

Governance

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.