



## Governance

Target SDGs



The IDEC Group is promoting further enhancement of its governance system to ensure management transparency and efficiency on behalf of its shareholders and other stakeholders.



### IDEC Corporate Governance Policy

The basis of the IDEC Group's corporate governance is to ensure management transparency and efficiency for shareholders and other stakeholders. For this reason, we assign outside directors and separate the management supervisory function from the execution function so as to always maintain a high priority on transparency and efficiency. Under this concept, in order to realize the improvement of corporate value based on "The

IDEC Way", which was established in 2019 as a new philosophy toward becoming a truly global company, the IDEC Corporate Governance Policy has been established and published to further strengthen corporate governance.



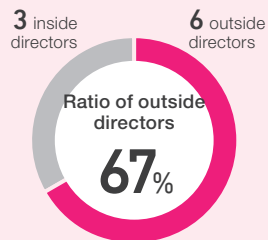
#### IDEC Corporate Governance Policy

<https://us.idec.com/idec-us/en/USD/about-IDEC/tr/investors/governance>

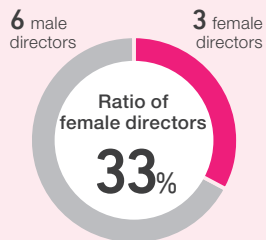
#### Features of governance in IDEC

- Outside directors represent more than half of all directors.
- All outside directors are independent officers.
- The evaluation of the effectiveness of the Board of Directors has been continuously conducted since FY2016.
- Outside directors actively participate in outside directors' exchange sessions and other events.

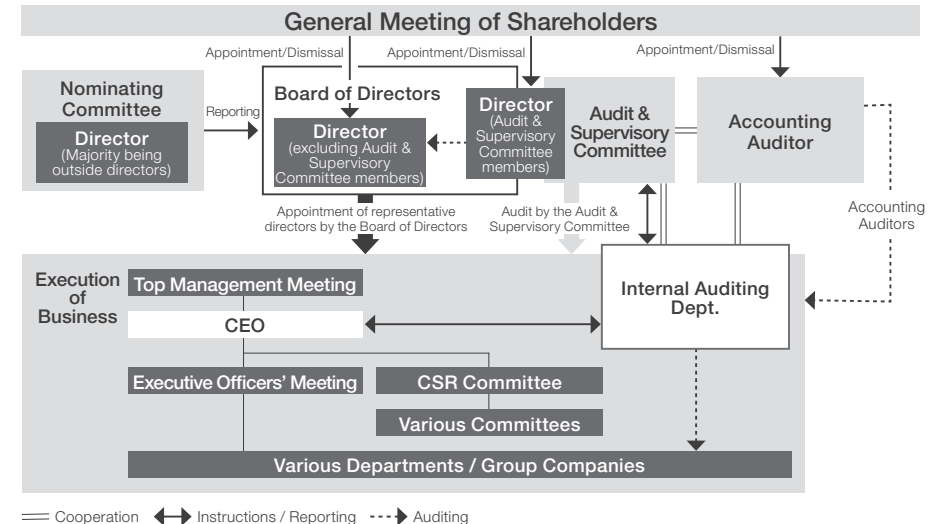
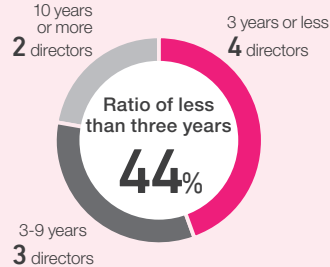
#### Ratio of outside directors (As of June 30, 2022)



#### Ratio of female directors (As of June 30, 2022)



#### Distribution of tenure periods (As of June 30, 2022)





# Governance

## Evolution of governance

The IDEC Group has separated the business execution function and the supervisory function of the management, in order to realize efficient corporate management, and has proactively appointed outside directors since early on. In 2016, the IDEC Corporate Governance Policy was established to set forth and inform our view

on governance and our operating policy. In June 2018, we transformed our status to being a Company with an Audit & Supervisory Committee. In 2022, we have newly appointed outside directors in areas that we believe their contribution was needed, regarding such matters as related to the environment and IT.

