either an internal or external contact point, and either anonymously or using real names. We have established internal reporting and operation rules to protect the confidentiality of consultation and reporting, and to prohibit unfavorable treatment of whistleblowers.

When a report is made, the Hotline Contact established within the Risk Management Committee promptly responds to the report, and works at resolving the problem and preventing recurrences. Reports are also promptly communicated to top-level management, and regularly reported to the Board of Directors to share

risk information. In cases where management may be involved, a system exists to ensure independence and to liaise with an external law firm.

To enable the system to function globally, we have established a Global Hotline which enables overseas Group company employees to report directly to the head office contact.

Number of internal reports (consolidated)

FY2023	FY2024	FY2025
6	4	18

Internal reporting system diagram
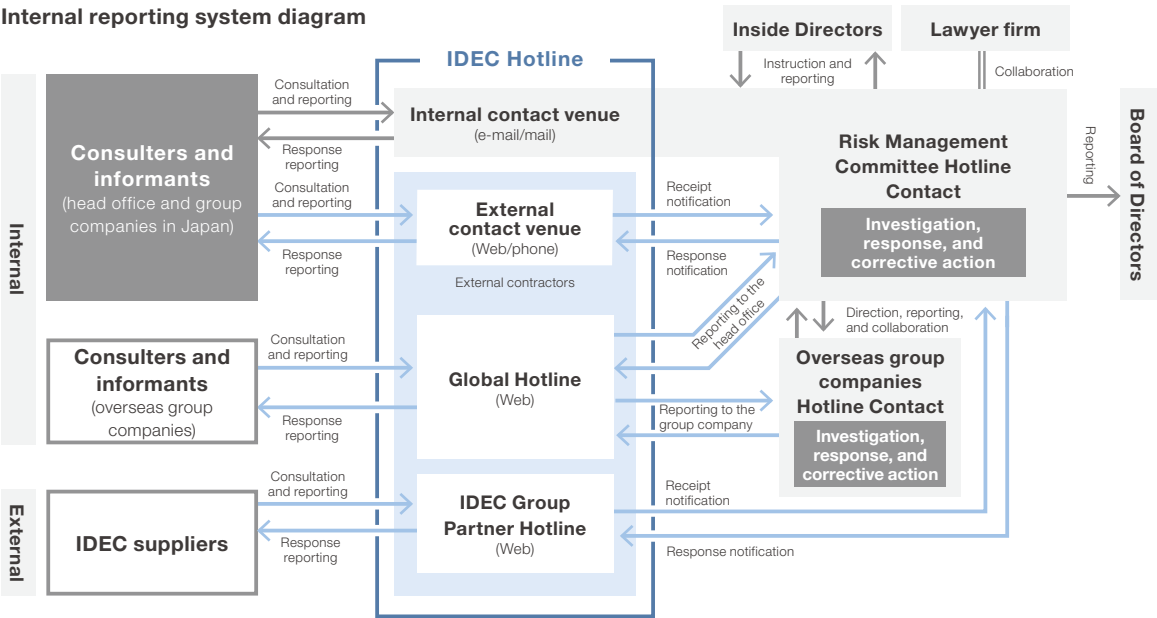
Compliance training

In each training session, we seek to deepen understanding of the IDEC Group Code of Conduct, and continuously conduct case studies of compliance cases related to our operations.

In FY2025, we conducted harassment training and compliance training for employees at our head office and Group companies in Japan. As an individual compliance theme, we conducted training on the Subcontracting Act (formally, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors), to enable employees involved in subcontracting transactions to deepen their understanding of the various obligations and prohibitions that are required in practice.

We will continue to provide training and education, and continue to communicate information to further instill compliance awareness.

Training system

Compliance training is provided as needed on all of the following topics at the time of hiring, and at the time of salary increases and promotions. Training on individual topics is also conducted on a regular basis to raise compliance awareness.

Conducted Topics	
Respect for Human Rights	Preventing discrimination and harassment, ensuring occupational health and safety, etc.
Preventing corruption	Prohibition of bribery, money laundering, etc.
Compliance with laws and regulations	Subcontracting Act, Compliance with laws and regulations, Competition law, copyrights, security, product liability, contracts, etc.
Information management	Strengthening management of personal and confidential information, etc.

