Last update: July 23, 2026

IDEC CORPORATION
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Securities Code: 6652
https://www.idec.com/ja/company

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

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

1. Basic Views Update

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

We have also established and published the "IDEC Corporate Governance Policy," which sets forth our views and operational policies regarding corporate governance in the Company Group (hereinafter referred to as "the Group").

"IDEC Corporate Governance Policy": https://www.idec.com/api/asset/en/6Q6KMpUt3bxHUJ1RAKfov0/CG-policy-20250321-en.pdf

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

We respect the purpose of the Corporate Governance Code and are implementing all of its principles.

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

[Principle 1.4 Cross-Shareholdings]

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 will not continue or reduce inappropriate transactions or interfere with the sale of shares due to shareholdings with companies which hold the Company's shares as cross-shareholdings. In addition, we will provide opportunities for dialogue with investors as necessary regarding the verification details in the Board of Directors. We exercise our voting rights by comprehensively judging whether the investee company has established an appropriate governance system, is making decisions that will lead to the enhancement of the Group's corporate value over the medium to long term and is contributing to the enhancement of our corporate value.

[Principle 1.7 Related Party Transactions]

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

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

[Supplementary Principle 2.4.1 Ensuring Diversity including Promotion of Empowerment of Women] in the Company

(1) Policies for human resource development and internal environment improvement

The IDEC Group has established the following as its main purpose: "Create the optimum environment for humans and machines, and to achieve safety, ANSHIN, and well-being for people around the world." This main purpose and the company's vision (Pioneer the new norm for a safer and sustainable world) constitute "The IDEC Way." The goal of "The IDEC Way" is to realize a safer and more sustainable society that brings happiness and ANSHIN to all people.

To achieve the vision of the IDEC Group, we will further expand our activities on a global scale and strive to contribute to the resolution of various societal challenges through our business activities. To this end, we have made it a priority to hire and train personnel with diverse strengths who are able to manifest their capabilities and their passion and open the way to the future to become the leaders of the next generation. We will continue to actively promote diversity, equity & inclusion and carry out a variety of human resource development policies.

We will also protect the safety and mental and physical health of our employees, and will strive to ensure a healthy working environment that is free from discrimination.

(2) Initiatives to promote women

At IDEC on an unconsolidated basis, we have set a KPI of achieving a ratio of female managers of 12% or more by FY2028 and are implementing initiatives such as the delivery of selective training programs for women and the proactive recruitment of senior female management personnel. In March 2026, we held a "Leadership Session" for female employees at the assistant manager level and above, welcoming an Outside Director as a guest speaker. This session was designed to provide participants with an opportunity to reflect on their own management styles while reconsidering the roles expected of them and their future career paths. Participants commented that the session enabled them to "reaffirm their personal strengths" and "aspire to demonstrate leadership while valuing their individuality." Going forward, we will continue to foster a workplace culture in which leadership can be exercised regardless of gender, while simultaneously promoting capability development and proactive appointments. Through these efforts, we aim to build an organization capable of generating further innovation.

In FY2026, the ratio of female managers was 11.9% on an unconsolidated basis and 23.0% on a consolidated basis.

Detailed information is disclosed in the Annual Securities Report, on the Company's website, and in the Integrated Report (IDEC Report).

Annual Securities Report: https://www.idec.com/ja/ir/report-history
diversity, equity & inclusion: https://www.idec.com/en/sustainability/social/diversity
Integrated Report (IDEC Report): https://www.idec.com/en/ir/integrated-reports

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

With regard to the pension assets of the defined-benefit corporate pension plan, we receive regular reports from investment institutions on the investment status and investment policies, etc., and monitor them, taking into account the need to ensure the future payment of benefits to members,

i.e., employees and beneficiaries, and the impact on the Company's financial position. In addition, we are making efforts to assign and train personnel with appropriate qualities to ensure that such monitoring can be carried out properly.
We have confirmed that our investment institutions accept Japan's Stewardship Code (Principles for Responsible Institutional Investors), and by entrusting the selection of individual financial instruments and the exercise of voting rights to these institutions, we ensure that there is no conflict of interest between the beneficiaries of the corporate pension plan and the Company.

[Principle 3.1 Full Disclosure]
1. Management Philosophy, Management Strategy and Management Plan
The Company actively disseminates information by posting the Top Message, Management Philosophy, Medium-Term Management Plan and the Integrated Report (IDEC Report) on our website as follows:
Information for Shareholders and Investors: https://www.idec.com/en/ir
Medium-Term Management Plan: https://www.idec.com/en/ir/medium-term-management-plan
Integrated Report (IDEC Report): https://www.idec.com/en/ir/integrated-reports

2. Basic Views and Policy on Corporate Governance
Please refer to "1. Basic Views" of "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" described above.
As of the date of submission of this report, the Company has 7 directors (excluding directors who are members of the Audit and Supervisory Committee), including 3 outside directors, and there are 3 outside directors who are members of the Audit and Supervisory Committee.

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

4. Policy and procedure for director appointment and dismissal
The process of selecting candidates for directorships is based on a skills matrix outlining the expected skills and other requirements. The Nominating Committee recommends candidates to the Board of Directors on the basis of the skills matrix review, and the nominations are made part of the agenda of the General Meeting of Shareholders through voting at a Board of Directors meeting attended by a majority of independent outside directors.
Directors who are deemed to no longer possess the expected skills and qualities of their position are considered for dismissal. Also, if a director is found to have violated laws, regulations, the articles of incorporation, or otherwise be unfit for the discharge of their duties, the Board of Directors, acting on a report by the Nominating Committee, votes on whether to include a proposal for the director's dismissal in the General Meeting of Shareholders agenda. This vote must be made at a meeting attended by a majority of independent outside directors.

5. Individual Reasons for Election of Directors
The reasons for the election and dismissal of individual directors of the Company are stated in the convocation notice of the General Shareholder Meeting.
Annual General Meeting of Shareholders: https://www.idec.com/ja/ir/meeting

[Supplementary Principle 3.1.3 Sustainability etc.]
The IDEC Group positions sustainability as an important management issue for the sustainable enhancement of corporate value, and promotes various initiatives from environmental, social, and governance (ESG) perspectives. The Group's basic sustainability policy, materiality issues, specific initiatives to address those issues, and the progress of KPIs are disclosed in the "Sustainability" section of the Annual Securities Report, the Integrated Report (IDEC Report) and the Company' s website.
Details of the Group's initiatives related to climate change, human capital, and intellectual capital are also disclosed in the following materials and webpages:
Annual Securities Report: https://www.idec.com/ja/ir/report-history
Integrated Report (IDEC Report): https://www.idec.com/en/ir/integrated-reports
Sustainability: https://www.idec.com/en/sustainability

For details of the promotion framework, please refer to the section entitled "Sustainability Committee" in "II. 2. Matters Related to Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions, etc. (Outline of the Current Corporate Governance System)" of this Report.
IDEC GROUP Code
[Supplementary Principle 4.1.1 Role and Responsibility of the Board of Directors]
We have established the Board of Directors Regulations, the Management Committee Regulations, and Administrative Authority Regulations, which stipulate matters to be resolved by the Board of Directors, matters to be resolved by the Management Committee, and matters that can be decided according to each position. Based on these regulations, the Board of Directors decides management policies and important matters, and based on these policies and decisions, business execution is carried out by the directors in charge of business execution and executive officers.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]
In order to ensure the transparency and soundness of management, we have established the "Policy on Independence of Outside Directors" as described in [Independent Directors] "Matters relating to Independent Directors" under "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" below. All of the 6 outside directors as of the date of submission of this report meet those requirements.