Timeline	Features and institutional design	Composition of the Board of Directors	Ratio of outside directors	Ratio of female directors
June 2012	Appointment of outside directors to be half of all directors		50%	0%
June 2016	Establishment of IDEC Corporate Governance Policy		57%	14%
June 2018	Transform to Company with an Audit & Supervisory Committee status		70%	10%
June 2021	Establishment of a voluntary Nominating Committee		67%	11%
June 2022	Enhance areas or range of expertise Increased number of female directors		67%	33%

Inside Male Female / Outside Male Female

## The voluntary Nominating Committee and succession planning

A voluntary Nominating Committee has been established as an advisory body for the Board of Directors with a majority of members being outside directors since 2021 in order to objectively and independently decide nomination of candidates for directors and a development plan of next-generation executive candidates. In FY2022 the Nominating Committee held one meeting, which was attended by all the members. When nominating candidates for a director post, the Nominating Committee is responsible for the process of selecting and recommending candidates for decisions by the Board of Directors. In the development of successors to executives, including representative directors, with the objective to continually produce personnel who contribute to the sustainable and global development of the IDEC Group, candidates attend training in subjects of general management knowledge according to their job level, and are provided with the opportunity 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 the committee members express their opinions on the development plan and report to the Board of Directors.

## Proactive engagement by outside directors

Outside directors play a professional and independent role in various ways. At the Board of Directors, they express candid opinions based on their high level of expertise and management experience, and participate in the discussion from an independent standpoint. They are also actively involved in the growth of the Company's business, including the holding of individual sessions with a responsible department or departments concerning a business issue or subject, and lectures and interviews in the curriculum for next-generation training. With the objective of enhancing communication among outside directors' exchange session have been held since FY2019. In FY2022, outside directors deepened examination of medium- to long-term strategic policies of the IDEC Group through active discussions and exchange of views.



Outside directors' exchange session



## Governance

### Remuneration policy for directors

IDEC's remuneration system for directors is based on fixed remuneration according to their position and performance-linked remuneration based on the premise of contribution to the Officers' Shareholding Association, so that the remuneration serves as incentives for achieving sustainable growth and links with shareholder interests. Policy regarding remuneration decisions is set forth below. Independent outside directors, however, have only fixed remuneration because they play a supervisory function from an independent position.

### Policy on remuneration decisions

- ▶ The basic remuneration for the Company's directors is fixed monthly remuneration, which is determined by comprehensively taking into account the position, responsibilities and business performance of the Company.
- ▶ The performance-linked remuneration is a cash remuneration based on the premise of contribution to the Officers' Shareholding Association, and uses the consolidated operating income margin for its calculation because the said ratio is a basic indicator of the Group's earnings status. Comprehensively taking into account the changes in the said indicator for each fiscal year, the total amount is determined, which is then divided by the grant ratio according to the position, resulting in performance-linked remuneration for each director. This performance-linked remuneration is divided into 12 equal parts and paid monthly.
- ▶ The percentage of performance-linked remuneration is determined roughly within the range of 10% to 20% of the amount of remuneration for representative directors and 5% to 10% of the amount of remuneration for other executive directors.
- ▶ As for the details of individual remuneration for directors (excluding directors who are members of the Audit & Supervisory Committee), the Audit & Supervisory Committee deliberates whether or not to express its

opinion on the remuneration at the General Shareholder Meeting in advance, and not just each director's position but also the Company's performance is considered for executive directors, or expertise and management experience in other companies for outside directors, and the Board of Directors, of which the majority is composed of independent outside directors, makes a final decision to leave the matter to the CEO.

### Policy for cross-shareholding

The IDEC Group's policy is to hold an appropriate number of shares only if we have a rationale for holding them, and to reduce or sell shares for which we cannot find rationale, as may be appropriate. Once a year or more, the Board of Directors verifies whether to keep as-is each of all cross-holding shares, with due consideration of the business activity needs (such as for maintaining and strengthening a business alliance or transaction), our cost of capital, and the stock price trends of these issuing companies.

### Internal control system

In order to ensure the credibility of the financial reporting of the IDEC Group, we have prepared relevant regulations and have established appropriate systems in accordance with the internal control evaluation criteria for financial reporting. The Internal Control Policy on Financial Reporting is established to clarify the overall Group's promotion structure, and to establish a framework for continuous self-inspection at each division and group company and for independent monitoring by the Internal Auditing Department.