Training provided in FY2025

Training program	Date of implementation	Attendance rate
Compliance training	October - November 2024	100% (1,192/1,192)
Harassment training	October - November 2024	100% (1,356 / 1,356)
Eliminating discrimination against people with disabilities	October - November 2024	100% (1,356 / 1,356)
Software licensing training	October - December 2024	100% (1,192/1,192)
Training on the Subcontracting Act	February - March 2025	100% (290/290)

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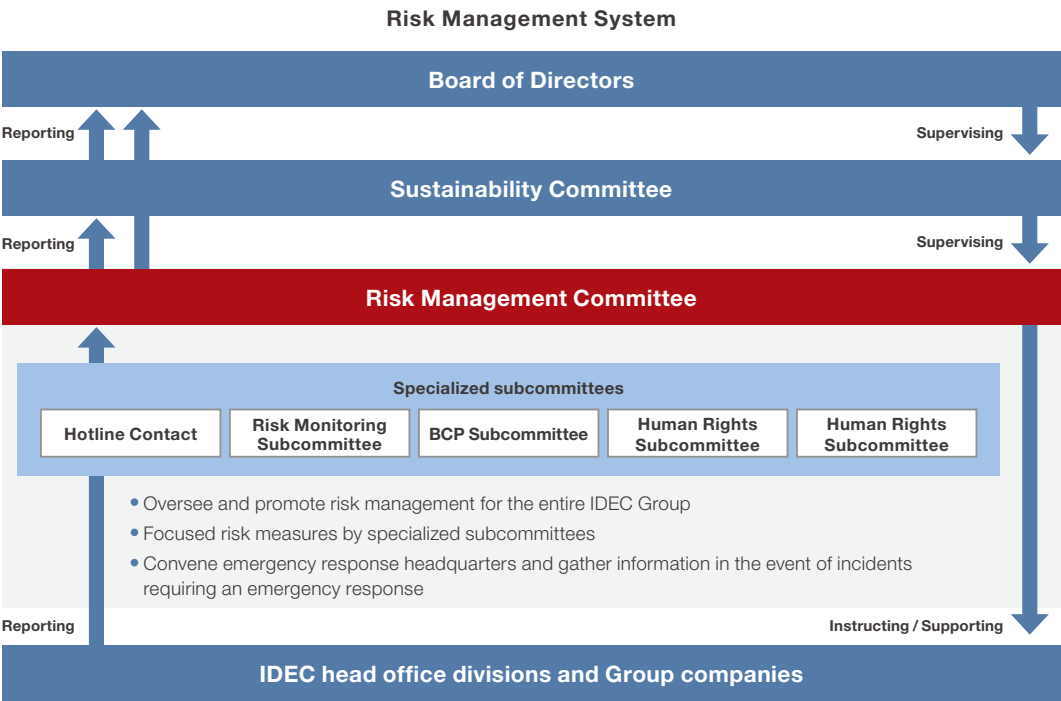
Risk Management

Risk management initiatives

IDEC has established the Risk Management Committee as a specialized committee under the Sustainability Committee, chaired by the CEO, with the objective of avoiding, mitigating, and transferring risks to the IDEC Group in advance, and minimizing damage in the event of an emergency response event.

The Risk Management Committee is responsible for overseeing the Group's overall risk management during normal times and responding in the event of an emergency. In addition, the committee has established specialized subcommittees to address risks that require particular focused efforts.

The Risk Management Committee's initiatives are reported to the Sustainability Committee, which meets twice a year, and the committee then reports to the Board of Directors. In addition, the Risk Management Committee is able to report directly to the Board of Directors on important events such as internal (whistleblowing) reports, ensuring that risk information is reported appropriately to management.

Risk management process

Events that could negatively impact the IDEC Group's continued business expansion and corporate value enhancement are identified as "risk events." The Risk Monitoring Subcommittee conducts annual risk assessment and monitoring of countermeasures for these risk events.

For each risk event, a questionnaire survey is conducted using the "probability of occurrence," "magnitude of damage," and "impact" as indicators, and the results are plotted on the risk map relative to the assessment. Among them, risk events that are evaluated as having a high probability of occurrence or high impact are selected as "high risk events," and the affected departments or group companies plan and implement countermeasures to reduce risk.

The Risk Monitoring Subcommittee checks the progress of each of these risk countermeasures every six months, and reports to the Risk Management Committee.

Efforts to ensure business continuity

At IDEC, the BCP Subcommittee works to create business continuity plans (BCPs), in accordance with our basic policy on business continuity.

