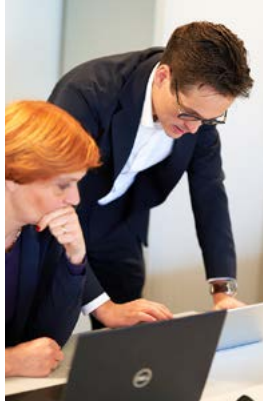




Think Automation and beyond...



IDEC Report 2024

Integrated Report



■ Purpose

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

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

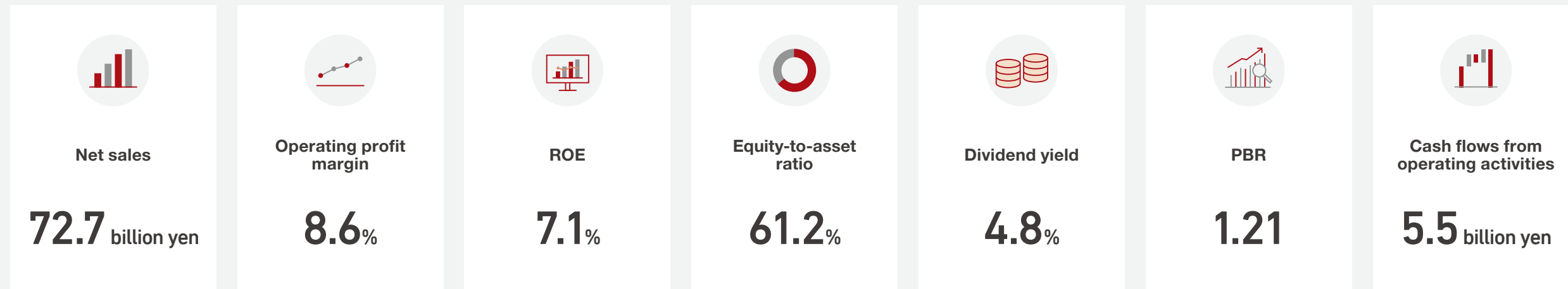
Since the founding, in 1945 as Izumi Shokai, the IDEC Group has provided a wide range of products and services. Leveraging the core technologies created and enhanced through development of industrial switches and other control devices for machines, we want to make safer, more pleasant points of contact between humans and machines at manufacturing sites and in daily life. This is how we desire to contribute to society.

To thus contribute to the functioning and well-being of society, based on the premise that at times humans make mistakes and machines break down, we are inspired to pursue and attain consistently high levels of safety, ANSHIN, and well-being, and protect humans even in unforeseen circumstances.

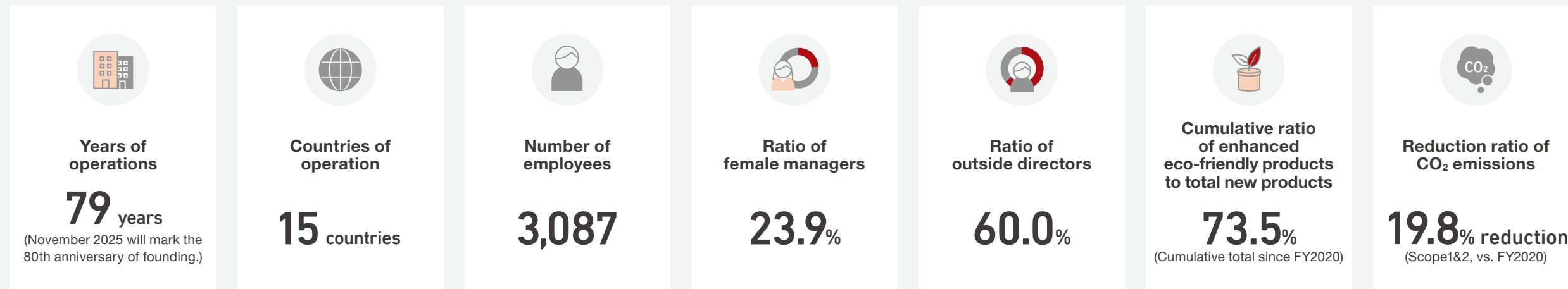
We are determined to continue providing innovation and value as we enter a new era, sustaining the commitment we have had since our foundation, expanding it on a global scale, and staying on course toward the next milestone, our 100th anniversary.

At a Glance (FY2024)

Financial data



Non-financial data



History Continuous pursuit of safety, ANSHIN, and well-being

Since our foundation, we have continuously created products that deliver safety and ANSHIN at manufacturing sites and improve the well-being of workers.

Going forward, we will continue contributing to society by meeting diverse customer needs with IDEC products and solutions and seeking to solve societal issues.

1950



SB metallic switch box

Ground-breaking products with an interlock mechanism for ensuring operator safety laid the foundation for IDEC.

1958



Miniature control units

Drastically miniaturized control units provided high levels of operability and safety and helped redirect IDEC's course as a control device manufacturer.

1960



Pressure-resistant explosion protection control boxes

They were sold to industries requiring explosion protection devices, such as petrochemical complexes with explosion hazards.

1969



SPS stepping programmers

A precursor to the present-day programmable logic controllers, they were equipped with revolutionary functions for that time.

1972



Yellow relays

IDEC entered into the industrial relay market for the first time. Known for reliability and long life, these yellow relays became one of our bread-and-butter products.

1981



Control units "TW series"

These International Electrotechnical Commission (IEC) compliant control units were a big hit and are still sold today.

1989



Micro-1 programmable logic controllers

Developed for small machine control applications, these controllers attracted tremendous attention from the industry.

1997



Enabling switches

Launched as Japan's first enabling switches, they remain long-selling products and have the largest share in the global market.



Supporting Japan's manufacturing in the postwar reconstruction period

Contributing to automation and mechanization, as a comprehensive control device manufacturer

Creating the "optimum environment for humans and machines"

IDEC was founded in Osaka in 1945 as Izumi Shokai, initially manufacturing and selling electrical appliances. Incorporated as Izumi Denki Co., Ltd. in 1947, the company began developing high-quality switch boxes that were essential for machinery and equipment but were in short supply. These switch boxes remain the company's longest-selling product line.