### Constructive dialogue with shareholders, investors and analysts

We are actively engaged in Shareholder Relations (SR) and IR activities with the aim of obtaining credibility and appropriate evaluation of our management, and of enhancing sustainable growth and medium- to long-term corporate value. Our directors and executives respond diligently to requests for information or interviews from shareholders and institutional or individual investors. The information obtained during these SR and IR activities, as well as market evaluations and opinions, are regularly reported to the Board of Directors.

We also seek to enhance IR tools such as shareholder letters and corporate websites that help shareholders and individual investors make investment decisions. We are forthcoming about disclosing sustainability information and news topics in addition to financial information and management strategies.



Online live broadcast of the financial results briefing





## Governance

### Efforts to evaluate effectiveness

In order to improve the effectiveness of the Board of Directors, an evaluation of all directors except the CEO has been conducted using a questionnaire method every year since FY2016. As the Corporate Governance Code and other governing document require a more sophisticated governance system that takes into account objective evaluation, a questionnaire survey and a third-party organization's results analysis have been carried out since FY2022. The evaluation results are reported to the Board of Directors, and the issues are shared, and improvements are being made continuously.

### Outline of the effectiveness evaluation in FY2022

<b>Target members</b>	All directors except the CEO (8)
<b>Evaluation method</b>	Anonymous questionnaire
<b>Survey period</b>	Response period: February to March 2022
<b>Questionnaire compilation</b>	Compiled by an external organization
<b>Response status</b>	All targets answered

#### Issues specified in FY2022

- Fostering of next-generation executive candidates
- Increase in opportunities to consider medium- to long-term management strategies
- Enhanced transparency, efficiency, and monitoring capabilities in management
- Recognition of the communication contents with shareholders and investors

#### Actions taken in FY2022

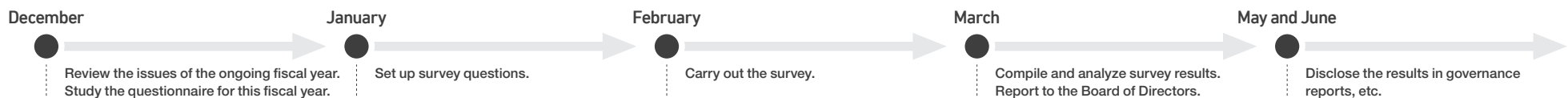
- Established a Nominating Committee; offered opinions on the next-generation executive development plan; and increased contact opportunities including the interviews with candidates for executive development
- Carried out discussion and exchanges of opinions on medium- to long-term strategy at get-together meetings with outside directors
- Selected candidates for directors of the next fiscal year with a higher level of expertise, in order to strengthen monitoring capabilities
- Enhanced feedback to the Board of Directors regarding communication with shareholders and investors, including briefing meetings

#### FY2022 evaluation results by the third-party organization

The effectiveness of the Board of Directors was determined to be ensured. The evaluation of the composition and discussions of the Board of Directors, including the diversity of the members and the free and constructive exchange of opinions during the meetings, was above the average of other companies, and the overall evaluation was generally positive. The evaluation results also presented future issues for further improvement in effectiveness. They include the operation of the Nominating Committee established in the previous fiscal year, the revitalization of ESG-related discussions, and discussions based on dialogue with shareholders and investors.

#### Future issues based on the FY2022 evaluation results

- Further enhancement of discussions at the Board of Directors, such as reviewing initiatives on ESG issues and business portfolios, conducting active discussions on the design of remuneration systems, and conducting discussions based on dialogue with shareholders and investors.
- Formulation and implementation of succession plans, including appropriate nomination processes based on skills matrix and sufficient deliberation to develop selection criteria.
- Enhancement of the performance of outside directors by further facilitating the exercise of the supervisory function of outside directors and encouraging communication between outside directors and inside directors.