We also ensure the effectiveness of BCPs by conducting annual drills for employees and business partners, and reviewing the results of these drills.

The IDEC Group's basic policy on crisis response
- Place top priority on the safety of employees and their families
- Establish mechanisms and organizational structure that will enable us to maintain quality to meet customer needs with safe and ANSHIN products and services, and avoid delaying the supply of products, even in the event of an emergency
- Recognize the importance of daily readiness and training, and establish a strategy and organizational structure that takes crisis response into account

Risk Management System

Key Initiatives for High-Risk Events in FY2025

	Training program	Training period
1	Damage to business sites due to an earthquake with a seismic intensity of lower 6 or higher in the site area	We have prepared the necessary manuals and checklists for each of our major locations, outlining the actions that each person in charge at the response headquarters should take as an initial response in the event of a disaster. We also conduct periodic safety confirmation drills.
5	Difficulties in procuring parts leading to long delays in delivery times	We have formed a task force to monitor and manage the procurement status of parts and materials, and to coordinate delivery dates across the board to minimize impact.
8	Occurrence of a serious product accident that could affect the human body	In addition to maintaining forms and procedural manuals using the Quality Management System (QMS), we also monitor market complaint breakdown/failure data. Based on this information, we work to ensure the early detection of abnormalities and prompt responses by maintaining an alert function and a management list for major complaints.
19	Inaction on human rights issues (child/slave labor, etc.)	In addition to developing an internal training system to raise employee awareness of human rights issues, we are also engaged in initiatives to assess human rights risks and plan and prepare for human rights due diligence.
19b	Decline in employee morale due to harassment	

* Numbers refer to the risk events on the following page.

Risk Management

Risk events and assessments

IDEC Group risk events and assessments as of FY2025 are as follows.

Each risk event is reviewed annually based on the results of the Risk Monitoring Subcommittee's activities and the business environment at the time of the assessment. This time, six new events have been added.

Climate change risks assessed as important by the Environmental Strategy Committee are also integrated and evaluated as risk events.

FY2025 Risk Map
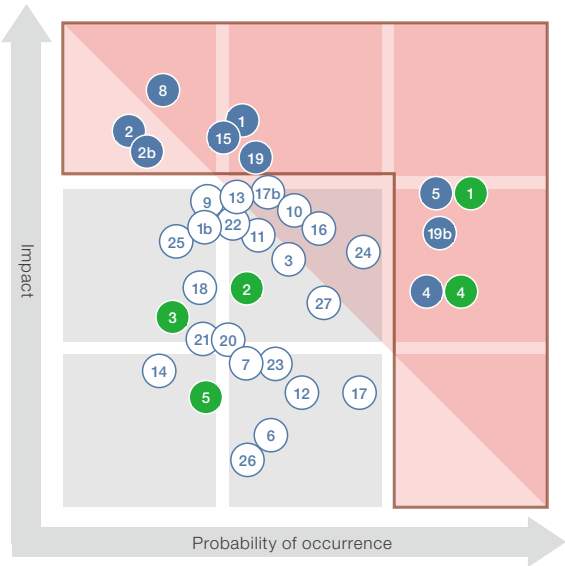
* Climate change risks reflect events that the Environmental Strategy Committee assessed as high-risk [⊕ P39 ›]
* Risks are evaluated on a short to medium-term basis. Long-term climate risks have been re-evaluated on a short to medium-term basis
* Risks inside the red box are judged to be high-risk events