These switches, along with our explosion protection products widely used in textile/chemical plants and petrochemical complexes, helped boost Japan's post-war reconstruction efforts.



The economic boom brought increasing demand for measurement and control technologies, prompting the company to start manufacturing and selling control devices and evolve into a comprehensive control device manufacturer, contributing to Japan's economic expansion.

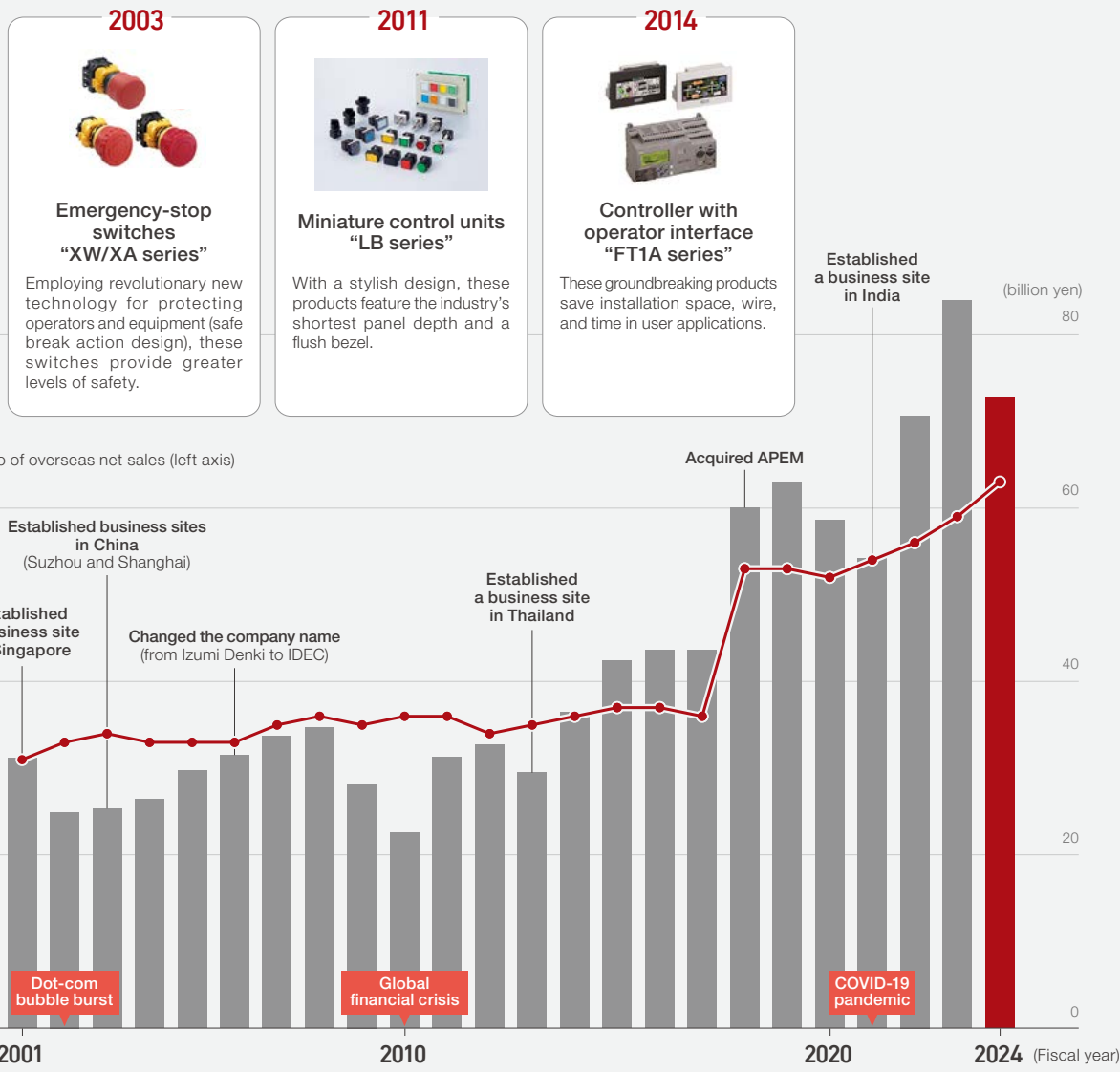
From the 1970s onwards, the company proactively pursued global expansion, establishing manufacturing and sales sites both in Japan and overseas.



In manufacturing, environments in which humans and machines coexist have become common and increasingly vital for society. In response to this, we developed the first interlock switches and enabling switches in Japan to meet the needs of safety and productivity-conscious facilities.

In addition, we introduced a robot control cell production system that realizes multi-product and variable-volume production at our core factory, promoting automation and labor-savings.





Solving global societal issues

We changed our company name to IDEC in 2005. To expand our business globally, we are actively pursuing mergers and acquisitions (M&A) opportunities and partnership agreements with companies both in Japan and abroad, such as the addition of APEM, a French industrial switch manufacturer, to the IDEC Group in 2017.

We are also committed to proposing products and solutions that will help solve societal issues. We will continue to transform and stand up to issues, so that our company becomes truly global and attains sustainable growth.



2003

Emergency-stop switches "XW/XA series"

Employing revolutionary new technology for protecting operators and equipment (safe break action design), these switches provide greater levels of safety.

2011

Miniature control units "LB series"

With a stylish design, these products feature the industry's shortest panel depth and a flush bezel.

2014

Controller with operator interface "FT1A series"

These groundbreaking products save installation space, wire, and time in user applications.

2022

Operator interface "HG2J series"

7-inch display conveniently sized for applications both small and large that boasts high visibility and high environmental durability.

2023

Multi-use mmWave radar sensors

The first product developed by IDEC ALPS Technologies Co., Ltd., the sensors can detect the presence or absence of an object and the distance to the object.