[Supplementary Principle 4.10.1 Use of Voluntary Structure]
As of the date of submission of this report, the Board of Directors of the Company consists of 10 members, of which 4 are inside directors and 6 are independent outside directors, so the majority of the Board of Directors are independent outside directors.

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

[Supplementary Principle 4.11.1 Skill Matrix]
Since the Board of Directors of the Company supervises the execution of business and makes important policy decisions, we believe that it is desirable for the Board of Directors to consist of directors who have diverse and abundant experience, broad perspectives, and a high level of expertise. The knowledge, experience and skills of each director are disclosed as a skills matrix in the convocation notice of the General Shareholder Meeting, the Integrated Report (IDEC Report), etc.

Annual General Meeting of Shareholders: https://www.idec.com/en/ir/meeting
Integrated Report (IDEC Report): https://www.idec.com/en/ir/integrated-reports

In addition, as of the date of submission of this report, 3 women outside directors and 3 directors with management experience at other companies have been appointed.
For the policy and procedures for the appointment of directors, please refer to the section 4 of [Principle 3.1 Full Disclosure] above.

[Supplementary Principle 4.11.2 Status of Concurrent Position of Directors]
In case a director in charge of business execution concurrently serves as an officer of another company, the Board of Directors Regulations stipulate that the matter requires approval by the Board of Directors from the perspective of conflict of interest. In addition, if any director concurrently serves as an officer of another listed company, it is disclosed in the business report (the convocation notice of the General Shareholder Meeting).
Annual General Meeting of Shareholders: https://www.idec.com/en/ir/meeting

[Supplementary Principle 4.11.3 Evaluation of the Effectiveness of the Board of Directors]
1. Method of evaluation
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.
Since FY2022, a third-party organization has conducted the questionnaire survey and analyzed the responses. The results of their evaluation are reported to the Board of Directors, whose members share the issues identified and continuously strive to make improvements.

2. Results of third-party evaluations in FY2026
In the effectiveness evaluation conducted in February 2026, the performance of outside directors was highly rated in both peer comparisons and year-on-year comparisons, confirming that the Board is functioning effectively. The evaluation also noted improvements compared with the previous year in opportunities for discussions with a focus on profitability and capital efficiency. On the other hand, there were expectations for further enhancement of secretariat support and opportunities for dialogue among outside directors. Additionally, challenges were identified regarding the effectiveness of the Nominating Committee and Remuneration Committee. The FY2026 effectiveness evaluation results showed that seven items, representing 22% of the total, were below the peer average, while 13 items, representing 41% of the total, improved compared with FY2025.
In response to these evaluation results, in FY2027 we will increase the number of meetings for exchanges among outside directors and work to enhance their content. In addition, alongside the early distribution of meeting materials, the secretariat will strengthen its support structure by providing supplementary information-sharing and briefing opportunities, thereby further enhancing the effectiveness of the Board of Directors.

Integrated Report (IDEC Report): https://www.idec.com/en/ir/integrated-reports

[Supplementary Principle 4.14.2 Training for Directors]
When newly appointed executive officers take office, we will provide explanations of legal obligations, responsibilities, etc., as necessary, and provide opportunities for outside directors to deepen their understanding of the Company's business. In addition, we will gather and provide various types of information necessary for directors to fulfill their roles and functions, including information on the business environment and systems, and promote participation in and hold training sessions using outside experts, etc. as necessary.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]
As for dialogue with shareholders and investors, including at company briefings, the executive officer who is an IR representative will be responsible and strive to understand the Company’s shareholder structure. The executive officer will also organically collaborate not only with executive directors such as representative director, executive officers and relevant divisions, but with outside directors as needed to work on the dialogue. The views and concerns identified through the dialogue will be reported to the Management Committee and the Board of Directors as needed. To prevent insider trading, efforts will be made to prevent leaks of insider information from the dialogue, pursuant to internal rules.

[Status of the Dialogue with Shareholders]
To gain their confidence in and fairly evaluate our management, the CEO, senior executive vice president 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 FY 2025.
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 individual 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 analyze various management information. While ensuring thorough control over insider information, the division provides information internally and publicly in a 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 & inclusion efforts
-Approach to shareholder returns

The Company has published the status of the Dialogue with Shareholders in our website as follows:
Integrated Report (IDEC Report): https://www.idec.com/en/ir/integrated-reports
Dialogs with Shareholders and Investors: https://www.idec.com/en/ir/dialogue

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price Update

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	July 23, 2026

Explanation of Actions

Our financial strategy is to strengthen IDEC's long-term competitiveness by directing capital and financial resources toward the businesses, capabilities, and opportunities that create the greatest long-term value while continuously improving profitability, capital productivity, and financial resilience. This strategy recognizes that creating sustainable corporate value requires disciplined financial decisions that balance investment for future growth with profitability, efficient capital utilization, and financial resilience. By directing capital toward the opportunities that strengthen IDEC's competitive advantage, we provide the financial foundation for executing our medium-term management plan and supporting IDEC's transformation into a New IDEC.

To improve not only profitability but also capital efficiency, the IDEC Group has set the cost of shareholders' equity at 8%, and set the weighted average cost of capital (WACC) at 6% based on that. To generate returns exceeding this level and boost corporate value, we use ROE (return on equity) and ROIC (return on invested capital) as metrics. In the future, we aim for ROE of 10% or more and ROIC of 7% or more.

■ Investing in future competitiveness
We invest with discipline in innovation, digital transformation, manufacturing capabilities, strategic acquisitions, and talent development to strengthen IDEC's competitive advantage and support the execution of our medium-term management plan.

■ Enhancing business performance
Finance partners closely with the business to improve profitability through disciplined performance management, pricing and portfolio optimization, productivity improvement, and better decision-making across the Group.

■ Improving capital productivity
We improve capital productivity by enhancing ROIC through disciplined investment evaluation, working capital optimization, asset utilization, and portfolio management, ensuring that all deployed capital creates greater long-term value.

■ Maintaining financial strength and flexibility
Strong cash generation, a resilient balance sheet, and prudent financial management provide the financial flexibility to invest confidently throughout business cycles while maintaining sustainable shareholder returns.