## Governance

### Board of Directors

Expected Skills Matrix of the Board of Directors (● indicates contributing areas/roles ● indicates contributing areas with particularly high expectations)

#### Directors

#### Directors (Audit & Supervisory Committee Members)



Chairman  
and CEO



Senior Executive  
Vice President, COO



Managing  
Director



Outside  
Director



Outside  
Director



Newly-appointed  
Outside  
Director



Outside  
Director



Outside  
Director



Newly-appointed  
Outside  
Director

Expected contributing areas and roles	Toshi K. Funaki	Mikio Funaki	Takuji Yamamoto	Hiroshi Kobayashi	Hideyuki Ohkubo	Mariko Sugiyama	Yasuo Himeiwa	Michiko Kanai	Eri Nakajima
Corporate management and management strategy	●	●	●	●	●				
Legal affairs and risk management	●	●					●	●	
Personnel affairs and development	●	●	●	●	●	●			●
Financing and accounting	●	●					●		
R&D and manufacturing	●	●	●		●				
Sales and marketing	●	●	●	●	●	●			
International business	●	●	●	●	●	●	●	●	
Industry knowledge	●	●	●		●		●		
IT strategy	●	●				●			
Environmental measures	●	●							●



## Governance

### Senior Executive Officers



**Arnaud  
Mondy**

Senior Executive  
Officer  
Marketing & Strategy



**Toshihiro  
Fujita**

Senior Executive  
Officer  
Management of  
Technology



**Yasuharu  
Kawanaka**

Senior Executive  
Officer  
Japan Sales &  
Greater China



**Koji  
Akamatsu**

Senior Executive  
Officer  
Manufacturing & SCM



**Tomonori  
Nishiki**

Senior Executive  
Officer  
Technology  
Development &  
Environment



**Shinichi  
Yoshimi**

Senior Executive  
Officer  
Strategic Planning

### Executive Officers



**Atsushi  
Matsumoto**

Executive Officer  
Product Development



**Hirotugu  
Harada**

Executive Officer  
New Business  
Development



**Yoshihiko  
Nishiyama**

Executive Officer  
Accounting



**Masaki  
Tsuru**

Executive Officer  
Quality Assurance



**Marc  
Enjalbert**

Executive Officer  
APEM



**Takao  
Funaki**

Executive Officer  
U.S. Business



**Yasunori  
Kawanaka**

Executive Officer  
Products Strategy



## Governance

### Dialogue with outside directors

## We aim to further enhance the functions of the Board of Directors in order to achieve sustainable growth and rising corporate value of IDEC

Outside Director  
(Audit & Supervisory  
Committee Member)

Michiko Kanai

Lawyer

### A highly transparent governance system ensuring extensive discussions that satisfy the outside directors

— IDEC has appointed outside directors from an early stage, and they represented a half of the directors back in 2012. At IDEC's Board of Directors' meetings, outside directors freely express questions and opinions. How do you evaluate our governance systems and our structure and management of the Board of Directors?

**Himeiwa** I agree that IDEC has a transparent governance system as outside directors represent a majority of the Board of Directors, as well as the Audit & Supervisory Committee and the Nominating Committee. I also find that IDEC has been making progressive efforts, such as clearly showing a skills matrix of the directors in the notice of shareholders' annual general meeting from early on.

**Kanai** You are right. From the beginning of my appointment, outside directors represented a majority and I had the impression of IDEC being an advanced company. In particular, I felt the presence of the strong will of the CEO when IDEC appointed management veterans of a bigger, more advanced global manufacturer as an outside director and asked for their advices. The Board of Directors would be easily managed if internal directors represented a majority. However, IDEC intentionally has

outside directors as a majority of the Board, receives their questions and suggestions, responds to each of these, and listens candidly regarding what needs to be said. I saw that the outside directors functioned effectively since my first day and I have always been impressed with the will of the management to make the Board of Directors function well.

**Himeiwa** In order to enhance the discussion at the Board of Directors meetings, I would appreciate to receive meeting materials in advance, for preparation.

**Kanai** Since the agenda items and materials are prepared based on the discussions of the Top Management Meeting, it might be difficult timewise. However, it would certainly be nice if the key points and additional information of new or important agenda items are included in the materials beforehand.

### Valuing what only outside experts can see and say

— The range of activities of outside directors is increasing, including provision of opinions on individual matters and participation in the Audit & Supervisory Committee and the Nominating Committee, in addition to the Board of Directors. What do you have in mind when working as an outside director, while keeping an eye on improving governance?

**Himeiwa** I am an accounting expert, so I am conscious of giving advice from an accounting standpoint. Advice coming from outside accounting experts may be easier for the management to understand and listen to. I am particularly conscious of whether governance is working properly, and I always try to ask questions if there is any uncertainty. This is based on my view that accounting fraud can occur at any company. I also find it important that the Audit & Supervisory Committee detects and reports potential risks to management at an early stage.

