



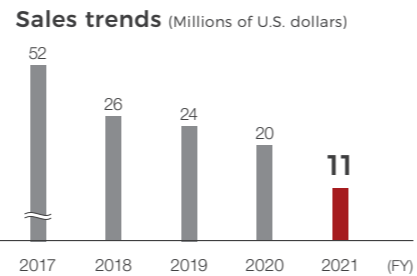
New Business

Contributing to resolving societal challenges through a variety of solutions utilizing control technologies.

The IDEC Group's new business segment is growing mainly by growth of two business lines: the collaborative safety robot system business led by IDEC FACTORY SOLUTIONS CORPORATION; and the environmental energy-related business led by IDEC SYSTEMS & CONTROLS CORPORATION. Through these we are making group-wide efforts to tackle societal challenges, such as a labor shortage for industrial sites and climate change.

Business overview for FY2021

In Japan, sales in the environmental and energy-related business, including mega-solar and power management systems for solar power generation, have decreased significantly. In the meantime, the collaborative safety robot system business has increased the number of use cases for a wide range of companies, due to increased demand for automation and labor-saving. Sales were firm.



Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.
Note: Exchange rate (1 U.S. dollar): FY2017 (¥112.20), FY2018 (¥106.27), FY2019 (¥111.01), FY2020 (¥108.83), FY2021 (¥110.72)

Business strategy

Collaborative safety robot system business

Evolving from a base in safety-related products and safety systems, which are among our strengths, we have created systems that combine various makers' collaborative robots, vision sensors, artificial intelligence (AI), and autonomous mobile robots (AMR), as well as diverse application packages, to satisfy customer needs.



Collaborative safety robot systems

Environmental energy-related business

By leveraging our long-cultivated control technologies and environmental technologies, we contribute to resolving globally-ongoing diverse societal challenges. Specific examples include contributions to self-generation of solar power and other renewable energy use; supply of electric power as part of business continuity plan (BCP) measures; and next-generation agricultural solutions. We have accumulated many solutions that have integrated one or more of these even to the extent of encompassing an entire supply chain from production to logistics and retail outlets.



Renewable energy



Corporate Social Responsibility (CSR) Activities

Integrated with Management

Based on our company philosophy "The IDEC Way", the IDEC Group Code of Conduct, CSR Charter, and the Ten Principles of the United Nations Global Compact are our important guidelines. We are committed to solving societal challenges through our business activities. Moreover, IDEC aims to enhance our value as a company that is needed in society by CSV (Creating Shared Value), a business concept to create value for both society and a company.



Through our business activities, we contribute to the Sustainable Development Goals (SDGs), set by the United Nations.

Information disclosure on the website

IDEC's CSR information is available on the corporate website.
https://us.idec.com/idec-us/en/USD/corporate_social_responsibility



CSR Promotion System

The CSR Committee, chaired by the CEO, has been established as a body to develop the CSR action policy of the IDEC Group. Under the CSR Committee, "ESG+Sa+Q" five specialized committees – Environment, Social, Governance, plus two areas of our strengths, Safety and Quality – were established, each in charge of promoting a particular area of CSR activities. Each specialized committee, chaired by an executive officer, consists of individuals with expertise and experience, and tackles measures according to their respective themes. Important issues discussed by the CSR Committee are reported to the Board of Directors meetings.



Each IDEC employee is involved in CSR activities

CSR Leaders share the contents of CSR Committee discussions with each employee at CSR Workplace Training sessions, aiming to "put CSR activities into practice" and "create an open workplace" where opinions can be exchanged. In FY2021 employees submitted 688 opinions and proposals, which were shared with each specialized committee. These are incorporated in our CSR activities of the IDEC Group.



CSR Workplace Training sessions for employees, held at the HQ cafeteria

TOPIC

CSR procurement activities, together with suppliers

Since FY2019, the IDEC Group has promoted CSR procurement, according to its CSR Procurement Guidelines and Green Procurement Guidelines, in cooperation with suppliers, in order to conduct CSR activities throughout its supply chain. Initiatives concerning respect for human rights, creation of a friendly workplace environment, environmental consideration, responsible mineral procurement, and a business continuity plan (BCP) have been set and 50 suppliers conducted self-assessment regarding these issues in FY2021. Based on the results, CSR auditing will be conducted.