■ ROIC-driven financial management
ROIC is our primary financial management indicator because it measures both operating performance and the effectiveness of our capital allocation decisions. By incorporating our cost of capital into investment decisions, ROIC serves as the principal measure of whether our investments are creating value above our cost of capital. It promotes disciplined investment, improves capital productivity, and supports sustainable corporate value creation.
We pursue our financial strategy with ROE of 10% or higher and ROIC of 7% or higher as key performance indicators, promoting strategic capital allocation and continuous improvement in capital efficiency to enhance sustainable corporate value.

The Company has published Financial Capital including the above in Annual Securities Report and Integrated Report (IDEC Report).
Annual Securities Report: https://www.idec.com/ja/ir/report-history
Integrated Report (IDEC Report): https://www.idec.com/en/ir/integrated-reports

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders] Update

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Account in trust)	5,389,800	18.24
Custody Bank of Japan, Ltd. (Account in trust)	3,573,600	12.09
Custody Bank of Japan, Ltd. (Account 4 in trust)	904,600	3.06
Namariya Ltd.	845,500	2.86
TKF Ltd.	732,300	2.48
THE BANK OF NEW YORK MELLON 140044	450,400	1.52
Kazutaka Fujita	400,000	1.35
JP MORGAN CHASE BANK 385781	370,947	1.26
Toshihiro Fujita	322,556	1.09
STATE STREET BANK AND TRUST COMPANY 505001	309,571	1.05

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

Supplementary Explanation

The status of major shareholders is as of March 31, 2026. The percentage is calculated after deducting treasury stock (1,826 thousand shares).

3. Corporate Attributes

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

Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

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

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee

[Directors] Update

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroshi Kobayashi	From another company											
Hideyuki Ohkubo	From another company								△			
Mariko Sugiyama	From another company								△			
Yasuo Himeiwa	CPA											
Michiko Kanai	Lawyer											
Eri Nakajima	Others											

※ Categories for "Relationship with the Company"

※ "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

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

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

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroshi Kobayashi		○	―――	He has been engaged in corporate management as a corporate officer and domestic and overseas business in the automobile industry for many years. Based on his extensive knowledge and experience, he has been appointed to supervise the Company from an independent standpoint with no vested interest in the Company and to provide pertinent and meaningful advice. In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.
Hideyuki Ohkubo		○	He is a former employee of Mitsubishi Electric Corporation, a business partner of the Company. However, the business volume with Mitsubishi Electric Corporation in the last financial year is less than 1% of the consolidated net sales, which is considered to be insignificant and not likely to affect the judgment of shareholders and investors. Therefore, there is no independence issue.	He has been engaged in management and the factory automation business for many years in the electrical machinery industry, and his extensive knowledge and experience are highly evaluated. He has been appointed based on our belief that he can supervise the Company from an independent standpoint with no vested interest in the Company and provide pertinent and meaningful advice. In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.
Mariko Sugiyama		○	She is an employee of Salesforce Japan Co., Ltd., a business partner of the Company. However, the business volume with Salesforce Japan Co., Ltd.in the last financial year is less than 1% of the consolidated net sales, which is considered to be insignificant and not likely to affect the judgment of shareholders and investors. Therefore, there is no independence issue.	She has been engaged in a wide variety of businesses in the IT industry for a long time and is highly regarded for her abundant knowledge and experience. She has been appointed based on the belief that she will supervise the Company and give the Company her precise and productive advice from an independent perspective with no special interests, especially on the IT strategy and DX strategy of the Company. In addition, the Company has designated her as an independent director because she does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because she is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.
Yasuo Himeiwa	○	○	―――	He is a certified public accountant and has a wealth of knowledge and experience. He has considerable expertise in finance and accounting based on his experience, and has been appointed to contribute to the strengthening of the Company's auditing system from this perspective. In addition, the Company has designated him as an independent director because he does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because he is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.
Michiko Kanai	○	○	―――	She has a high level of expertise in corporate legal affairs as a lawyer, and has been appointed to contribute to the strengthening of the Company's auditing system from a legal perspective. In addition, the Company has designated her as an independent director because she does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because she is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.
Eri Nakajima	○	○	―――	She has been engaged in a wide range of fields in environmental administration, such as global warming countermeasures, and promotion of women's empowerment. Given her abundant knowledge and experience, she has been appointed to contribute to strengthening the Company's auditing system regarding environmental initiatives and promotion of women's empowerment at the Company. In addition, the Company has designated her as an independent director because she does not fall under any of the items listed as possible problems in the criteria for determining independence established by the stock exchanges and the Company, and because she is deemed to be in an independent position without any risk of causing a conflict of interest with general shareholders.

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

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

Cooperation among Audit and Supervisory Committee, Accounting Auditors and Internal Auditing Departments

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

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

[Voluntary Establishment of Nominating/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nominating Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

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

Supplementary Explanation

< Nominating Committee>
The Company established a voluntary Nominating Committee in 2021 as an advisory body to the Board of Directors for objective, independent decision-making on director nominations and plans for developing next-generation executive candidates. The Nominating Committee consists of outside directors selected by the Board of Directors. The Committee currently consists of the following members:
- Outside Director Yasuo Himeiwa (Chairman)
- Outside Director Hiroshi Kobayashi
- Outside Director Michiko Kanai

<Remuneration Committee>
The Company established a voluntary Remuneration Committee on October 1, 2022 as an advisory body to the Board of Directors for increasing objectivity and transparency in the remuneration decision making process. The Remuneration Committee consists of outside directors selected by the Board of Directors. The Committee currently consists of the following members:
- Outside Director Yasuo Himeiwa (Chairman)
- Outside Director Hiroshi Kobayashi
- Outside Director Ohkubo Hideyuki
- Outside Director Michiko Kanai

[Independent Directors] Update

Number of Independent Directors	6

Matters relating to Independent Directors

The Company proactively appoints outside directors who have a high level of expertise or a wealth of experience and insight in management and business execution. In addition, the Company has established the independence criteria for outside directors (The policy regarding the independence of an Outside Director), and has designated outside directors who meet such criteria as independent officers. The Company's " The policy regarding the independence of an Outside Director " is described on page 12 of the "IDEC Corporate Governance Policy" posted on the Company's website.
- IDEC Corporate Governance Policy: https://www.idec.com/api/asset/en/6Q6KMpUt3bxHUJ1RAKfov0/CG-policy-20250321-en.pdf

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

<Overview of Remuneration system>
Remuneration for directors other than outside directors and directors who are Audit and Supervisory Committee members comprises basic remuneration (a fixed amount based on position), performance-linked remuneration (bonus), and non-monetary (share-based) remuneration, calculated in a ratio of 60:25:15. Remuneration for outside directors and directors who are Audit and Supervisory Committee members is limited to fixed basic remuneration, in the interest of preserving the independence of their management oversight role.

<Framework of Remuneration>
■Basic remuneration
Fixed monthly amount determined by comprehensively taking into account the director's position/duties and the Company's performance.

■Performance-based remuneration (bonus)
Performance-based cash remuneration whose amount reflects the relevant KPIs. The amount is paid in 12 equal monthly installments, together with the monthly basic remuneration. Specifically, the amount is calculated by multiplying the standard bonus set for the position by a payout coefficient indicative of the director's performance for the fiscal year.