**Kanai** At the Board of Directors meeting, I keep it in mind to ask questions if I don't understand or am not satisfied, and I make sure to understand the facts. Concerning the legal aspect, it is important whether the directors make sufficient discussions in making big decisions, seek the opinions of experts, and reach the best business judgements as the Board of Directors. When IDEC acquired APEM, the outside directors gave various opinions, had numerous discussions, and spent a long time studying the matter. From the legal perspective, I want to make sure whether such a process is being taken properly.

**Himeiwa** I agree with you. I can see that the management is not merely following formalities but is earnestly trying to listen to the opinions of outside directors and to engage in extensive discussions.

Outside Director  
(Audit & Supervisory  
Committee Member)

Yasuo Himeiwa

Certified  
Accountant

Appointed as outside director in June 2016, Kanai has been a Director and Audit & Supervisory Committee Member since 2018.

Appointed as outside director (Audit & Supervisory Committee Member) in 2020, Himeiwa has also served as Chairman of the Audit & Supervisory Committee since 2021.



## Governance

### Development of next-generation management and ESG activities in the core operations being positioned as challenges for realizing sustainable growth

— The post-COVID-19 future outlook is so uncertain, and companies have to cope with constantly changing issues, including the response to ESG and other non-financial matters. What do you see as the current challenges of IDEC and will you give us advice on how we can raise corporate value going forward?

**Himeiwa** Successor planning is one major issue. Since the current management team cannot last forever, the next team must be established and ready when the time comes. In that sense, nurturing successors is the current priority issue and that is why a Nominating Committee has been established to tackle it.

**Kanai** This is also an area of interest to institutional investors and many other stakeholders. We should also think about how to announce it so that it will be positively received.

**Himeiwa** The current management team has strong leadership, and is actively taking action to improve corporate value, as we can see in the case of flexible share buybacks. Analysts must also be interested in how the next-generation management team would be shaped. Companies function under a strong leadership system or under a group leadership system. In either case, it would be important to make the next generation visible soon.

**Kanai** In my view, it is important that each of the next-generation management team to proactively think of themselves as the final decision maker in their area of expertise.

### Offering to society IDEC's products that contribute to sustainability

**Kanai** IDEC's products are also highly related to sustainability, such as safety. I believe IDEC can appeal to society more strongly regarding such aspects.

**Himeiwa** Although the CSR Committee and others have been engaged in ESG activities, we will need a viewpoint of linking ESG activities with businesses. Products that protect human safety will be increasingly needed in society to prevent accidents and

industrial disasters. This will be a tailwind for IDEC. I would like to think about ESG activities as a contributing factor to profitability, not as a cost-raising factor.

**Kanai** Indeed. That point of view will become more and more important. When IDEC started CSR activities, it was hard to link them to business. Even if the idea of the activity itself is good, it would not become sustained unless generating profit. Let's engage in more core business activities which link to ESG issues.

### Importance of communication among directors outside the meetings

— Finally, do you have any wish concerning themes to be covered at the outside directors' exchange session or how information should be provided?

**Kanai** Mainly due to the COVID-19 pandemic, we have had few opportunities to meet and talk with each other over the past few years. I hope that we will get to meet with each other more often, especially as we are welcoming new directors.

**Himeiwa** At the exchange session in 2020, I was grateful to learn about some IDEC products from the executive officers and department heads. The opportunity to be informed about the latest products and businesses is so precious.

**Kanai** I really understood the products better when they were explained while I was looking at the actual products.



**Himeiwa** It may not be easy for presenters to be prepared but that would be a great training for presentation, too, and they may have new discoveries or be encouraged by receiving questions and opinions from outside directors. I would appreciate to have such an opportunity again. A factory visit will be also useful.

**Kanai** Outside directors' own awareness also increases when they exchange information on various aspects of the company's situation and management, not only at the meetings of the Board of Directors, but also by having opportunities for directors to get together and candidly speak with each other. I think such an opportunity would be worthwhile.