Risk category		No	Risk event	FY2025 risk assessment	Year on year comparison
External factor risks		1	Damage to business sites due to an earthquake with a seismic intensity of lower 6 or higher in the site area	Assessed as a high-risk event, as in FY2024, given the risk of a Nankai Trough earthquake.	—
		1b	Damage to business sites due to torrential rains, floods, typhoons, hurricanes, and fires in the site area	Various natural disasters other than earthquakes are anticipated and added as a derived risk of ❶.	New
		2	Conflict or terrorist attack in the local area of IDEC sites	Assessed as a high-risk event, as in FY2024.	—
		2b	Impact on our overseas staff and site operations due to interstate affairs and public disorder	Assessed as a high-risk event, as in FY2024.	—
		3	Occurrence of cluster infections at our sites	Impact was assessed as lower due to changes such as implementation of infection prevention measures and change of awareness on viral infection.	⬇
		4	Product specification change caused by external factors (part obsolescence, procurement difficulty)	Assessed as a high-risk event, as in FY2024.	—
Internal factor risks	Business strategy risks	5	Difficulties in procuring parts leading to long delays in delivery times	Assessed as a high-risk event, as in FY2024.	—
		6	Disruption of the logistics network	Added in consideration of our logistics network structure. Assessed as low risk at this time.	New
		7	Excessive dependence on specific customers	Added in consideration of our business model. Assessed as low risk at this time.	New
		8	Occurrence of a serious product accident that could affect the human body	Assessed as a high-risk event, as in FY2024, due to its high degree of impact.	—
		9	Fraudulent representation of quality through falsification of product performances and data	Assessed as being at a level similar to FY2024.	—
		10	Distribution of products containing prohibited substances	Assessed as being at a level similar to FY2024.	—
		11	Strategic investment risk (impact on financial standing due to strategic investments such as M&A and corporate alliances)	Assessed as being at a level similar to FY2024.	—
	Resources and infrastructure risks	12	Failure or shutdown of major production facilities due to aging or other problems	Added in consideration of the importance of production facilities. Assessed as low risk at this time.	New
		13	Occurrence of a severe or more industrial accident	The probability of occurrence is assessed as being slightly lower than FY2024.	—
		14	Sabotage, strike-related business outage	Assessed as being at a level similar to FY2024.	—
		15	Shortage of human resources due to mass retirement of staff	Added in consideration of the fluidity of human resources. Assessed as a high risk event.	New
		16	Retirement of key personnel and lack of successors	Added in consideration of the fluidity of human resources. Assessed as a moderately high risk event.	New
		17	More than half a day of infrastructure outages caused by system and network failure, etc.	The probability of occurrence is assessed as being slightly lower than FY2024 due to the progress of information security measures to a certain degree.	⬇
		17b	Long-term network outage due to cyberattack	The probability of occurrence is assessed as being slightly lower than FY2024 due to the progress of information security measures to a certain degree.	⬇
	Compliance risks	18	Suspension of sales and claims for damages due to infringement of other companies' intellectual property rights	Assessed as being at a level similar to FY2024.	—
		19	Inaction on human rights issues (child/slave labor, etc.)	Assessed as a high-risk event, as in FY2024.	—
		19b	Decline in employee morale due to harassment	Assessed as a high-risk event, as in FY2024.	—
		20	Tax penalty due to improper handling of accounting and tax affairs	Assessed as being at a level similar to FY2024.	—
		21	Large-amount embezzlement, malpractice, and bribery by employees	Assessed as being at a level similar to FY2024.	—
		22	Insider trading by senior executives	Assessed as being at a level similar to FY2024.	—
		23	Occurrence of events in breach of antitrust and subcontracting act	Assessed as being at a level similar to FY2024.	—
		24	Leakage of critical corporate information, third-party confidential information, and personal information	The probability of occurrence is assessed as being slightly lower than FY2024 due to the progress of information security measures to a certain degree.	⬇
		25	Business suspension due to improper license and approval	Assessed as being at a level similar to FY2024.	—
	Accounting and financial risks	26	Difficulty to collect sales receivables, loan loss	Assessed as being at a level similar to FY2024.	—
		27	Impairment of assets	Assessed as being at a level similar to FY2024.	—
Accounting and financial risks	Transition risks	❶	Increase in material costs	Assessed as high-risk due to the direct impact on manufacturing and procurement costs, and the possibility of being unable to procure parts due to induced cost increases.	—
		❷	Increasing environmental awareness of customers and investors	We assume that the long-term impact will be significant, but assess the risk in the short- to medium term to be roughly the same as last the previous year.	—
		❸	Delay relative to competitors in the transition of existing and new products to low-emission / low-carbon technologies	Lags in eco-friendly technology were assessed as leading to future business risks.	⬇
		❹	Trends in carbon pricing	It is assessed that the impact of regulations and legal systems will increase due to the growing global movement toward reduction of CO_2 emissions.	⬆
	Physical risks	❺	Natural disasters and rising temperatures	While temperature fluctuations could lead to various risks such as natural disasters, this was assessed as having a lower probability in the short- to medium-term.	⬇