Safety

The IDEC Group aims to become the number one company in the world that pursues and realizes world-class safety, ANSHIN*, and well-being by seeking to achieve higher-levels of safety in all of its activities for the creation of a safer, more pleasant environment in global society.

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

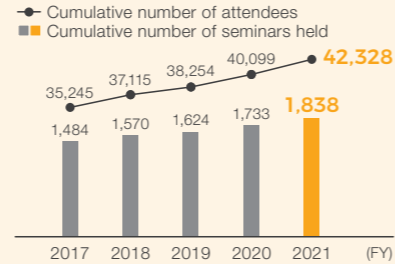
Number of employees holding Safety Officer/Safety Assessor/Safety Basic Assessor Certificates (As of April 2021)

565 +154 Up 154 from April 2020

Number of employees certified as Robot Safety Assessor (As of April 2021)

122 +4 Up 4 from April 2020

Safety seminars and explosion protection seminars: cumulative numbers of attendees and seminars held (IDEC unconsolidated)



IDEC encourages employees to obtain Safety Assessor Certifications in order to make them capable of safe manufacturing and safety consulting based on international safety standards. Related examination fees and certification renewal fees are borne by the Company.

Basic, advanced, and practical seminars for safe, correct use of safety-related products and explosion protection products are conducted for free for our customers and interested persons. We continue to hold these seminars on the online basis during the COVID-19 pandemic.



Quality

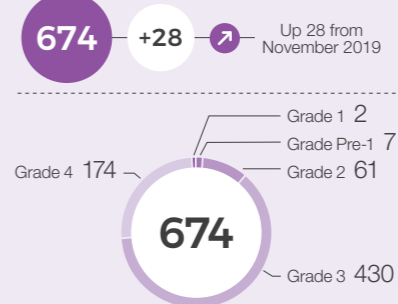
With the aim of delivering safety, ANSHIN products and services to customers, the IDEC Group has established a quality assurance system that realizes "IDEC - excellence in quality". We are thus engaged in development, manufacturing, sales and service provision.

Employees holding QM/QC Examination Certificates



Aiming at checking and enhancing competence for quality improvement, we encourage employees to take QM/QC Examination Certificates authorized by the Japanese Society for Quality Control. In FY2021 the number of employees holding QM/QC Examination Certificates increased by 28.

Employees holding QM/QC Examination Certificates by grade (As of November 2020)



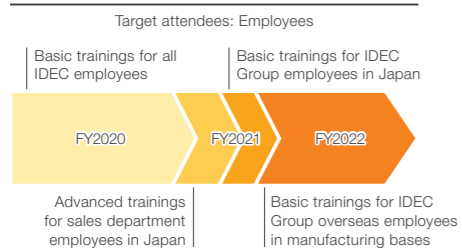
Continual QC Circle activities and quality management trainings by grade were conducted in FY2021; the number of the most difficult Grade 1 holders increased by one.



Enhanced safety knowledge in personnel development

Safety training are conducted for all employees, with the aim of developing staff who can promote awareness and understanding of concept of safety and ANSHIN for the benefit of society. After developing a three-year safety education plan, safety trainings were held for all IDEC employees in FY2020 and for a larger group including employees of the IDEC Group companies in Japan, in FY2021. We plan to hold similar trainings at overseas bases in FY2022. The trainings cover the IDEC Group's history and thoughts on safety and safety products, as well as the latest trends, including Vision Zero and Safety2.0 topics. After the trainings, a comprehension test is conducted to help participants retain the knowledge.

Three-year Safety Education Plan



Acquisition of ISO 45001 certification

The Takino factory became the first location of IDEC to acquire ISO 45001, an international standard for occupational health and safety management systems in March 2019. Then in FY2021, IDEC's four locations—the Tatsuno Distribution Center as well as the three factories in Takino, Fukusaki, and Amagasaki, all based in Hyogo Prefecture—acquired ISO 45001, as we strived to expand certified locations each year. In FY2022, we aim at acquiring ISO 45001 in five locations, including the factory in Kiba (Tokyo). Based on the occupational health and safety management system, various initiatives are promoted to create safe and pleasant workplaces. They include risk assessment of work processes, preparation of manuals and work instructions needed for continued safe operations, and "awareness reporting" concerning work environment by all factory workers.