■Non-monetary (share-based) remuneration
Comprises performance share units as a medium-term incentive, and restricted stocks as a long-term incentive.
Performance share units are provided in the form of the Company's common stock, subject to restrictions on transfer. The amount is based on a finalized number of share units calculated by multiplying the number of share units provided to each position by a payout coefficient reflecting the degree of achievement of financial KPIs and nonfinancial KPIs that are focuses of the medium-term management plan.
Restricted stocks are provided in the form of the Company's common stock, subject to restrictions on transfer. The amount is equivalent to a standard amount determined by taking into account the Company's performance, the scope of the director's duties, and various circumstances. In cases where the director is not a resident of Japan as of the provision of share-based remuneration, an equivalent amount of phantom shares is provided in lieu of performance share units and restricted stocks.
In cases where a director is guilty of serious misconduct, violations, etc., the Board of Directors will, based on the report made by the Remuneration Committee, demand forfeiture or repayment of the director's bonus and share-based remuneration, partially or in full.

Remuneration at the individual level is discussed by the Remuneration Committee, which reports the results to the Board of Directors. Decisions on matters concerning individual remuneration are made solely by the CEO at Board meetings where independent outside directors constitute the majority. In making these decisions, the CEO is expected to respect the Remuneration Committee's report.

Recipients of Stock Options	Inside Directors/Employee/Subsidiaries' Directors/Subsidiaries' Employees assists in the duties of outside directors

Supplementary Explanation

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

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

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

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Basic policy
In order to ensure that remuneration for the Company's directors (excl. outside directors and directors who are Audit and Supervisory Committee Members) functions sufficiently as an incentive for the sustainable improvement of corporate value, when determining the remuneration of each director, basic remuneration, performance-linked remuneration (bonus) and non-monetary remuneration (stock-based remuneration) shall be paid as fixed remuneration in accordance with their responsibilities in consideration of the scope and scale of management.
Outside directors and directors who are Audit and Supervisory Committee Members receive only base remuneration as fixed remuneration because they are responsible for supervising the management of the Company from an independent perspective.

2. Policy for determining the amount of basic remuneration (monetary remuneration) for each individual (including policy for determining the timing and conditions for granting remuneration)
The basic remuneration for the Company's directors is fixed monthly remuneration, which is determined by comprehensively taking into account the position, responsibilities and financial situation of the Company.

3. Policy for determining the details of performance-linked remuneration, etc., and non-monetary remuneration, as well as the number or calculation method (including policy for determining the timing and conditions for granting remuneration)
(1) Performance-linked remuneration (bonus)
In addition to the monthly basic remuneration, bonuses are paid monthly in 12 equal installments as performance-linked cash remuneration that reflects Key Performance Indicators (KPI), in order to raise awareness of improving performance each fiscal year and to clarify commitments to stakeholders on these matters. The Company shall calculate bonuses by multiplying the base amount for bonus calculation specified for each officer based on the Company performance payment factor. The KPIs used for the calculation of bonuses shall be the consolidated operating profit ratio for each fiscal year and personnel evaluations related to performance, etc., for the departments they are in charge of (excl. executive directors).

(2) Non-monetary remuneration (stock-based remuneration)
(2)-1 Details of stock-based remuneration
Stock-based remuneration consists of performance share units (hereinafter, PSU) as a medium-term incentive and restricted stock (hereinafter, RS) as a long-term incentive. Share units and ordinary shares (with restrictions on transfer) calculated in accordance with the position shall be allotted annually at a fixed time.
If a director is a non-resident at the time of granting stock-based remuneration, an equivalent amount of phantom stock shall be granted instead of PSU and RS.

(2)-2 Policy for determining the calculation method for numbers
(2)-2-1 PSU
As for PSU, the Company shall issue shares of common stock of the Company with transfer restrictions in accordance with the number of fixed share units, which is calculated by multiplying the share units granted for each position by the payment factor corresponding to the degree of achievement of financial indicators and non-financial indicators (1 share unit = 1 common share). The KPIs used to calculate PSU shall be the degree of achievement of the targets set forth in the Medium-term Management Plan as financial indicators, the degree of achievement of ESG-related targets as non-financial indicators, and personnel evaluations related to performance, etc., for the departments they are in charge of (excl. executive directors)

(2)-2-2 RS
As for RS, the Company shall allocate shares of common stock of the Company with transfer restrictions in a number equal to the base amount annually at a fixed time, determined in light of the business results of the Company, the scope of responsibilities of each director and various circumstances.

4. Policy for determining the ratio of monetary remuneration, performance-linked remuneration, etc., or non-monetary remuneration, etc., to the amount of remuneration, etc., for an individual director
The ratio of each type of remuneration for the Company's directors (excl. outside directors and directors who are Audit and Supervisory Committee Members) shall be set at base remuneration, bonus, PSU and RS = 60:25:10:5, with reference to other companies in the same industry and of the same scale, and in consideration of the level of salaries, social conditions, etc., of the Company's employees (This shall be the standard that serves as a guideline for achieving 100% of the performance targets).
The level of remuneration and the proportion of remuneration shall be reviewed based on a report from the Remuneration Committee, as appropriate, taking into consideration the Company's business environment, social conditions and other circumstances.

5. Matters concerning determining the details of remunerations, etc., for each director individually
When determining individual remunerations, etc., the Remuneration Committee shall discuss, in addition to each position, the business performance for executive directors, the expertise and outside management experience for outside directors, etc., and report the details to the Board of Directors. Ultimately, the Board of Directors, the majority of which consists of independent outside directors, shall leave individual remuneration to the discretion of the Representative Director Chairman and President. The Representative Director Chairman and President shall make their decisions on individual remuneration, etc., respecting the recommendations of the Remuneration Committee.

6. Malus and clawback of remuneration, etc.
In case a director of the Company has committed any serious misconduct or violation, based on the recommendation by the Remuneration Committee, the Company shall demand the forfeiture or return of all or part of the bonus and stock-based remuneration.

[Supporting System for Outside Directors]

The Strategic Planning Department serves as the secretariat of the Board of Directors, and assists in the duties of outside directors as requested by them or as necessary, and liaises between inside and outside directors as needed. With the objective of enhancing communication among outside directors' exchange sessions have been held since FY2019, and outside directors exchange their views and have a discussion on corporate governance, products, the business of the Company, medium- to long-term strategic policies, and dialogue with shareholders and investors of the Company, etc.

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

1 Business execution functions

■Board of Directors

The Board of Directors, consisting of 10 directors (including 6 outside directors), makes decisions on management policies and other important matters, and supervises the execution of duties by directors. The Board of Directors deliberates in accordance with management policies to prevent violations of laws and regulations as well as the Articles of Incorporation. In FY2026, the Board of Directors met a total of 7 times.

■Management Committee

The President serves as the chairperson and the Committee formulates management strategies and important policies. The meeting details are promptly reported to other directors, and information is shared with executive officers and others as appropriate, which contributes to strengthening the functions of the Board of Directors and enhancing management efficiency. In FY2025, the Management Committee met a total of 8 times.