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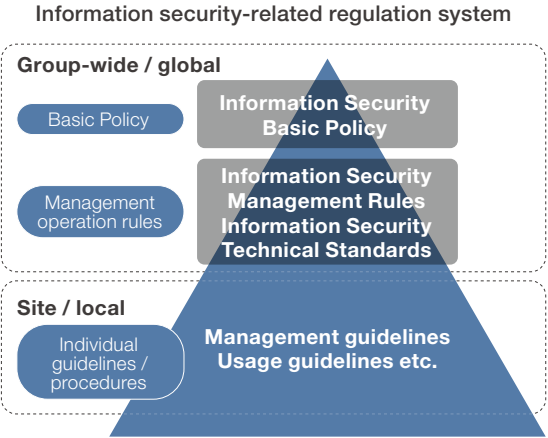## Information security management initiatives

In light of the business impact of cyber attacks, system down, and information leaks, the IDEC Group recognizes information security risks as risks directly related to management, and has established the "Information Security Basic Policy" to raise employee awareness and take measures against information security-related risks.

We have also established a management system for information security, and are working to ensure the effectiveness of information security and protect our information assets by continuously improving our basic policy, the various internal rules and procedures formulated based on it, and information security.

Information security promoting system

The Information Security Subcommittee was established within the Risk Management Committee, a specialized committee of the Sustainability Committee, to oversee information security management for the entire IDEC Group. The Information Security Subcommittee identifies the information assets of the entire IDEC Group and conducts risk assessment. Based on the results of these assessments, the subcommittee works with the various information security management organizations of each IDEC Group company and their supervisors on a global basis.

We are also working to raise security awareness through education and enlightenment activities for all employees, and have established a reporting system to ensure prompt response and damage minimization in the event of incidents such as cyber attacks and information leaks.

Information security-related regulation system

Group-wide / global

Basic Policy → **Information Security Basic Policy**

Management operation rules → **Information Security Management Rules Information Security Technical Standards**

Site / local

Individual guidelines / procedures → **Management guidelines Usage guidelines etc.**

Information Security Basic Policy

- Risks and responsibilities related to information security
- Information security management team
- Approaches for information security countermeasures
- Education, awareness, and training
- Emergency response teams and implementation
- Continuous improvements of information security measures

🔗 **More information is available here.**
https://us.idec.com/governance/compliance

Countermeasures against information security-related risks

To reduce information security-related risks, the IDEC Group works continuously to assess the internal and external environment in relation to information security, with an emphasis on strengthening countermeasures. We work to prevent information security incidents by ensuring that management and all employees understand the importance of information security, not only through technical measures, but also through organizational measures such as rule development, education, enlightenment, and training, etc.

In the event of an information security incident, a CSIRT will be formed under the supervision of the chairperson of the Information Security Subcommittee to collect information and report promptly to management, and an emergency task force will be established. Countermeasures are determined and implemented taking into account the impact on stakeholders, including customers and suppliers, as well as those within the Group.

Protection of personal information

The IDEC Group recognizes that it is an important corporate social responsibility to appropriately protect and handle information that can identify specific individuals (such as names, addresses, and e-mail addresses of customers, suppliers, and business partners), and manages acquired information in accordance with its Personal Information Protection Policy.

Information security education and training

The IDEC Group believes that it is important for every employee to understand the importance of information security, and to practice defensive actions. In addition to regular information security training (e-Learning), we conduct drills against targeted e-mail attacks to raise employee awareness of information security.

Information security e-Learning attendance in FY2025 (Japan)		
Topic	Date of implementation	Attendance rate
Malware	May 2024	100% (1,269/1,269)
Physical security	July 2024	100% (1,254/1,254)
Multi-factor authentication	September 2024	100% (1,239/1,239)
AI	November 2024	100% (1,222/1,222)

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Non-Financial Data

* Some past fiscal year data has been corrected.