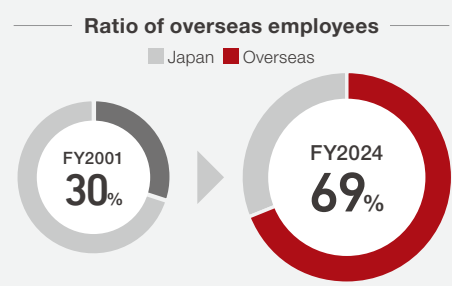
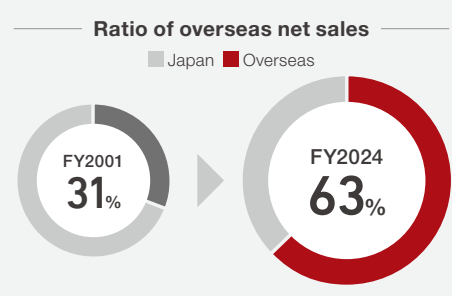
2023

ez-Wheel products

ez-Wheel develops transfer/logistics solutions such as the world's first safety wheel drive for AGV and AMR to incorporate drive control and safety features essential to safe automated driving.

Global business expansion through M&A and partnerships

2014	CORNET Co., Ltd. (now IDEC FACTORY SOLUTIONS CORPORATION) joined the IDEC Group.	System development
2017	APEM (France) joined the IDEC Group.	HMI
	Welcat Inc. joined the IDEC Group.	Automatic identification devices
2018	Tokyo Sensor Co., Ltd. joined the IDEC Group.	Safety-related products
2019	A strategic partnership agreement was concluded with Weidmüller (Germany).	Push-in technology
2021	IDEC ALPS Technologies Co., Ltd. was established as a joint venture company with ALPS ALPINE CO., LTD.	Sensing technology
	IDEC FACTORY SOLUTIONS CORPORATION acquired factory automation business from Sque Co., Ltd.	System development
2023	ez-Wheel (France) joined the IDEC Group.	Transfer/logistics solutions



Changes in business portfolio

Legend: HMI, Safety & Explosion Protection, Industrial Relays & Components, Automation & Sensing, Systems, Others

Fiscal year	Total Sales (billion yen)	HMI (%)	Safety & Explosion Protection (%)	Industrial Relays & Components (%)	Automation & Sensing (%)	Systems (%)	Others (%)
FY2015	42.2	13%	28%	15%	12%	5%	2%
FY2024	72.7	16%	47%	16%	14%	5%	2%

We have actively pursued M&A opportunities and business partnerships with a number of companies that offer potential synergies in our existing businesses and the regions in which we operate.

As a result, HMI (Human-Machine Interface) which have been IDEC's strengths since our foundation and are potentially high-margin products, now account for a higher percentage of total sales than they did 10 years ago.

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Toward Achieving
Safety, ANSHIN, and Well-Being

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Editorial Policy

The IDEC Group published the integrated report “IDEC Report 2024,” referring to the “International Integrated Reporting Framework” of the IFRS Foundation and the “Guidance for Collaborative Value Creation” of the Ministry of Economy, Trade and Industry.

In addition to financial information such as business performance and management strategy, we have compiled non-financial information. These “invisible” assets, including ESG, have been compiled in a systematic matter so that our stakeholders can understand our process of improving corporate value and our efforts to realize a sustainable society.



Period covered

Fiscal Year 2024 (April 1 2023-March 31 2024)

Organizations covered

IDEC CORPORATION
and IDEC Group companies
(32 consolidated subsidiaries)

Publication date

July 2024

Cautionary statement regarding forward-looking statements

The information in this report, including plans, estimates, and strategies, is based on information available at the time of publication and contains risks and uncertainties. Actual results may differ from those stated in this report, due to factors such as future economic conditions and business environment.

CEO Message

The IDEC Group aims to transform itself into a highly profitable organization by advancing fundamental reforms globally, and to provide products and solutions that contribute to solving societal issues.



Chairman and Chief Executive Officer
Toshi K. Funaki

A handwritten signature in black ink, appearing to be 'Toshi K. Funaki', written over a white background.

While net sales and profits decreased in FY2024, the IDEC Group regards this as an opportunity to implement reforms for its next leap forward, and is working as one to achieve this transformation. In particular, we believe that shifting to a global mindset is crucial for the future expansion and development of the IDEC Group's business, and are accelerating reforms both to our organizational management and mindset in order to reborn to a "New IDEC" and become a truly global company.

By implementing various initiatives on a global basis, we will establish an organizational structure that will enable us to achieve an operating profit margin of 20% in the long term.

Challenging business conditions led to a decrease in net sales and profits in FY2024, but we are implementing reforms to make a leap forward

In FY2023, there was strong global demand for capital expenditures in the manufacturing industry, and both net sales and profits reached record highs. However, due to the impact of disruption to the supply and demand balance since the Covid-19 pandemic, and the seemingly abnormal business conditions of the past two years, the actual market had not grown as much as our growth in sales.

As a result, inventories increased globally, at distributors, end users, and IDEC itself, resulting in a significant divergence from actual demand, and a major decline in both net sales and profits in FY2024. Aside from these external factors, I believe that another factor behind this result was IDEC's own constitution and organizational structure that have been unable to keep up with changing times. While we have a good corporate culture that has been cultivated over the course of many years, it can also have negative effects.

As the market and external environment are undergoing drastic changes, as in this case, it is necessary for us to identify the changes, to pause and assess the essence

of the situation, and to either stop, or try to change what we have been doing until now. This, in my opinion, is the essence of a "mindset for change".

The situation in FY2025 is likely to remain tough, and we believe that full-fledged recovery and expansion of our business performance will not begin until FY2026 or later. However, times of crisis also present opportunities for us to implement reforms for our next leap forward. The IDEC Group is working together as a whole to ensure that all employees share this mindset for change, and implement fundamental reforms globally, to transform the company into a highly profitable organization.

Accelerating organizational management and awareness reforms to reborn to a "New IDEC"

While there is still a strong sense of uncertainty, we will actively implement operational reforms to create a corporate structure that is unaffected by external conditions, and can ensure high profitability.