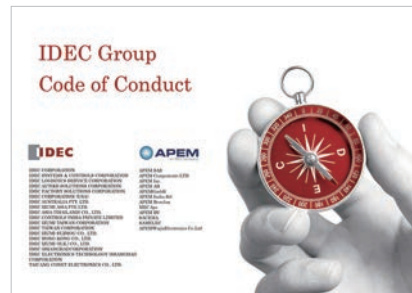
## Governance

### Compliance

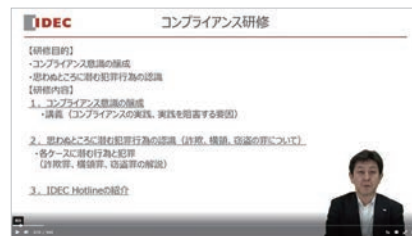
The IDEC Group Code of Conduct—our basic action guidelines for conducting our duties—have been published in Japan and overseas. It is positioned under the group philosophy “The IDEC Way”, and the actions that employees should take are consolidated in the three pillars of Workplace, Social, and Business to make it easy to communicate in all countries and regions where we operate. The Code of Conduct in Japanese, English, Chinese, French, Thai, Vietnamese, and Khmer are available for all group company employees in Japan and overseas via internal intranet.

In addition, we have also disclosed explanatory materials explaining the main purpose of each Code’s items and its relationship with “The IDEC Way” for better understanding.

Compliance training sessions are ongoing by theme and job level, respectively. In FY2022, on the basis of COVID-19 pandemic, we filmed a video of the training at a studio set up in the head office, and introduced a system that enables employees to watch it via intranet, making it possible for more employees to have training opportunities.



IDEC Group Code of Conduct



Compliance training

### Corruption prevention

We have signed the United Nations Global Compact, which calls for corruption prevention. We prohibit bribery, corruption, robbery or embezzlement of any kind, comply with anti-corruption laws, and are committed to preventing corruption.

### Internal Reporting system

The IDEC Hotline has been established as a contact venue that allows users to select external and internal contact and anonymously or with real names in accordance with the users’ situation. We have established internal reporting and operation rules to protect the confidentiality of consultation and reporting, and to prohibit unfavorable treatment of users.

When a report is made, the Hotline Contact established within the Risk Management Committee will promptly respond to the report, and work at resolving the problem and preventing recurrence. The report is also promptly communicated to the top management, and regularly reported to the Board of Directors so as

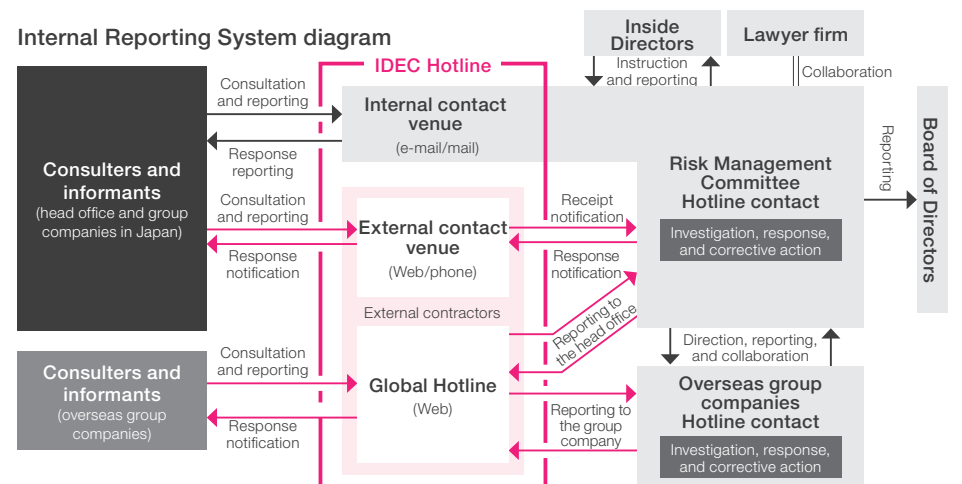
to share risk information. In a case wherein the management may be involved, a system exists to ensure independence and to liaise with an outside lawyer firm.

In order for the system to function globally, we are preparing for establishing the “Global Hotline” in sequence, which enables overseas group company employees to report directly to the head office contact venue.