■Nominating Committee

The Company established a voluntary Nominating Committee in 2021 as an advisory body to the Board of Directors for objective, independent decision-making on director nominations and plans for developing next-generation executive candidates. The committee frankly communicates its objective opinions on candidate selection and training to the management. Our succession planning program seeks to continually cultivate talent who can help lead our sustainable growth worldwide. Candidates for representative director and other executive positions are provided with general management training tailored to their future duties, and with opportunities to participate in important meetings, including the Top Management Meeting and the Executive Officers' Meeting. The Nominating Committee receives reports on the progress of development of candidates, and expresses opinions on succession planning to the Board of Directors. In FY2026, the Nominating Committee met a total of 2 times, and all members attended all committees. The Nominating Committee has been composed solely of outside directors starting from June 2025, with an outside director also serving as the chairperson.

Please refer to [Voluntary Establishment of Nominating/Remuneration Committee] "Supplementary explanation" under "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" described above.

■Remuneration Committee

As was indicated by the results of the survey on the effectiveness of the Board of Directors and by other observations, there were issues in the design of our system of remuneration for directors, and a need to establish a Remuneration Committee. The Company launched a voluntary Remuneration Committee in 2022 as a body for reviewing and deliberating on the director remuneration system. Since then, the committee has been examining remuneration system proposals. Through this committee, we are working to increase objectivity and transparency in not only next-generation executive training and selection, but also the remuneration decision making process. In FY2026, the committee reviewed and discussed our officer's remuneration under the new director remuneration system, and met a total of 3 times. The Remuneration Committee has been composed solely of outside directors starting from June 2025, with an outside director also serving as the chairperson.

Please refer to [Voluntary Establishment of Nominating/Remuneration Committee] "Supplementary explanation" under "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" described above.

■Sustainability Committee

The Sustainability Committee, chaired by the CEO, was established to develop our Group's sustainability action policy. Five specialized committees were established under it to focus on specific policy areas: Environment, Social, Governance, plus two for areas of our strengths, Safety and Quality; together referred to as "ESG+Sa+Q,". Each specialized committee is chaired by an Executive Officer and consists of members with relevant expertise and experience. In addition to initiatives in these five areas, the Group has also identified CSR Procurement (Responsible Procurement) as a key priority, reflecting the importance it places on responsibility throughout the supply chain.

The Sustainability Committee meets twice a year, and important matters discussed are reported to and supervised by the Top Management Meeting and the Board of Directors as may be necessary.

General Managers, serving as Sustainability Leaders, share the content of Sustainability Committee discussions with each employee at Workplace Training sessions, with the aim of putting activities into practice and creating an open workplace where opinions can be exchanged. Employees submitted 158 opinions and proposals, which were shared by the specialized committees in FY2026. This feedback is incorporated in our Group's sustainability activities.

2. Audit functions

■Audits by the Audit and Supervisory Committee

With respect to audits by the Audit and Supervisory Committee, Audit and Supervisory Committee members attended all meetings of the Board of Directors and conduct field audits of internal departments, thereby having sufficiently monitored and supervised the execution of duties by directors (excluding directors who are members of the Audit and Supervisory Committee) and executive officers. In addition, the Audit and Supervisory Committee, which consists of 3 directors, regularly meets to monitor business execution in terms of legality, etc. In FY2026, the Audits by the Audit and Supervisory Committee met a total of 9 times.

■Internal Audits

As for internal audits, the Internal Auditing Department, under the administrative authority of the Representative Director Chairman and President as well as the Audit and Supervisory Committee, consists of 5 employees. The Internal Auditing Department regularly conducts internal audits with respect to business in each department including headquarter functions, accounting, compliance and business risks etc., monitors the execution of duties and timely and appropriately advises on improvement in efficiency of business. The Internal Auditing Department directly reports the results of internal audit to the Audit and Supervisory Committee as well as Representative Director Chairman and President to ensure the effectiveness of internal audit.

■Accounting Audits

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

In FY2026, the Company was audited by two certified public accountants, Takashi Ishii and Keiko Hishimoto, both of whom have been auditing the Company for less than seven years. The number of assistants involved in the Company's accounting audit operation is 13 certified public accountants and 19 others. Apart from that, our major overseas Group companies are audited by local auditing firms.

3. Agreement Limiting Liability

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

3. Reasons for Adoption of Current Corporate Governance System

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

We believe that as an appropriate corporate governance body is functioning by having fair and objective supervision and auditing conducted through this system.

III Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Notification of General Shareholder Meeting	We generally send out convocation notices three weeks prior to the date of the General Shareholder Meeting.
Scheduling AGMs Avoiding the Peak Day	The 79th Ordinary General Shareholder Meeting was decided to be held on Friday, June 19, 2026, at 10AM.
Allowing Electronic Exercise of Voting Rights	Since the 59th Ordinary General Shareholder Meeting held in 2006, we have introduced an online system for exercising voting rights.
Participation in Electronic Voting Platform and Other Efforts to Facilitate the Exercise of Voting Rights by Institutional Investors	Since the 79th Ordinary General Shareholder Meeting to be held in 2026, we have participated in the platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc.
Providing Convocation Notice in English	An English version of the convocation notice is prepared and made available on the Tokyo Stock Exchange website, and the Company's website with Japanese version.
Others	We have positioned the General Shareholder Meeting as a valuable opportunity for direct dialogue with shareholders, and have created a video presentation of the business report, which is an item to be reported at the General Shareholder Meeting, for easier understanding of our corporate activities, and we streamed the meeting live so that more shareholders could see it. In addition, for the purpose of deepening shareholders' understanding of the Company's initiatives for the relevant fiscal year when they exercise their voting rights, the Company has taken measures such as using more visuals in the convocation notice and posting it on its website.

2. IR Activities Update

	Supplementary Explanation	Explanation by the representatives themselves
Preparation and publication of disclosure policy	The disclosure policy is published on the Company's website (with English disclosure).	
Regular Investor Briefings held for Individual Investors	We regularly hold briefings on business results and medium-term management plan, including company explanations and introductions of our products and technologies, via live streaming on the web.	Not Held
Regular Investor Briefings for Analysts and Institutional Investors	Basically, once or twice a year, the Company's management holds a briefing session or makes individual visits to explain future strategies and visions, etc., and also holds quarterly briefings on business performance via web live streaming, etc..	Held
Posting of IR Materials on Website	At present, we post financial results, financial explanatory materials, data books, and shareholder newsletters after the end of each quarter in an effort to disclose information in a more fair, equitable, and timely manner. In addition, in producing the Integrated Report (IDEC Report) (Japanese and English), we are working to speed up its publication and enrich its contents in order to make the Company feel closer to investors, and at the same time, we are promptly posting timely disclosure information reported to the stock exchanges on our website. In the future, we will consider posting explanatory materials with more detailed information about the Company, such as briefing materials.	
Establishment of Department and/or Manager in Charge of IR	One staff member in charge of IR is assigned to each of the Global Finance Division and the Corporate Strategy Planning Department. The departments and persons in charge of IR are as follows: [Departments and persons in charge] Global Finance Division: Yasuyuki Ogawa Corporate Communications Office, Corporate Strategy Planning Department: Rieko Motoyama	
Others	We respond to individual interviews and visit explanations with securities analysts and institutional investors as needed.	