Shifting to a global mindset is crucial for the future expansion and development of the IDEC Group's business. Overseas net sales account for 70% of our core

products, and we expect that ratio to increase further in the future. This means that it is more essential than ever for us to pursue business strategies that focus on the global market, and to actively implement progressive business reforms.

Becoming a global company, in the true sense of the word, is impossible without the overall optimization from a global and consolidated basis that broadens our horizons as far as possible, rather than just the individual optimization of each Group company or region. To increase operational efficiency, we are actively sharing information and encouraging organizational interactions between Group companies, standardizing and working to thoroughly eliminate redundant operations. We are promoting exchanges between executives beyond locations, such as our IDEC head office, APEM, and in the USA, and restructuring the organization as a whole. Since we will not be able to survive unless we grow globally, we will continue to devote ourselves to overall optimization on a consolidated basis.



Strengthening global competitiveness through reforms in production, procurement, and the supply chain

As part of our efforts to become a more highly profitable organization, we are optimizing our global production and supply system with an emphasis on efficiency, and implementing reforms in our manufacturing sites, global procurement, and supply chain, among other areas.

In addition to in-house production, we will clarify the roles of Electronics Manufacturing Service (EMS) and outsourcing in our production system to significantly reduce costs and ensure higher quality, thereby reducing our cost ratio. At the same time, we will review our global production system with an emphasis on efficiency.

In terms of our supply chain function, we are working to reduce costs and optimize on a global basis, enhancing our global purchasing, supply chain, and production capabilities, ensuring a bidirectional supply system that includes APEM.

Improving operational efficiency through DX

To strengthen our marketing capabilities leveraging digital transformation (DX), we are conducting market analysis, assessing market size, and collecting and utilizing data on target customers and applications.

We are also engaged in projects to implement an Enterprise Resource Planning (ERP) platform, which is an integrated core business system, and a Supply Chain Planning (SCP) system, that will enable supply chain planning globally, which we plan to roll out starting from Japan. With the introduction of these new systems, we aim to consistently manage various business processes and achieve more efficient operations by ensuring mutual integration among the systems.

Increasing added value through further expansion of solutions sales

To address diversified customer needs and societal issues, we aim to increase our added value by combining various products and strengthening our proposal of optimal solutions.

To strengthen the core products of our solution sales, we will launch new HMI (Human-Machine Interface) and safety-related products, and have also acquired ez-Wheel (France) as part of the IDEC Group. With the acquisition of ez-Wheel, we are seeking to strengthen our transfer/logistics solutions at manufacturing and logistics sites, where the introduction of Automatic Guided Vehicles (AGV) and Autonomous Mobile Robots (AMR) is progressing at an accelerated pace. Since IDEC's HMI and safety-related products will be installed and sold as solutions, we can also expect to see significant synergy effects.

We have received hundreds of inquiries from automobile manufacturers, construction machinery manufacturers, AGV and AMR manufacturers, and sales are expected to increase gradually going forward. Although sales are currently available only in Europe and Japan, we also plan to expand to other regions such as the USA in the future.

By strengthening sales of such problem-solving solutions, we will aim to improve our global competitiveness.

Advancing sustainability activities aimed at achieving sustainable growth

We formulated our long-term vision: Vision for 2050 in 2023. In order to realize this long-term vision, it is essential for us not only to create economic value through our business activities, but also to improve social value through sustainability activities.

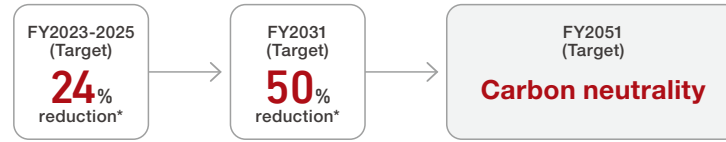


Response to climate change

To achieve carbon neutrality by 2050, we renewed our Environmental Policy—which summarizes our corporate philosophy and action guidelines for environmental issues in April 2024. We have also set CO₂ emissions reduction targets toward achieving carbon neutrality.

Environment **P.55**

Reduction ratio of CO₂ emissions



* Scope1&2, vs. FY2020

Human capital investment

To further strengthen our human resources management, we are working on revising our personnel systems, implementing multi-faceted evaluations, and enhancing our training structure and global talent management.

We plan to introduce a talent management system in FY2026 to manage personnel data globally. We will advance the visibility of our human resources and maximize our organizational capabilities, allowing us to uncover talent and allocate them appropriately.

Looking to the future, the IDEC Group is seeking the following kinds of individuals.

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

We would like to create a company capable of achieving sustainable growth by developing employees who strive to increase their productivity and are unafraid to challenge themselves without fear of failure.

Human Capital **P.60**



Strengthening governance

Our executive remuneration system was revised in FY2023, and it was applied in FY2024. KPIs for performance-linked remuneration reflect not only financial indicators such as operating profit margin and Return on Invested Capital (ROIC), but also non-financial indicators such as reduction ratio of CO₂ emissions and external ESG evaluations.

The Nominating Committee considers and deliberates over the nomination of candidates for director, plans to cultivate candidates for the next-generation of top management and succession plans, and has already begun plans to develop the next-generation management.

Governance **P.43**

In closing

As I mentioned at the beginning, the business environment for FY2025 is likely to remain challenging, but by implementing various initiatives on a global basis we will establish an organizational structure that will enable us to achieve a cost ratio of 50%, SG&A ratio of 30%, and operating profit margin of 20% in the long term.

Going forward, we will continue to aim for sustainable growth and improvement of corporate value, to enable us to meet the expectations of our stakeholders.



SAFETY



ANSHIN



WELL-BEING

Special Feature

Toward Achieving Safety, ANSHIN, and Well-Being

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

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

To achieve our purpose, “create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world,” we are inspired to pursue and attain consistently high levels of safety, ANSHIN, and well-being, and protect humans even in unforeseen circumstances to contribute to the functioning and well-being of society, based on the premise that at times humans make mistakes and machines break down.