Environment

	Scope	FY2023	FY2024	FY2025
CO_2 emissions				
Scope1 (t-CO_2)		925	624	634
Scope2 (t-CO_2)		10,373	8,966	7,921
Scope3 (Category1)(t-CO_2)		167,513	156,523	127,836
Scope3 (Category2)(t-CO_2)		12,724	8,806	32,402
Scope3 (Category3)(t-CO_2)		15,558	13,222	7,406
Scope3 (Category4)(t-CO_2)		15,389	3,442	3,433
Scope3 (Category5)(t-CO_2)		301	267	241
Scope3 (Category6)(t-CO_2)		553	532	475
Scope3 (Category7)(t-CO_2)		1,971	1,895	1,719
Scope3 (Category8)(t-CO_2)		0	0	0
Scope3 (Category9)(t-CO_2)	Consolidated	725	488	274
Scope3 (Category10)(t-CO_2)		0	0	0
Scope3 (Category11)(t-CO_2)		846,560	615,919	562,443
Scope3 (Category12)(t-CO_2)		23,409	17,917	17,041
Scope3 (Category13)(t-CO_2)		0	0	0
Scope3 (Category14)(t-CO_2)		0	0	0
Scope3 (Category15)(t-CO_2)		0	0	0
In-house CO_2 emissions (t-CO_2)/intensity (kg-CO_2/million yen)		11,298/135	9,590/132	8,555/127
Reduction ratio of CO_2 emissions (Scope1&2, vs. FY2020)		Decrease 5.5%	Decrease 19.8%	Decrease 28.4%
ROC (million yen/1,000 t-CO_2)		1,244	654	427
Electric power				
Power consumption (1,000 kWh)		26,827	24,161	22,351
Solar power generated in-house: total (1,000 kWh)		25,624	20,464	23,851
Solar power generated in-house: portion self-consumed (1,000 kWh)	Consolidated	1,147	963	1,038
Renewable energy purchases (1,000 kWh)		1,143	2,534	2,425
Renewable energy ratio		8.2%	14.5%	15.5%
Waste generation & resource recycling				
General waste generated (t)/intensity (kg/million yen)		292/3.48	286/3.93	281/4.17
Industrial waste generated (t)/intensity (kg/million yen)		414/4.94	454/6.24	320/4.75
Material recycled (t)/intensity (kg/million yen)	Consolidated	1,057/12.61	790/10.86	640/9.50
Paper consumption (t)/intensity (kg/million yen)		17/0.20	17/0.23	17/0.26
Water use				
Water consumption (m³)/intensity (m³/million yen)		64,534/0.77	58,260/0.80	51,123/0.76
Industrial water consumption (m³)	Consolidated	3,413	2,997	2,568
Groundwater consumption (m³)		0	0	0

Social

	Scope	FY2023	FY2024	FY2025
Human resource development				
Average training costs per person (yen)	Unconsolidated	66,000	59,000	58,000
Average training hours per person		—	10.4	10.4
Diversity equity & inclusion				
Number of employees		3,186	3,087	2,937
Male	Consolidated	1,837	1,751	1,673
Female		1,349	1,336	1,264
Ratio of female employees		42.3%	43.3%	43.0%
Ratio of female employees	Unconsolidated	16.0%	19.9%	20.9%
Number of managers		401	402	402
Male	Consolidated	308	306	317
Female		93	96	85
Ratio of female managers		23.2%	23.9%	21.1%
Ratio of female managers	Unconsolidated	6.9%	7.6%	9.7%
Ratio of employees with disabilities	Japan	3.0%	3.0%	3.1%
Gender pay gap (full-time employees)	Unconsolidated	79.0%	76.6%	80.2%
Average length of service (full-time employees)		17.1	16.1	15.7
Male (years)	Unconsolidated	18.0	17.1	16.7
Female (years)		12.3	12.0	12.3
Utilization of childcare leave (full-time employees)		68.8%	100%	95.0%
Male	Unconsolidated	58.3%	100%	92.3%
Female		100%	100%	100%
Occupational health & safety				
Frequency rate of industrial accidents	Unconsolidated	0.58	0.65	0.68
Fatalities due to occupational accidents	Consolidated	0	0	0
Health				
Health checkup rate	Unconsolidated	100%	100%	100%
Stress check participation		95.9%	81.5%	91.0%
Supply Chain Management				
Ratio of supplier assessment coverage*	Unconsolidated	32.8%	98.7%	100%

* The assessment applies to major suppliers with annual purchase amounts of over one million yen.