#### Number of internal reporting cases

FY2020	FY2021	FY2022
7	5	8

#### Internal Reporting System diagram





## Governance

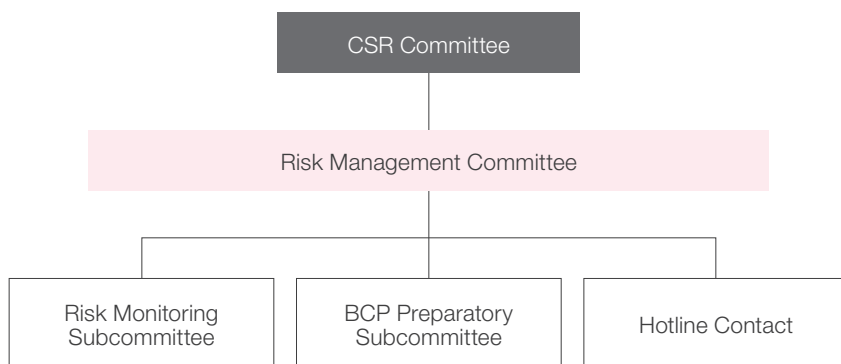
### Risk management system and operation

We have adopted our risk management rules aimed at preventing risk occurrence in advance and minimizing the damage in case of a risk occurrence. The Risk Management Committee has been established under the CSR Committee, chaired by the CEO, to be responsible for overall group risk management at normal times and for response to occurred risk.

The Risk Management Committee has a Risk Monitoring Subcommittee and a BCP Preparatory Subcommittee within the Committee to select and evaluate risks and to monitor risk reduction efforts, as well as to work toward the development of BCP across

the IDEC Group. A Hotline Contact has also been established within the Committee to maintenance an internal reporting venue and respond to reporting events.

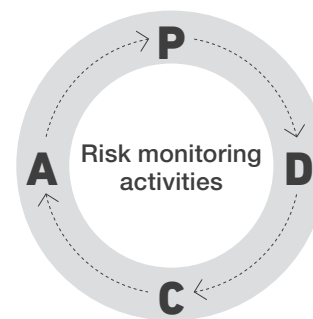
The Risk Management Committee reports these initiatives at the CSR Committee, which meets twice a year, and the CSR Committee reports them to the Board of Directors. The Risk Management Committee can directly report important events such as reporting events or information to the Board of Directors as necessary, assuring risk information is properly conveyed to the management.



### Risk Monitoring Subcommittee

Concerning high-risk events shown on the risk map, an annual risk reduction target is set for each department in charge, and the progress toward attaining the target is checked every six months: in the first half and the second half of the fiscal year. At the end of the fiscal year, we review the risk map showing high-risk events, and identify next risk events that should be addressed on a priority basis. We also manage risks, including climate change risks, and regularly check the response status of the responsible departments.

\* See details of the risk map and the identified high-risk events on the next page.



- Plan** | Set risk reduction targets.
- Do** | Implement risk reduction efforts.
- Check** | Conduct risk assessment questionnaire.
- Action** | Review the risk map and identify high-risk events.

### BCP Preparatory Subcommittee

In order to prepare for earthquakes and other natural disasters—one of the high-risk events for the IDEC Group, a Preparatory Subcommittee for promotion of a business continuity plan (BCP) has been set up. It is currently studying and drafting basic policies for disaster response, initial response flows, and a BCP.

We consider it a high-risk event if a huge earthquake strikes and damages the areas where our head office and main factories are located. Assumptions have been made concerning how each person in charge of an emergency task force shall act as an initial response to the disaster, and the necessary manuals and checklists have been prepared, and the necessary disaster prevention measures are periodically reviewed in normal times. We also disseminate information via our corporate intranet to raise employees' awareness for disaster prevention.