* Source: Nikkei BP publishing “Well-being in Practice!”

The IDEC Way

Management Philosophy

Vision

Pioneer the new norm for a safer and sustainable world.

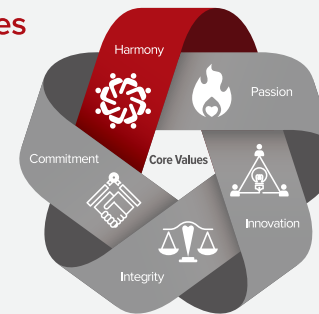
We will drive the future of manufacturing by creating new possibilities and establishing new standards that will become the “new norm” of tomorrow’s world. Through our efforts, we envision a safer and more sustainable world, bringing happiness and ANSHIN for all.

Mission

To create the optimum environment for humans and machines.

Our mission is to make the point of contact where people interface with machines, easy, safe, and ANSHIN. We will introduce new products and services to respond to a diverse set of customer demands beyond those of our industrial customers, including increased safety, reliability, operability and environmental awareness.

Core Values



Harmony

In Harmony with our co-workers, our customers and society.

Passion

Joy in fulfilling our mission.

Innovation

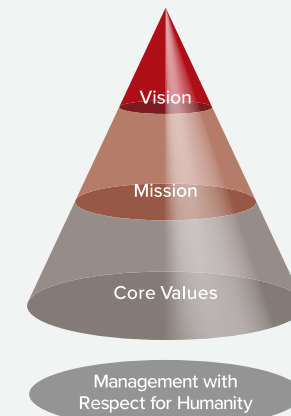
Take on new challenges and embrace change.

Integrity


Exhibit honesty, fairness and respect at all times.

Commitment

Be the person everyone can count on.



We have set “pursuit and realization of safety, ANSHIN, and well-being” as one of our material issues, and set sustainability KPIs.

Related material issue	Major sustainability KPIs (FY2023-2025)
 Safety, ANSHIN, and well-being Pursuit and realization of safety, ANSHIN, and well-being	■ CAGR in Safety & Explosion Protection Business (during the past five years): 15%
	■ Cumulative attendees of safety & explosion protection seminars (Japan): 5% increase YoY
	■ Cumulative number of employees holding safety qualifications*: 3% increase YoY
	■ Frequency rate of industrial accidents (IDEC unconsolidated): 0
<small>* Number of employees certified as Safety Assessors, Safety Basic Assessors, Robot Safety Assessors, or Safety Officers</small>	

Maintaining and improving employee health and building a safety culture

We have established the IDEC Group Health Declaration, based on the recognition that the physical and mental health of employees and their families is the foundation for all activities. The first step for better well-being is to ensure the safety and health of employees. We are taking action to eliminate or prevent the causes of injuries, diseases, and other dangers in the workplace.

We constructed the Well-being Center within our head

office to help promote employee health in 2019. The center includes a cafeteria that provides healthy meals, as well as a fitness gym and Healthcare Center, and is staffed by a dedicated occupational physician and full-time occupational health nurse for the health management of employees. We also opened an in-house corporate clinic in the Well-being Center in 2022, with the aim of ensuring the mental and physical health of all employees.



Cafeteria



Fitness gym



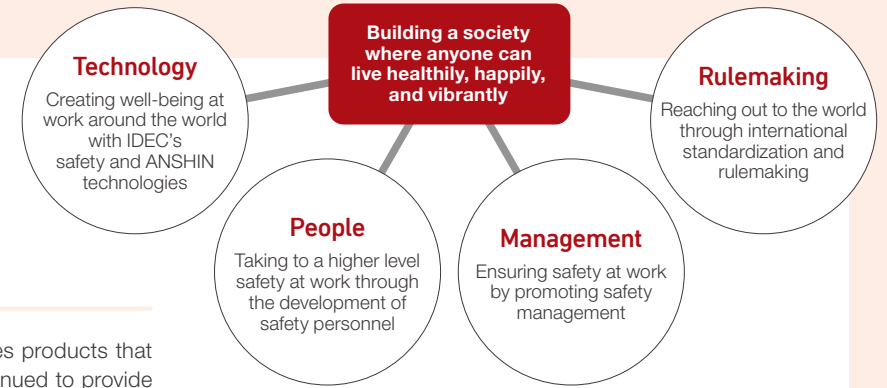
In-house corporate clinic

Vision Zero activities

As a company that develops and provides products that protect the lives of people, we have continued to provide society with a variety of products and services centered around control technologies. To build a society where anyone can live healthily, happily, and vibrantly, it is important not only to have the technical aspects of supplying products with high performance, ease of use, and stable quality, but also human resources education and training, rulemaking and response with regard to standards, and commitment from management to achieve well-being. For this reason, we have been engaged in activities from the four aspects of Technology, People, Rulemaking, and Management.

As part of these activities, in 2018, we became the first company in Japan to endorse and register under the Vision Zero campaign on occupational health led by the International Social Association (ISSA) under the International Labour Organization (ILO), which is a specialized agency of the United Nations. We also established a dedicated department for Vision Zero activities. The Vision Zero campaign is an initiative led by top-level management to improve the safety, health, and well-being of employees by preventing accidents, illnesses, occupational illnesses, and injuries in the workplace.

A Company of
VISION ZERO
 Safety.Health.Wellbeing.



The Takino factory became our first site to acquire ISO 45001 certification in 2019, an international standard for occupational health and safety management systems. Even since before acquiring this certification, we have been taking an approach based on the 7 Golden Rules for Zero Accidents and Healthy Work developed by Vision Zero, and surveying our achievements on a yearly basis. We have identified priority items that require improvement, and were able to take measures quickly by creating a radar chart of the results of our activities. Through our ongoing activities, we have created a workplace where employees can work with security and ANSHIN. We acquired ISO 45001 certification in 2022 for all manufacturing sites in Japan (Takino, Fukusaki, Amagasaki, and Tatsuno), and overseas in Suzhou, China in FY2023. We plan to expand it to our factories in Taiwan and Thailand in the future, and develop an approach based on the 7 Golden Rules.