Governance

	Scope	FY2023	FY2024	FY2025
Board of Directors				
Number of directors		9	10	10
Number of outside directors		6	6	6
Ratio of outside directors		67%	60%	60%
Ratio of female directors		33%	30%	30%
Ratio with less than 3 years of service	Unconsolidated	44%	30%	10%
Number of meetings held		7	7	7
Attendance rate		98%	99%	100%
Outside director attendance rate		98%	98%	100%
Number of items with below average scores in the Board of Directors' effectiveness assessment		18%	26%	44%
Audit & Supervisory Committee				
Number of members		3	3	3
Ratio of outside directors		100%	100%	100%
Number of meetings held	Unconsolidated	9	9	9
Attendance rate		100%	100%	100%
Nominating Committee				
Number of members		4	4	4
Ratio of outside directors		75%	75%	75%
Number of meetings held	Unconsolidated	3	3	1
Attendance rate		100%	100%	100%
Remuneration Committee				
Number of members		5	5	5
Ratio of outside directors		80%	80%	80%
Number of meetings held	Unconsolidated	3	4	2
Attendance rate		100%	95%	90%
Corruption prevention				
Bribery-related fines / penalties / settlements (yen)		0	0	0
Political contributions (yen)	Consolidated	0	0	0
Disciplinary dismissals for involvement in corrupt practices		0	0	0
Compliance				
Number of serious legal violations		0	0	0
Number of internal reports	Consolidated	6	4	18
Number of harassment reports / consultations		2	4	4
Human rights and compliance training attendance rate	Japan	—	100%	100%

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11-Year Key Financial Data

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025
Operating results											(Million yen)	(Thousands of U.S. dollars) Operating results 1US$=149.53 yen
Net sales	42,173	43,468	43,426	59,783	62,757	58,355	53,983	70,789	83,869	72,711	**67,380**	450,612
Gross profit	17,117	18,017	18,027	26,022	26,973	25,040	22,783	30,310	37,376	31,019	**29,437**	196,864
Selling, general and administrative expenses	14,207	14,841	14,479	19,909	21,244	20,336	18,742	20,638	23,315	24,743	**25,784**	172,434
Operating profit	2,910	3,176	3,547	6,112	5,728	4,704	4,041	9,672	14,060	6,276	**3,652**	24,423
Profit attributable to owners of parent	2,096	1,708	2,440	5,296	3,700	3,006	2,803	7,896	10,144	4,407	**1,778**	11,891
Cash flows												
Cash flows from operating activities	1,925	5,690	2,644	4,926	6,119	6,928	7,443	9,652	7,009	5,504	**11,248**	75,222
Cash flows from investing activities	(1,169)	(18)	(21,190)	(858)	(2,665)	(2,037)	(3,147)	(1,386)	(3,110)	(1,922)	**(4,097)**	(27,399)
Free cash flows	756	5,671	(18,545)	4,067	3,453	4,890	4,295	8,265	3,899	3,581	**7,150**	47,816
Cash flows from financing activities	(891)	(2,611)	19,929	(3,926)	(2,878)	(3,605)	(3,672)	(8,578)	(4,403)	(4,462)	**(2,905)**	(19,428)
Financial position												
Total assets	49,378	49,328	85,441	91,530	89,032	87,025	88,252	94,960	104,235	107,138	**107,216**	717,020
Shareholders' equity	32,121	31,976	33,355	45,005	45,509	42,725	42,963	48,660	58,465	65,551	**63,197**	422,638
Information per share											(Yen)	(U.S. dollars)
Earnings per share (EPS)	69.45	56.50	80.68	170.37	112.53	95.19	92.83	264.12	348.37	150.10	**60.36**	0.40
Book-value per share (BPS)	1,062.53	1,057.28	1,102.20	1,370.01	1,383.18	1,365.73	1,432.43	1,677.51	1,998.30	2,226.99	**2,142.95**	14.33
Annual cash dividends (yen)	35.00	36.00	40.00	50.00	50.00	50.00	50.00	100.00	130.00	130.00	**130.00**	0.87
Other financial data												
Operating profit margin	6.9%	7.3%	8.2%	10.2%	9.1%	8.1%	7.5%	13.7%	16.8%	8.6%	**5.4%**	
Return on equity (ROE)	6.9%	5.3%	7.5%	13.5%	8.2%	6.8%	6.5%	17.2%	18.9%	7.1%	**2.8%**	
Return on assets (ROA)	4.4%	3.5%	3.6%	6.0%	4.1%	3.4%	3.2%	8.6%	14.5%	6.5%	**3.2%**	
Equity-to-asset ratio	65.1%	64.8%	39.0%	49.2%	51.1%	49.1%	48.7%	51.2%	56.1%	61.2%	**58.9%**	
Capital expenditure (portion spent on right-of-use assets etc.)	1,761 —	1,500 —	2,103 —	1,991 —	4,122 —	2,673 143	3,567 171	2,503 497	4,088 1,166	2,960 391	**10,782** **318**	72,106 2,127
Depreciation and amortization expense	1,677	1,519	1,141	2,398	2,701	3,016	2,981	3,264	3,544	3,917	**4,091**	27,359
R&D expense	2,110	2,328	2,242	2,202	2,359	2,325	2,343	2,593	2,958	2,796	**2,936**	19,635