Four IDEC bases acquired ISO 45001 certification in March 2021

Publication of our "Safety Concept Book" in China

"Safety Concept Book" in Chinese was published for promotion of the "Collaborative Safety / Safety2.0" concept and safety-related products in China where the IDEC Group has several bases. The book covers the latest safety trend, ISO 45001, the IDEC Group's commitment and pursuit of safety, ANSHIN, and well-being, and application examples of safety-related products. The book is used by IDEC Group employees in China as a tool to communicate about safety and is also distributed at safety seminars.



Safety Concept Book (Chinese version)

Quality education

We encourage employees to attend quality management trainings and take the Quality Management and Quality Control Examination (QM/QC Examination) to enhance the overall quality level of the IDEC Group. These trainings are available online, allowing people to remotely attend them. In addition, each production site have QC Circle as voluntary improvement activity groups, which makes proposals and efforts for improvement in product quality and work efficiency. In November 2020, the Sixth QC Circle Presentation Conference was held online. Nine circles from Japan, China, Taiwan and Thailand presented their activities and contributed to quality enhancement of the overall IDEC Group.



Members of IDEC IZUMI SUZHOU, the winning team in the Sixth QC Circle Presentation Conference

Monthly Corporate-wide quality conferences

In order to strengthen global quality assurance and quality improvement activities at each production site, including overseas, a monthly corporate-wide quality meeting is held. Through this meeting, we have been improving our quality management system across the IDEC Group by raising awareness of quality and strengthening cooperation between our sites. In FY2021, the meeting was postponed due to the COVID-19 pandemic, but we regularly hold the global quality conference to discuss various issues such as quality control and quality improvement, with Japanese and overseas employees involved in manufacturing quality gathering at overseas bases.



The corporate-wide quality meeting held in March 2021

ISO 9001 certification

The IDEC Group has established and implemented a quality management system to provide products and services that meet the quality requirements of customers and markets, and has obtained ISO 9001 certification, the International Standard for Quality Management System.



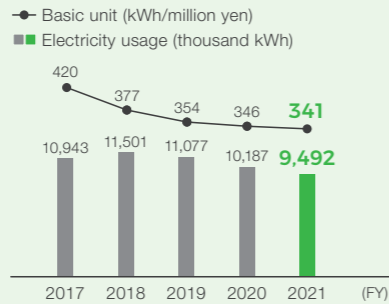
IDEC Group companies with ISO 9001 certification

- IDEC CORPORATION /
- IDEC FACTORY SOLUTIONS CORPORATION /
- IDEC AUTO-ID SOLUTIONS CORPORATION /
- IDEC ASIA (THAILAND) CO., LTD. /
- IDEC IZUMI TAIWAN CORPORATION /
- IDEC IZUMI SUZHOU CO., LTD. /
- APEM SAS / APEM Components Ltd. /
- MEC Aps / APEM Inc. /
- APEM Wujin Electronic Co., Ltd. /
- SACEMA / SAMELEC

Environment

The IDEC Group makes environmental conservation a top priority in all aspects of its business activities, thereby aiming to achieve sustainable growth. We have developed a guideline in compliance with the environmental regulations and promote reduction in environmental impact.

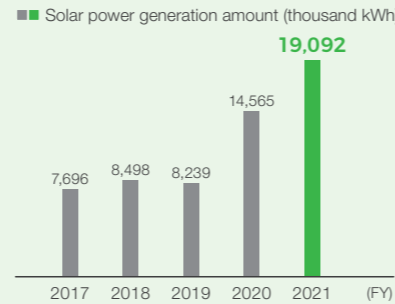
Electricity usage (IDEC unconsolidated)



Internally we promote energy saving initiatives, such as by displaying posters to encourage use of staircases instead of elevators, and use of wall stickers to encourage energy-saving temperature setting for air conditioning and heating.

* The calculation method of the basic unit has been revised and past data are retrospectively adjusted.

Solar power generation amount (IDEC unconsolidated)



IDEC has established four solar power plants in the Kansai Area with the aim of increasing use of renewable energy by utilizing natural energy in power generation and contributing to prevention of global warming.