Development of safety personnel

We encourage employees to acquire safety qualifications such as Safety Assessor and Safety Officer, and are working to train and develop human resources who can advance safety and ANSHIN principles in society. We cover the cost of taking qualification tests and renewing qualifications, and we have the highest number of qualified Safety Lead Assessors—the highest qualification—in Japan.

We also encourage employees to obtain the Robot Safety Assessor qualification, which certifies that they possess basic safety knowledge in the field of robotics, and the Safety Officer qualification, which measures the knowledge and ability of management personnel to perform occupational safety management.

Leveraging our extensive experience in manufacturing and advanced knowledge of safety, we also provide safety consulting services that aim to achieve both safety and productivity, such as through risk assessment support at industrial sites and the proposal and development of risk reduction measures.

In addition, we offer a variety of free, online safety seminars covering basic and applied knowledge and practical skills to help customers use safety-related and explosion protection products correctly. We also provide safety education to all employees, with the aim of becoming a company that pursues and realizes the highest levels of safety, ANSHIN and well-being in the world. The safety training were expanded to our Group companies in Japan in FY2021, and we provided to executives at our Suzhou factory in China, one of our major overseas manufacturing sites in FY2022. Since FY2023 onward, we have been working to expand the scope of safety training to include executives at our factories in Thailand and Taiwan. In the safety training, participants learn about IDEC's safety history, safety concepts, safety products, and the latest information such as Vision Zero and collaborative safety (Safety2.0). They also take a comprehension test after the training to consolidate their knowledge.

(as of March, 2024)

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

Numbers of employees qualified as Safety Assessors, Safety Basic Assessors, and Robot Safety Assessors

586



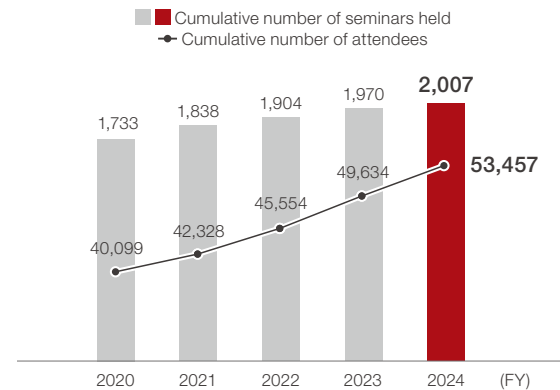
Qualifications of knowledge and competence in occupational safety management for administrative staff

Number of employees qualified as Safety Officers

123



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



Well-being survey

We have been conducting surveys focused on well-being since 2013, based on the 7 Golden Rules, to measure the level of efforts to improve well-being in the workplace. The survey was jointly developed with Human House (Denmark) to enable the application of a European-style survey in Japan. Well-being in the workplace means a state where people can work without anxiety and with peace of mind, vitality, and a sense of fulfillment. Our survey measures the level of efforts to achieve this.

In the future, we plan to conduct surveys at the same standard globally, to identify issues and create a roadmap for improving the well-being of our employees.

Promotion of collaborative safety (Safety2.0)

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

Safety & Explosion Protection Business P.36

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

● IDEC received the first ISSA Vision Zero Awards



IDEC and two partner organizations that have been engaged in activities together (IGSAP, Japan Certification Co., Ltd.) received the first ISSA Vision Zero Award in November 2023, established by ISSA, in global recognition of their activities so far. This is the first time since IDEC's foundation that we have received an award from an authoritative United Nations-related agency.

The award ceremony was held at the 23rd World Congress on Safety and Health at Work, organized by the ILO and ISSA in Sydney, Australia.

Since the adoption of a dual interlock mechanism to protect the safety of workers in the SB metallic switch box developed in 1950, shortly after the company's foundation, a philosophy based on the importance of safety has been passed down as IDEC's "safety DNA" to the present day.

The IDEC Group develops and provides a diverse range of products and solutions that contribute to solving societal issues such as improving safety, ANSHIN and well-being through various initiatives aimed at realizing cooperative safety (Safety2.0), in which humans and machines work together to achieve both safety and productivity.

Trapping prevention system for aerial work platforms

Aerial work platforms are often used at construction sites. As a result of workers failing to notice beams or structures while ascending, their hands and arms may be caught between the platform handrails and the structure, or their bodies may become caught between the structure and the operating parts or handrails, resulting in serious accidents.

In order to address this issue, we developed a trapping prevention system equipped with IDEC's three-position enabling switch and various sensors, at the request of Daiwa House Industry Co., Ltd. Since the introduction of this system, there have been improvements not only in physical safety but also psychological factors such as a sense of ANSHIN, work concentration, work efficiency, and ease of use, and the well-being of workers at sites with aerial work platforms has improved.

This system was the only one to receive an award out of more than 1,000 applications at the 60th Japan Construction Occupational Safety and Health Convention, held in October 2023.



Example installation of the trapping prevention system

Electrical assist for conveyance processes at manufacturing sites

ez-Wheel's assist wheel drive is a product that easily converts trolleys into electrically assisted vehicles and reduces the burden of transporting heavy objects, which are difficult for workers to carry by themselves. At manufacturing sites where heavy loads are often transported, such as those of automobile and construction machinery manufacturers, there are many cases where workers are responsible for transporting parts weighing more than a few hundred kilograms. By introducing an assist wheel drive, it is possible to easily convert existing trolleys to electrically assisted vehicles.

In the case of a major construction machinery manufacturer that adopted the system, workers had previously carried heavy parts one by one under their own power, pushing 900 kg trolleys. In addition to the physical burden involved, there were also problems with efficiency and safety. After the system was introduced, it became possible for a single worker to transport multiple parts to the next process both easily and safely, and the manufacturer is now able to halt the operation of trolleys in the event of any unforeseen circumstances.