3. Measures to Ensure Due Respect for Stakeholders Update

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established the “IDEC GROUP Code of Conduct” for compliance matters and ensures that all officers and employees of the Company are fully aware of and comply with its contents. In addition, the IDEC GROUP Code of Conduct stipulates that we shall treat all individuals, companies, and organizations that are our stakeholders in a fair and equitable manner, and that we shall respond to and deal with them appropriately.
Implementation of Environmental Activities, CSR Activities etc.	The IDEC Group has formulated its long-term vision for 2050 and interim vision for 2030. As a global corporation, the Group aims to achieve sustainable growth while tackling societal challenges that include measures to deal with global warming and climate change. Actions to ensure sustainability, in particular initiatives for climate change, are essential for companies from the standpoint of both responding to increased social needs and preserving the global environment. Moreover, in the effort to achieve sustainable growth, environmental strategies are an important part of the Group’s business strategy, and therefore an environmental response is viewed as a transition opportunity. We will implement strategies for helping to achieve our Group’s main purpose of ensuring safety, ANSHIN, and well-being for people around the world, through the development of eco-friendly products, and other activities. Specifically, “Promotion of initiatives to reduce environmental impact” are included as one item in the basic strategy outlined in the medium-term management plan. We have established sustainability KPIs and are pursuing an action plan that reflects our transition opportunities toward the achievement of the goal. Beginning with what can be achieved right now, we are addressing to achieve carbon neutrality in order to realize our vision for 2050. The IDEC Group CSR Charter declares our commitment to maximizing the well-being of all stakeholders of the IDEC Group, including our employees, customers, shareholders, investors, business associates, and global and local communities. As mentioned above, for information on our efforts on sustainability, please refer to the following our website: Sustainability: https://www.idec.com/en/sustainability
Development of Policies on Information Provision to Stakeholders	The IDEC GROUP Code of Conduct states that, as part of our corporate activities, we will strive to provide our stakeholders with the information they need about our overall management in a timely, appropriate, and effective manner. At the same time, we aim to be a highly transparent and “open company” by gathering information from society at large and using it to improve our management policies and the activities of each department.
Others	IDEC has established “Business foundation: Establish a management structure that promotes value creation, foster an organizational climate and develop human resources” as one of its four materiality goals. Corporate revitalization and strengthening human capital will be indispensable in order to achieve sustainable growth and increase our corporate value. Accordingly, we are carrying out various initiatives to this end based on the vision we established for 2030, and in coordination with the policies in the medium-term management plan and the sustainability KPIs. We have conducted an employee engagement survey since 2019, and have made the resulting “Engagement score” one of our sustainability KPIs. We are working to improve engagement by determining the current situation and the issues to be resolved and then implementing measures centering on priority issues. In addition, initiatives to promote decent work as well as diversity, equity & inclusion will be essential to further expand our business activities globally. We will focus our efforts on hiring global talent and increasing the proportion of female managers to ensure human resource diversity. We have defined filling important positions and conducting leadership training as medium to long-term human resource strategies. We will systematically select and train candidates to become the next-generation of managers as part of our efforts to achieve sustainable growth for all Group companies.

IV Matters Related to the Internal Control System

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

1. Systems to ensure that the execution of duties by directors and employees of the Company and the Group companies complies with laws and regulations and the Articles of Incorporation
[Corporate Governance]
(1) The Company shall actively appoint outside directors to strengthen the supervisory function of the Board of Directors with regard to the execution of duties by directors.
(2) In order to realize the enhancement of corporate value based on corporate goals and management philosophy, the Company shall establish the “IDEC Corporate Governance Policy” and promote the strengthening of corporate governance accordingly.

[Compliance]
(1) The Company shall establish the “IDEC GROUP Code of Conduct,” which sets forth the Company’s basic stance on corporate ethics and compliance, and shall make it known to all directors and employees so that they will comply with the Code.
(2) The Company shall establish corporate ethics consultation desks and internal reporting desks inside and outside the Company, and widely accept requests for consultation and reports from employees concerning violations of laws and regulations, violations of internal regulations, violations of corporate ethics, and harassment in the workplace. The contents of consultations and reports shall be deliberated by the “Risk Management Committee” under the “Sustainability Committee” chaired by the President of the Company, and measures shall be taken to resolve the issues in accordance with laws, regulations, the Articles of Incorporation, and corporate ethics.
(3) The legal departments shall provide information on compliance and laws and regulations to directors and employees on a regular basis, and education and enlightenment activities on compliance shall also be conducted on a regular basis.
(4) In addition to the above, the Company shall periodically review and improve internal regulations and their operations concerning systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation.

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

3. Regulations and other systems for managing the risk of loss of the Company and the Group companies
[Risk Management Systems]
(1) The Company shall establish and operate the “Crisis Management Regulations” for the purpose of avoiding crises at the Company and the Group companies in advance and minimizing damage if a crisis should materialize.
(2) In accordance with the Crisis Management Regulations, the “Risk Management Committee” shall be established under the "Sustainability Committee" chaired by the President of the Company with the approval of the Board of Directors to manage risks at the Company and the Group companies during normal times and to respond when a crisis materializes.
(3) In addition to responding to crises, the Risk Management Committee identifies and evaluates risks for the entire IDEC Group during normal times, and implements measures to reduce risks. In addition, the “Hotline Section,” established within the Committee, shall handle internal reporting and implement measures to strengthen compliance. The details of these efforts are reported to the “Sustainability Committee” that meets periodically, and the Committee reports to the Board of Directors.

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

4. Systems to ensure that the efficient execution of duties by directors of the Company and the Group companies
[Separation of Execution and Supervision]
The Company shall achieve separation of business execution and supervision by having the Board of Directors make decisions and supervise the execution of business by directors (excluding directors who are members of the Audit and Supervisory Committee) and executive officers. In addition, the Company shall establish a Management Committee chaired by the President to conduct preliminary deliberations and make decisions within the scope of authority delegated by the Board of Directors, thereby strengthening the functions of the Board of Directors and improving management efficiency.

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

5. Systems to ensure the appropriateness of operations in our corporate group
[Group Company Management and Reporting Systems]
(1) The Company shall establish and implement the "Affiliated Company Management Regulations” which stipulate the matters necessary for the mutual cooperation and prosperity of the Company and the Group companies, as well as the basic matters for the management, guidance and development of the affiliated companies.
(2) In accordance with the Affiliated Company Management Regulations, the Company shall have the Group companies report to the Company on a regular and continual basis on the status of their business performance and financial results.
(3) In order to ensure that officers and employees of our overseas Group companies understand our basic stance on compliance, the Company shall disseminate the philosophy of the “IDEC GROUP Code of Conduct” on a global basis by translating it into major languages.