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Corporate Data

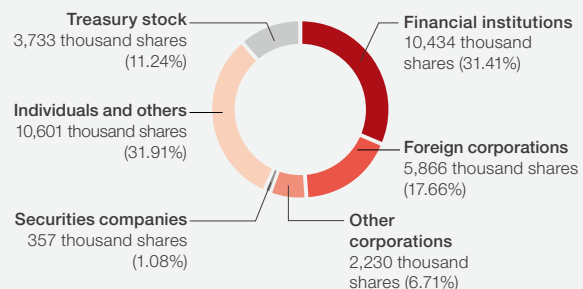|	
Corporate Name	IDEC CORPORATION
Established	March 26, 1947
Capital Stock	JPY10,056,605,173
Number of Employees	2,937 (consolidated; as of March 31, 2025) * Excluding contract and temporary employees
Stock Listing	Prime Market, Tokyo Stock Exchange
Head Office	2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan Phone: +81-6-6398-2500 (Main number)
Tokyo Sales Branch	1-16-1, Kaigan, Minato-ku, Tokyo 105-0022 Japan Phone: +81-3-6625-5180 (Main number)
Factories	Amagasaki, Fukusaki, Takino
Sales Branches	Tokyo, Osaka

Shares of the Company
As of March 31, 2025

Number of shares authorized	150,000,000
Number of shares issued	33,224,485
Number of shareholders	16,868

Distribution of Shareholders
As of March 31, 2025

Treasury stock
3,733 thousand shares
(11.24%)

Financial institutions
10,434 thousand shares (31.41%)

Individuals and others
10,601 thousand shares
(31.91%)

Foreign corporations
5,866 thousand shares
(17.66%)

Securities companies
357 thousand shares
(1.08%)

Other corporations
2,230 thousand shares (6.71%)

Major Shareholders (Top 10)
As of March 31, 2025

Shareholders	Number of shares (Thousands of shares)	Holdings (%)
The Master Trust Bank of Japan, Ltd. (Account in trust)	5,442	18.45
Custody Bank of Japan, Ltd. (Account in trust)	3,950	13.40
JP MORGAN CHASE BANK 385632	878	2.98
Namariya LLC	845	2.87
TKF LLC	680	2.31
THE BANK OF NEW YORK MELLON 140044	434	1.47
Kazutaka Fujita	408	1.38
JP MORGAN CHASE BANK 385781	360	1.22
Toshihiro Fujita	336	1.14
STATE STREET BANK AND TRUST COMPANY 505001	312	1.06

Note: The ratio of shareholding is calculated after deducting treasury stock (3,733 thousand shares).

Evaluation by Society (Inclusion in Indices)

FTSE Blossom Japan Index

S&P/JPX カーボン エフィシェント 指数

FTSE Blossom Japan Sector Relative Index

2025 Sompo Sustainability Index

JPX-NIKKEI Mid Small

Sustainability Evaluation

BRONZE | Top 35%
ecovadis
Sustainability Rating
FEB 2025

Executive Officers
As of August 1, 2025

Chief Safety, Health and Well-being Officer

Toshihiro Fujita
Chief Safety, Health and Well-being Officer

Senior Executive Officers

Tomonori Nishiki
Senior Executive Officer
R&D & Environment

Shinichi Yoshimi
Senior Executive Officer
Strategic Planning

Arnaud Mondi
Senior Executive Officer
Marketing and Strategy

Executive Officers

Yasunori Kawanaka
Executive Officer
IDEC Business Unit,
Products Strategy

Marc Enjalbert
Executive Officer
Manufacturing,
APEM Business Unit

Masaki Tsuri
Executive Officer
Quality Assurance

Yoshihiko Nishiyama
Executive Officer
President's Office & Special
Assignments

Lei Lu
Executive Officer
Global Finance