Example of usage at IDEC site

Solutions for AGVs/AMRs

In recent years, AGVs/AMRs are being introduced to the logistics and manufacturing industries at an accelerated pace.

ez-Wheel's safety wheel drive is a revolutionary all-in-one product that includes all the functions required for operation, including the safe motion functionality required by international safety standards when operating in the same area as people. Through the combination of an emergency-stop switch for emergency-stop functionality, a safety laser scanner for detecting the approach of people or objects, and a control switch for operating the vehicles, IDEC's solutions can respond to the diverse needs of each customer.

We launched the emergency-stop assist system, which allows operators to safely stop AGVs/AMRs from a distance in January 2024. With the emergency-stop assist system, a signal is transmitted by pressing the switch of a wireless transmitter worn and used by the operator. When the wireless switch receiver detects the signal, the emergency-stop switch operation support function is activated, allowing AGVs/AMRs to be stopped in an emergency, in the same way as when the button is pressed directly by hand. The system can be operated even when operators and vehicles are moving. Since its introduction, it has been highly effective in preventing dangerous incidents, improving the sense of ANSHIN of workers, and stopping AGVs/AMRs in an emergency.



Example of AMR solution

03



Value Creation Story

- 14 Value Creation Process
- 15 The Six Types of Capital that IDEC Highly Values
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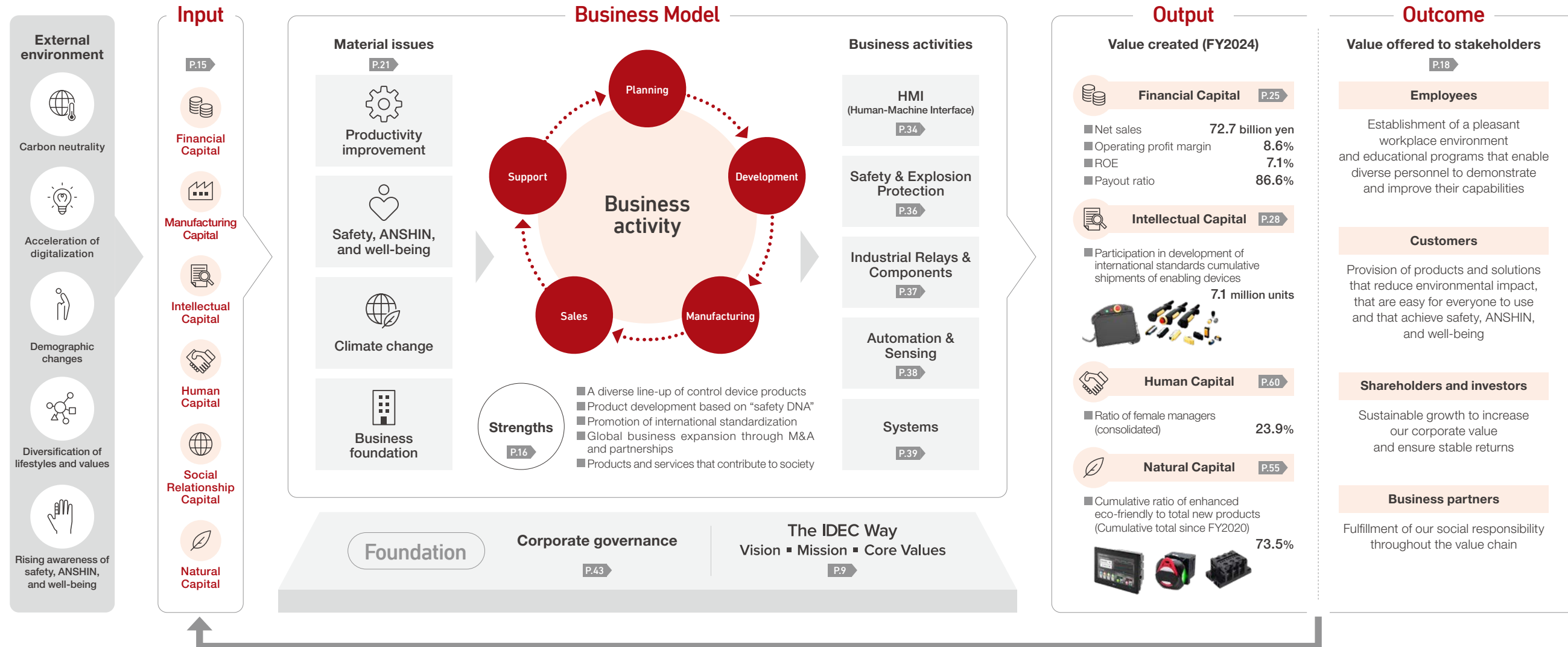
Value Creation Process

Long-term vision

Vision for 2050

Pioneer the new norm for a safer and sustainable world.

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



The Six Types of Capital that IDEC Highly Values

The capital accumulated by the IDEC Group since our foundation will be the source of the Group's future growth and increased corporate value.

While responding flexibly to changes in the environment, we are determined to realize sustainable growth by enhancing and making effective use of these six types of capital.

(FY2024)



Financial Capital

The foundation for sustainable growth

P.25

The IDEC Group generates approximately 5.5 billion yen of cash through its operating activities.

Cash created through global business activities is mainly used for investing in equipment/facilities and R&D, and for providing returns to shareholders—all with the aim of achieving sustainable growth and increasing our corporate value.

Operating cash flows

5.5 billion yen

Equity-to-asset ratio

61.2%



Human Capital

New ideas created from the diversity in human resources

P.60

We are committed to creating a pleasant workplace environment where diversity in gender, age, nationality, culture, lifestyle, and more is respected. In keeping with the "management with respect for humanity" principle that we have subscribed to since our foundation, we are working to foster a corporate culture where employees with diverse personalities and values can fully demonstrate their abilities.

Number of employees

3,087

Ratio of overseas employees

68.5%



Manufacturing Capital

Further improvement of added value

P.27

Leveraging the knowledge about HMI and safety we have accumulated since the founding, we provide customers around the world with high quality, reliable products.

We also drive improvements in quality, production efficiency, and automation by planning and developing production equipment within our Manufacturing Technology Department.