Renewable energy

The IDEC Group is committed to greater use of renewable energy. In addition to IDEC's solar power generation and sales business, IDEC SYSTEMS & CONTROLS CORPORATION is engaged in the mega solar business (one-stop provision from acquisition of a site for a power station to construction and after-service) and in the solar generation business for self-consumption (use of power generated from solar panels installed on a roof of a store or a facility). Solar power generation panels are installed on a roof of IDEC's assembly center in Hyogo Prefecture, an office in the U.S., a factory in Taiwan, and a factory in Aichi Prefecture.



IDEC IZUMI TAIWAN CORPORATION of the IDEC Group has installed 1,200 solar power generation panels on the roof of its Ho Fa factory, constructed in September 2020.

Eco-friendly product development

In light of the social trend favoring reduction of environmental impact and protection of the global environment, we have revised the Eco-friendly Product Development Manual and have set environmental targets, using an evaluation sheet based on our own standards for environmental considerations, such as for improved energy-saving, resource-saving, space-saving, and longer product life. We identify issues for reducing environmental impact from the stage of product development and planning. Each product is evaluated according to the standards, and ranked as to the level of environmental consideration. We have also prepared an Environmental Label Management Manual and use our own eco label as a symbol of our eco-friendly products and services, so that customers can easily be aware of the environmental friendliness of our products.



IDEC's original eco label

Green procurement

Along with publication of the CSR Procurement Guidelines, we have established the IDEC Group Green Procurement Guidelines and make efforts at preferential procurement of materials, components and equipment with less environmental impact as well as production and sales of products made of them. In addition, we control chemical substances by separating them into two categories—banned substances and controlled substances in the IDEC Group Regulated Chemicals List.

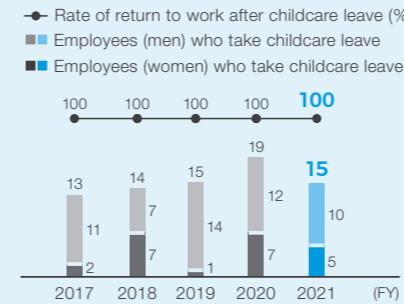
Acquisition of ISO 14001 certification

IDEC first obtained ISO 14001, an international standard for environmental management, in 1997 and by now all IDEC Group companies in Japan have acquired it. Within the APEM Group, which joined the IDEC Group in 2017, the Group companies in Denmark, the U.K. and the U.S. obtained their first ISO 14001 certification in FY2021, in addition to those in France and Tunisia, which had already obtained it. Acquisition of the certification by all APEM Group companies is a target for FY2022.

Social

Based on our founding principle, "Management with respect for humanity", we continuously conduct activities that both respond to societal challenges and build a good relationship with society, with the aim of realizing a safer and more sustainable world, bringing happiness and ANSHIN for all.

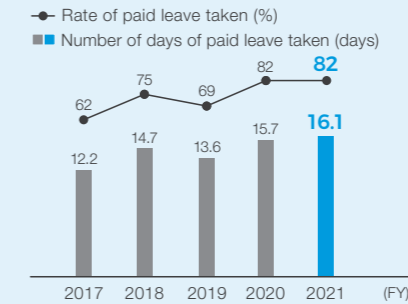
Rate of return to work after childcare leave (IDEC unconsolidated)



We target a rate of over 90% for taking childcare leave by not only women but also men. We make efforts to make male employees and their superiors know about this policy.

* The counting method has been revised and past data are retrospectively adjusted.

Rate of paid leave taken (IDEC unconsolidated)



The rate of paid leave taken has reached over 80% and is now targeted to be 100%. We have made superiors to be responsible for raising the rate taken by their subordinates and encourage them to check the rate every month.



Respect for human rights

The IDEC Group respects humanity and promotes diversity with no discrimination in workplaces by race, nationality, creed, gender, social status, family origin, or disability, as stipulated in the IDEC Group Code of Conduct. With the aim of creating workplaces with no human-rights violation and no harassment and of promoting understanding of LGBT, we hold trainings on human rights and harassment. Upon enactment of the power harassment prevention law in Japan in June 2020, we held power harassment trainings for all managers and executives.