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

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

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

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

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

[Reporting Systems]
(1) Directors (excluding directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies shall periodically report to the Audit and Supervisory Committee on the status of execution of their duties, and shall report as needed on important corporate matters in particular. In addition, the Audit and Supervisory Committee may request reports from the directors (excluding directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies as necessary, and the Company shall improve the cooperation system of related departments so that audits can be conducted more effectively in the future.
(2) The Company shall not give any disadvantageous treatment to directors (excluding directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies who have reported to the Audit and Supervisory Committee in accordance with the preceding item.
(3) Executive Directors shall establish an environment in which directors who are members of the Audit and Supervisory Committee can periodically exchange opinions with Directors (excluding directors who are members of the Audit and Supervisory Committee) of the Company and the Group companies and can attend important meetings such as Management Committee meetings.

[Cooperation with Internal Auditing Department]
The Audit and Supervisory Committee shall strengthen the cooperation with the Internal Auditing Department and may request the Internal Auditing Department to report and exchange information on a regular basis, and the Company shall secure such opportunities. In addition, the Audit and Supervisory Committee shall have the administrative authority to direct and order the Internal Auditing Department.

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

<Operational Status>
The Group is developing and operating an internal control system, and the operation status for FY2026 is as follows.
(1) Systems for corporate governance
- The Company has actively appointed Outside Directors. As of FY2026, the Company has appointed 6 Outside Directors out of 9 Directors. Of those, the number of female Directors has been appointed three. These Outside Directors with diverse backgrounds and expertise supervise the management and actively provide advice at meetings of the Board of Directors, thereby enhancing the transparency of the Board of Directors and further strengthening the supervisory function. The 10 directors were elected by the resolution of the 79th Annual General Meeting of Shareholders held in June 2026, of which 6 were outside directors.
- As an opportunity to enhance communication among Outside Directors, the Company has continuously held "Outside Directors' Exchange Sessions." In FY2025, the Company provided opportunities for inside and outside directors to exchange opinions outside of Board of Directors meetings.
- With the aim of further strengthening its corporate governance system, the Company continued to outsource the evaluation of the effectiveness of the Board of Directors to third-party organizations during FY2026, identifying issues from an objective perspective and developing improvement measures.
- The voluntary Nominating Committee, which is composed solely of Outside Directors, met two times during FY2026. As the Nominating Committee, the Committee reviewed the status of training for the candidates for the next generation of executives and made recommendations to the Board of Directors on the selection of all candidates for Directors, including new ones.

- The voluntary Remuneration Committee, which is composed solely of Outside Directors, met three times during FY2026 and reviewed and deliberated on remuneration under the new remuneration system for directors.
- The Nominating Committee and Remuneration Committee have been composed solely of outside directors starting from June 2025, with an outside director also serving as the chairperson.

- Through close communication with each Group company and other means, we continued to strengthen corporate governance and realize synergies through integration throughout the Group.

(2) Systems for compliance
- In the Group, we held training sessions on compliance at each level, company-wide compliance training, and company-wide harassment-prevention training.
- In order to publicize the Group's stance on corruption, including bribery and profiteering, both internally and externally, we have familiarized employees with the basics of corruption in compliance training programs.
- The Company has established the "Hotline" as a point of contact for consultation and reporting on violations of laws and regulations and internal rules, and on other inappropriate misconduct under normal social conventions. We have also been expanding the "Global Hotline" where our overseas Group companies can directly report to the point of contact at the head office.

(3) Systems for information storage and management
- We have set retention periods for the minutes of the General Meetings of Shareholders, the minutes of the Board of Directors' meetings, financial statements and others in accordance with laws and regulations and keep to them appropriately.
- We have established the "Information Security Subcommittee" within the Risk Management Committee, an expert committee under the Sustainability Committee, to conduct periodic inventories of information assets and review information-security-related regulations.

(4) Systems for risk management
- In order to avoid or minimize crises in the Group, the Company has established the "Risk Management Committee" as an expert committee under the Sustainability Committee to monitor the status of risk assessment and measures to address risks.
- The Company has developed the initial response flow and various manuals in case of a disaster and further promoted the measures to prevent or mitigate disasters with regard to the business continuity plan (BCP) developed for distribution centers and major production offices in Japan to confirm the safety of employees and their families, confirm the operating status of supply chains and business sites, and develop business continuity planning systems.
- The Company has established the "Risk Monitoring Subcommittee" within the "Risk Management Committee" to strengthen the systems for evaluating the risks surrounding the Group, identifying high-risk events, and monitoring efforts to reduce those risks, and continues to develop a risk map that assesses various risks to monitor the efforts of each department.

(5) Systems to ensure efficient performance of duties
- The Board of Directors held meetings seven times during FY2026, and actively exchanged opinions involving Outside Directors. We have strengthened cooperation with the Top Management Meeting, and established a system that enables efficient discussion and decision-making according to each role.
- To realize effective and efficient decision-making, the Company has established the "Administrative Authority Regulations," the "Affiliated Company Management Regulations" and the "Ringi Approval Regulations" which stipulate the responsibilities, authority, etc. of Directors, executive officers, and employees of the Company and the Group companies.

(6) Systems to ensure the appropriateness of operations in the Group
- The Company has established the "Affiliated Company Management Regulations" for the mutual cooperation and prosperity of the Company and the Group companies, and the Group companies have reported on their performance, etc. to the Company based on the Regulations. In addition, the related departments including the Company's Internal Auditing Department, etc. monitored and audited the Group companies as appropriate.
- We have established a risk map that includes these Group companies in Japan and overseas, and are sequentially expanding the scope of the companies subject to risk monitoring activities in the Group.

(7) Systems to ensure the reliability of financial reporting
- In order to ensure the reliability of financial reporting, the Company assessed the operational status of internal controls.

(8) Systems to ensure an effective audit by Audit and Supervisory Committee Members
- The Company has established the Secretariat of the Audit and Supervisory Committee within the Internal Auditing Department, and has appointed the General Manager of the Internal Auditing Department as the chief of the Secretariat, with one office employee with expertise (concurrently serving as the internal auditor) serving as the Secretariat staff.
- The Company places the Internal Auditing Department under the administrative authority of the Representative Directors and the Audit and Supervisory Committee, and in particular, the Chairman of the Audit and Supervisory Committee gives independent and direct administrative orders to the Secretariat of the Audit and Supervisory Committee.
- The Chairman of the Audit and Supervisory Committee, who is an appointed Audit and Supervisory Committee Member, participates in important meetings other than the Board of Directors meetings such as the Top Management Meeting, etc. The chief of the Secretariat inspects minutes, etc. of the Board of Directors meetings and other important meetings, Ringi approval materials for decision-making of business execution, and other important documents whenever necessary, and make necessary reports to the Audit and Supervisory Committee.
- The Audit and Supervisory Committee held nine meetings during FY2026, and Directors who are Audit and Supervisory Committee Members interviewed two Representative Directors at one of these meetings on management issues, etc. In addition, the Company requested Executive Officers, etc. of the Internal Control Departments, such as the Accounting Department, etc. and other business execution departments to attend the Committee meetings and conducted necessary interviews.
- During FY2026, directors who are Audit and Supervisory Committee Members conducted audits of manufacturing bases, and the Chairman of the Audit and Supervisory Committee conducted an audit of two Group companies, having confirmed the status of the development and operation of the internal control system. In addition, the Audit and Supervisory Committee received detailed reports on all audits and investigations conducted by the Internal Auditing Department before and after the audits, etc. were conducted, and made the necessary requests, etc.
- The Audit and Supervisory Committee voted on the activity budget at the Audit and Supervisory Committee meeting held in July, notified it to the Representative Directors, and gave instructions to the Accounting Department regarding expenditure procedures. Although no such expenses were incurred during FY2026, the Company continues to ensure a system whereby the Chairman of the Audit and Supervisory Committee can independently allow Ringi approval for unbudgeted expenses in the event of corporate scandals, etc.