A page from the corporate intranet

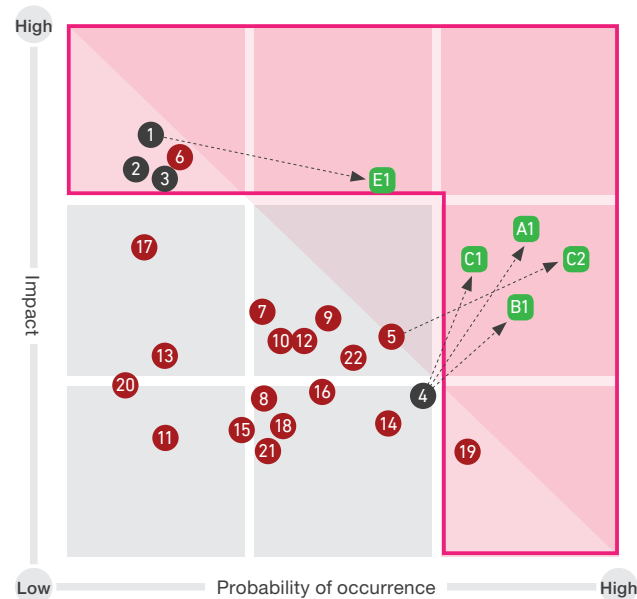


## Governance

### Risk map and identification of high risk events

The Risk Monitoring Committee regularly identifies and evaluates risks based on the assumed risk events that may negatively impact the continued business expansion and the corporate value enhancement of the IDEC Group. Concerning each risk event, an evaluation questionnaire is conducted using the “probability of occurrence,” “magnitude of damage” and “impact” as measures, and the results are plotted on the risk map relative to the assessment. Climate change risks, which were evaluated as important by the Environment Management Committee, are also integrated as “risk events” and evaluated in the map.

Events that are evaluated as having a high probability of occurrence or impact are identified as “high-risk events” and are deployed to the competent department to prioritize risk reduction initiatives and their situations are regularly monitored.



\*Climate change risks (A1-E1) reflect events that the Environmental Management Committee assessed as a high risk (P.32).

\*External/internal factor risks are evaluated on a short- to medium-term basis, while climate change risks are evaluated on a medium- to long-term basis. Arrows indicate the climate change risks that are expected to be affected by external/internal risk factors.

\*The risks plotted within the red box are judged as high risk events.

### Examples of responses to high-risk events

1	<b>Damage to IDEC's sites in the Kansai region by an earthquake with a seismic intensity of the lower 6 range or above</b>	Established a Preparatory Subcommittee for BCP formulation and promoted discussion and formulation of basic policies for disaster response, initial response flow, and business continuity plans.
3	<b>Occurrence of a cluster of infections within IDEC's business site</b>	Promoted to create “factories that are resistant to infections” by taking thorough preventive measures, non-contact temperature screening of all employees at manufacturing bases, and automated hand washing taps. Also hosted workplace vaccination.
6	<b>Occurrence of a serious product accident that could affect the human body</b>	Promoted early detection and early response to abnormalities by monitoring failure information in market claims and developing alert functions and critical claim management lists.

Risk Category	No.	Risk Event	
External factor risks	1	Damage to IDEC sites in the Kansai region by an earthquake with a seismic intensity of the lower 6 range or above	
	2	Conflict or terrorist attack in the local area of IDEC's sites	
	3	Occurrence of a cluster of infections within an IDEC's business site	
Business strategy risks	4	Product specification change caused by external factors (part obsolescence, procurement difficulty)	
	5	Difficulty to procure parts, leading to long delays in delivery times	
	6	Occurrence of a serious product accident that could affect the human body	
	7	Quality falsification caused by the falsification of product performances and data	
	8	Distribution of products containing prohibited substances	
	9	Strategic investment risk	
	Resources and infrastructure risks	10	Occurrence of a severe or more industrial accident
		11	Sabotage, strike-related business outage
		12	More than half a day of infrastructure outages caused by system failure, network failure, etc.
	Compliance risks	13	Suspension of sales and claims for damages due to infringement of other companies' intellectual property rights
14		Harassment by senior executives	
15		Tax penalty due to improper handling of accounting and tax affairs	
16		Large-amount embezzlement, malpractice, and bribery by employees	
17		Insider trading by senior executives	
18		On-site inspection by the Fair Trade Commission due to violations of the Anti-Monopoly Act and the Subcontract Act	
19		Leakage of critical corporate information, third-party confidential information, and personal information	
20		Business suspension due to improper license and approval	
Accounting and financial risks	21	Difficulty to collect sales receivables, loan loss	
	22	Asset impairment risk	
Climate change risks	A1	Increase in carbon pricing (increase in carbon tax and power charges)	
	B1	Replacement of existing products and services with options with lower emissions	
	C1	Changes in customer behavior or irregular changes in market trends	
	C2	Increase in raw material procurement and manufacturing costs (including introduction and hike of carbon taxes)	
Physical risk	E1	Damage to production sites and supply chain disruption caused by increased severe weather events	