Corruption prevention

As we have signed the United Nations Global Compact, we work on corruption prevention which calls for anti-corruption measures, and we forbid bribery, corruption, extortion, and embezzlement of any kind and have adopted monitoring and procedures to comply with laws related to anti-corruption in the IDEC Group CSR Procurement Guidelines.

Health initiatives

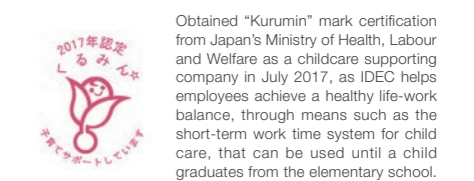
Since keeping employees and their family members physically and mentally healthy is vital to the IDEC Group, we adopted the IDEC Group Health Declaration and are practicing health-oriented management. At the IDEC Healthcare Center, an industrial doctor and health nurses are engaged in activities, such as response to their well-being management and health consultation, and awareness-raising activities. As measures to prevent COVID-19 infection, an emergency task force was established and has promoted use of staggered working hours and work at home; adjusted seating arrangements and staggered usage of the cafeteria; body temperature check of guests and employees by use of a thermography camera; and preparation of procedure flows to be followed in case of a COVID-19 infectant. The task force strives hard to prevent occurrence of COVID-19 infectants and clusters, and constantly promotes infection-preventive measures to employees.



Meeting with a health nurse at the IDEC Healthcare Center (head office)

Life-work balance

IDEC strives to prevent excessive work by employees and to achieve a no overtime work situation. Those who work long hours or take only a short interval between the time they leave work and when they return the next day are encouraged to talk with an industrial doctor and take remedial steps. There is a no over time day every week while a speaker is used to encourage employees to leave work on time. Employees' life-work balance is given attention in the leave system by setting a "memorial holiday" for employees' anniversary and a "life support holiday" for employees to use for their child care, elderly care, or volunteer activities.

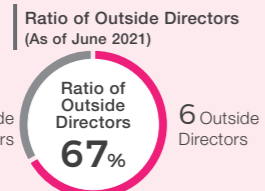
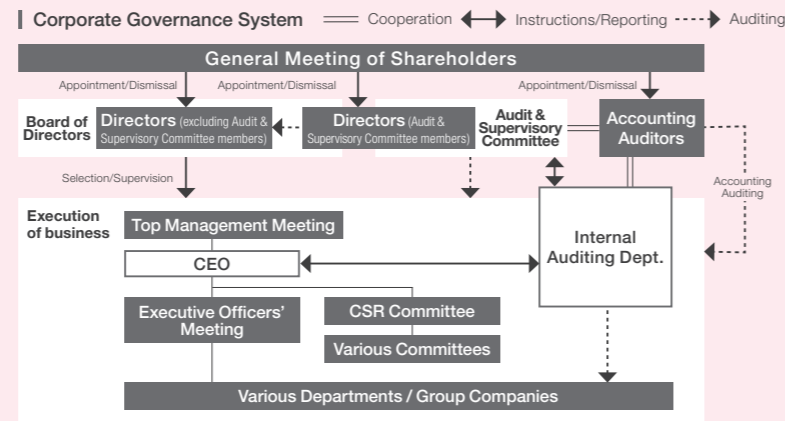


Three-year retention rate of new employees

Retention rate (unconsolidated)	Workers joined in April 2018	Workers with IDEC as of April 1, 2021
81.5%	27	22

Governance

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.



Corporate Governance

Governance system

As a Company with an Audit and Supervisory Committee, all Directors have a voting right and participate in active discussions, enhancing the Company's auditing and supervisory function. The Board of Directors (BoD) has appointed a majority of Outside Directors, ensuring transparency in management.

Voluntary nominating committee and remuneration policy

A voluntary nominating committee, with a majority of members being Outside Directors, is established in order to objectively and independently decide next-generation executive candidates and their training plan. With regard to determining remuneration for Directors, a remuneration policy has been set and objectively resolved by the BoD, and is published in IDEC's business reports and other documents.

Outside Directors' exchange session

In order to strengthen communication with Outside Directors, exchange sessions have been held since FY2019. In FY2021, Outside Directors exchanged opinions with general managers in charge of new products and focused products to enhance their understanding of the products.