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

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

The Company's basic policy is to fulfill its social responsibility in corporate activities by eliminating all involvement, including business relationships, with anti-social forces and groups that threaten the order and safety of civil society. In the "IDEC GROUP Code of Conduct," the Company declares that it will not engage in any transactions with anti-social forces or any conduct that may involve relationships with them.

<Operational Status>

Systems to eliminate anti-social forces

- The Company has declared that it will not engage in any transactions with anti-social forces or any conduct that may involve relationships with them, and regularly informs employees of this policy through training sessions and other means.
- As a general rule, the Company includes clauses for the exclusion of anti-social forces in major contracts, thereby eliminating business relationships with anti-social forces.

VOther

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted

Supplementary Explanation

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2. Other Matters Concerning Corporate Governance System

■Outline of Timely Disclosure

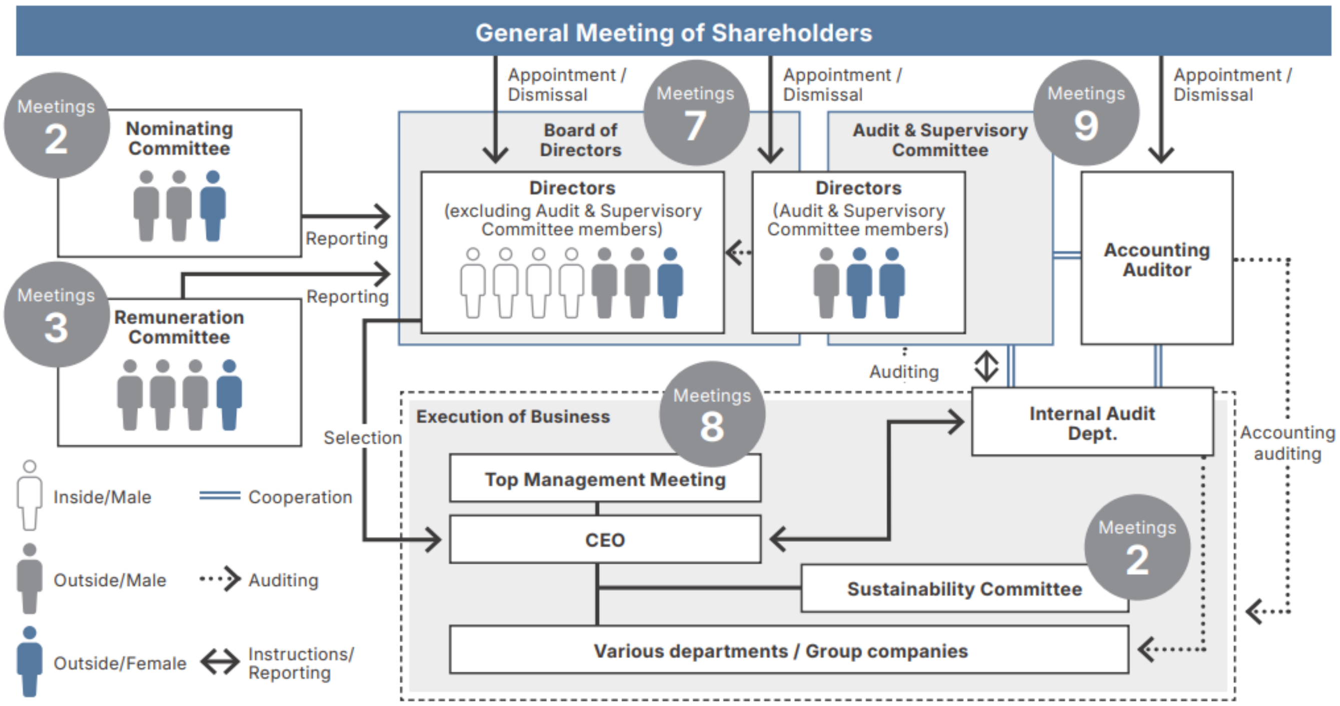
1. Basic Views

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

2. Internal Systems

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

Corporate governance system



* The number of events held is based on fiscal year 2025 results.

Expected skills matrix of the Board of Directors

										
	Toshi K. Funaki	**Mikio Funaki**	**Takao Funaki**	**Lei Lu**	**Hiroshi Kobayashi**	**Hideyuki Ohkubo**	**Mariko Sugiyama**	**Yasuo Himeiwa**	**Michiko Kanai**	**Eri Nakajima**
	Representative Director, Chairman and CEO	Director, Vice Chairman	Representative Director, Senior Executive Vice President	Director, Senior Executive Officer	Outside Director	Outside Director	Outside Director	Outside Director Directors Audit & Supervisory Committee Members	Outside Director Directors Audit & Supervisory Committee Members	Outside Director Directors Audit & Supervisory Committee Members
					Outside Independent	Outside Independent	Outside Independent	Outside Independent	Outside Independent	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

	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
Criteria	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 and considerable knowledge in that area.	Have considerable knowledge of industries in which the IDEC Group is involved, such as the control device industry, and the factory automation (FA) industry.	Have experience in product and technology 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 in finance and accounting at a company, and considerable knowledge in that area.	Have experience, 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.
Reason	To appropriately oversee management's strategic decision-making with a view to enhancing corporate value over the medium to long-term.	To assess the validity of business strategies designed to address global markets and international transactions.	To make strategic decisions based on industry trends and the competitive environment.	To assess the validity of strategies aimed at strengthening technological competitiveness and enhancing productivity in manufacturing and product supply.	To enhance the effectiveness of sales and marketing strategies that accurately capture market needs and contribute to improved profitability.	To ensure financial health and enhance capital efficiency, and to oversee the validity of investment decisions.	To ensure sound management through the establishment of a robust legal compliance framework and the mitigation of business risks.	To oversee the organizational foundation that supports sustainable growth by promoting human resource development and succession planning.	To promote business transformation leveraging digital technologies and the creation of new value, thereby strengthening competitiveness.	To integrate environmental, social, and governance issues into management in order to ensure sustainable enhancement of corporate value and trust from society.