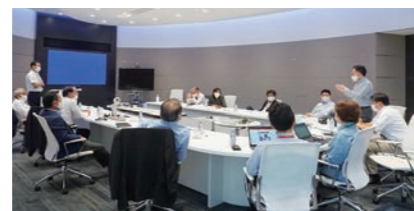
Compliance

Code of Conduct

The "IDEC Group Code of Conduct"—our basic action guidelines for conducting our duties—have been published globally and are available for all group company employees in Japan and overseas via internal intranet. We also hold compliance training sessions within the employees' training program (separately held) and organized in accordance with their job responsibilities and positions.

Internal whistleblower system

We strive to make the "IDEC Hotline", a contact venue for internal whistle-blowing, easy to be used by employees. We have also gradually started to establish a global hotline from prioritized regions so that those in group companies can directly make contact for internal whistle-blowing at the headquarters.



Outside Directors' Exchange session to exchange opinions on new or focused products

Risk Management

Risk management system

The Risk Management Committee has prepared a risk map by assuming potential risks in operations and estimating their impact and frequency of occurrence. Each year, high-priority target risks are selected from among these potential risks and the entire Company, as well as each department, undertakes measures to reduce the target risk, and progress of implementing the measures are by a progress meeting twice a year. Since FY2021 a risk map for IDEC Group companies has been developed in order to expand the risk monitoring target to these group companies. In FY2021, an emergency task force was established to study impacts of the COVID-19 outbreak and develop measures.

Major target risks	Main countermeasures
Prevention of work-related accidents at factories	● Use of a safety and health management system for risk reduction and compliance to legal requirements.
Prevention of product-related accident	● Put in place QMS manuals and business forms.
Measures to prevent harassment	● Conducted training sessions. ● Made known contacts for consultation.
Information security measures	● Upgraded old OS. ● Enhanced security log monitoring.

Directors

Directors



Toshi K. Funaki
Chairman and CEO



Mikio Funaki
Senior Executive Vice President, COO



Takuji Yamamoto
Managing Director



Hiroshi Kobayashi
Outside Director



Hideyuki Okubo
Newly-appointed Outside Director

Directors

(Audit & Supervisory Committee Member)



Masataka Kawahito
Outside Director



Michiko Kanai
Outside Director



Nobuo Hatta
Outside Director



Yasuo Himeiwa
Outside Director

Board skill matrix

Toshi K. Funaki	Mikio Funaki	Takuji Yamamoto	Hiroshi Kobayashi	Hideyuki Okubo	Expected contributing areas*	Masataka Kawahito	Michiko Kanai	Nobuo Hatta	Yasuo Himeiwa
●	●	●	●	●	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			●	●

*● indicates contributing areas with particularly high expectations

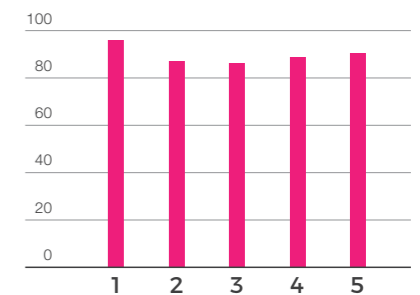
Evaluation of the Board of Directors' effectiveness

With the aim of enhancing effectiveness of the Board of Directors (BoD), questionnaires have been distributed to all Directors with the exception of the CEO since FY2016 and evaluation has been conducted. The results are reported at the BoD meeting, where the issues are discussed in order to continually work on making improvement.

Questionnaire items and results

- Composition of the BoD**
Headcount and diversity
- Holding of the BoD meetings**
The number of meetings; duration; contents of discussion
- Communication**
Discussion from the mid- to long-term viewpoints; communication among Directors
- Risk management and compliance**
Appropriateness of reviews; internal control system
- Information provision to Directors**
Information provision system; feedback from investors and shareholders

Evaluation results of FY2020



Evaluation results

- The BoD consists of experts in various fields with a high ratio of Outside Directors.
- BoD participants express active, constructive, candid opinions and demonstrates a supervisory function to the management.
- Communication with Outside Directors have improved by starting exchange session.

Future challenges and improvements

- More multi-national composition of the BoD toward further globalization.
- Development of next-generation executive candidates.
- Increase in contacts between the BoD members and training candidates for executives.
- Increase in opportunities to study medium- to long-term management strategies.
- Enhancement of management transparency, efficiency, and monitoring capability.