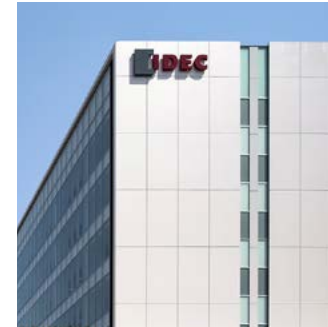
Capital expenditures

3.0 billion yen

Manufacturing sites

20 sites

Japan: 10 sites/
Overseas: 10 sites



Social Relationship Capital

Development of strong partnerships

P.18

Building relationships of trust with diverse stakeholders, including customers, business partners and local communities, is crucial for conducting business activities in turbulent global markets.

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

Sales sites

29 sites

Japan: 3 sites/
Overseas: 26 sites

Distributors

592 companies

Japan: 80 companies/
Overseas: 512 companies



Intellectual Capital

Active participation in international standardization activities

P.28

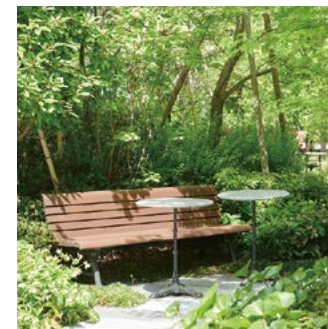
Targeting an R&D expense to net sales ratio around the 4-5% mark, we are developing a wide range of technologies and are also actively involved in collaboration with joint development partners. In addition to promoting activities for the development of international standards, we also actively encourage our employees to acquire Safety Assessor qualifications and other qualifications required for safe manufacturing and consulting in accordance with international safety standards.

R&D expense

2.8 billion yen

Number of employees holding safety qualifications

709 employees*1



Natural Capital

Realize a sustainable society

P.55

As a company that aims to create the optimum environment for humans and machines, and to achieve safety, ANSHIN, and well-being for people around the world, the IDEC Group's Environmental Policy is to make the conservation of the global environment a top priority in all aspects of its business activities, and to pass on a sustainable society to future generations.

Reduction ratio of CO₂ emissions*2

19.8%

Ratio of enhanced eco-friendly products to total new products*3

73.5%

*1 Number of employees with Safety Assessor, Safety Basic Assessor, Robot Safety Assessor, or Safety Officer qualifications

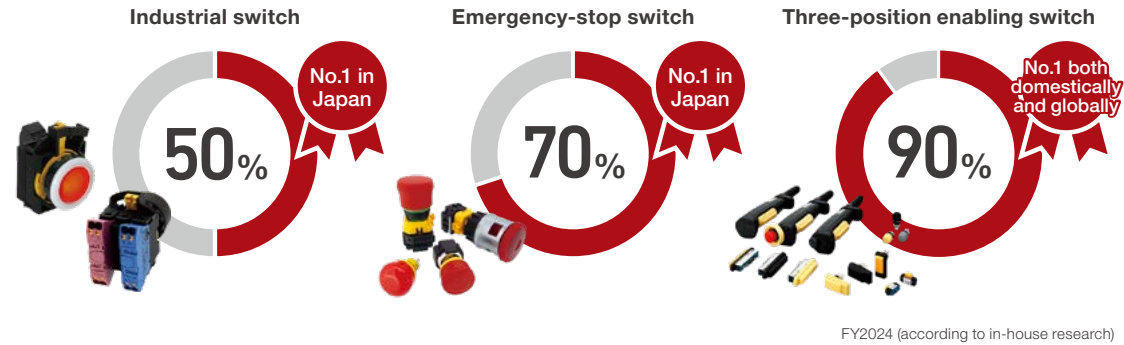
*2 Scope1&2, vs. FY2020 *3 Cumulative total since FY2020

Strengths

01 A diverse line-up of control device products

IDEC offers more than 100,000 types of HMI products for a variety of industries and customer needs.

As these products protect human life, they need to be compatible with international standard and standards in various countries and meet high-level quality and safety requirements. Our expertise, accumulated over many years, and our reputation for reliability have enabled our products to achieve a high market share.



02 Product development based on “safety DNA”

IDEC incorporated a dual interlock mechanism in switch boxes developed in 1950, soon after the company was founded. This mechanism was designed to make it so that power can only be switched on when lids and covers are closed, ensuring that lids and covers cannot be opened when power is on, and protecting operators against the risk of electric shock. The resulting switch boxes have become enduring best-sellers.

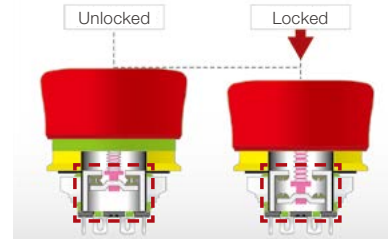
This commitment to safety is now part of our DNA and has served as the basis for product development since the founding, enabling us to provide high-quality products.

Emergency-stop switches are used to shut off machinery in an emergency, ensuring the safety of operators. As a major market player, IDEC offers a line-up of products that not only comply with international safety standards but are also equipped with IDEC’s original “reverse energy structure” ensuring the highest level of safety.

IDEC’s emergency-stop switches use a unique structure so that they always default to the off position (a safe condition) even when damaged, preventing serious industrial accidents and keeping people safe.



SB metallic switch box (Safety box)



Reverse energy structure
Switches always default to the off position (a safe condition) even when the button part is damaged

03

Left: Makoto Nagamine, Parliamentary Vice Minister of Economy, Trade and Industry (at that time)

Right: Toshihiro Fujita, Chief Safety, Health and Well-being Officer, IDEC CORPORATION



Industrial Standardization Project Award Ceremony



04 Global business expansion through M&A and partnerships

To expand our business globally, we are actively pursuing mergers and acquisitions (M&A) opportunities and partnership agreements with companies both in Japan and abroad that can be expected to provide synergy with our business activities. The addition of a French industrial switch manufacturer APEM to the IDEC Group in 2017 has been a major factor in increased business growth in recent years.



Promotion of international standardization

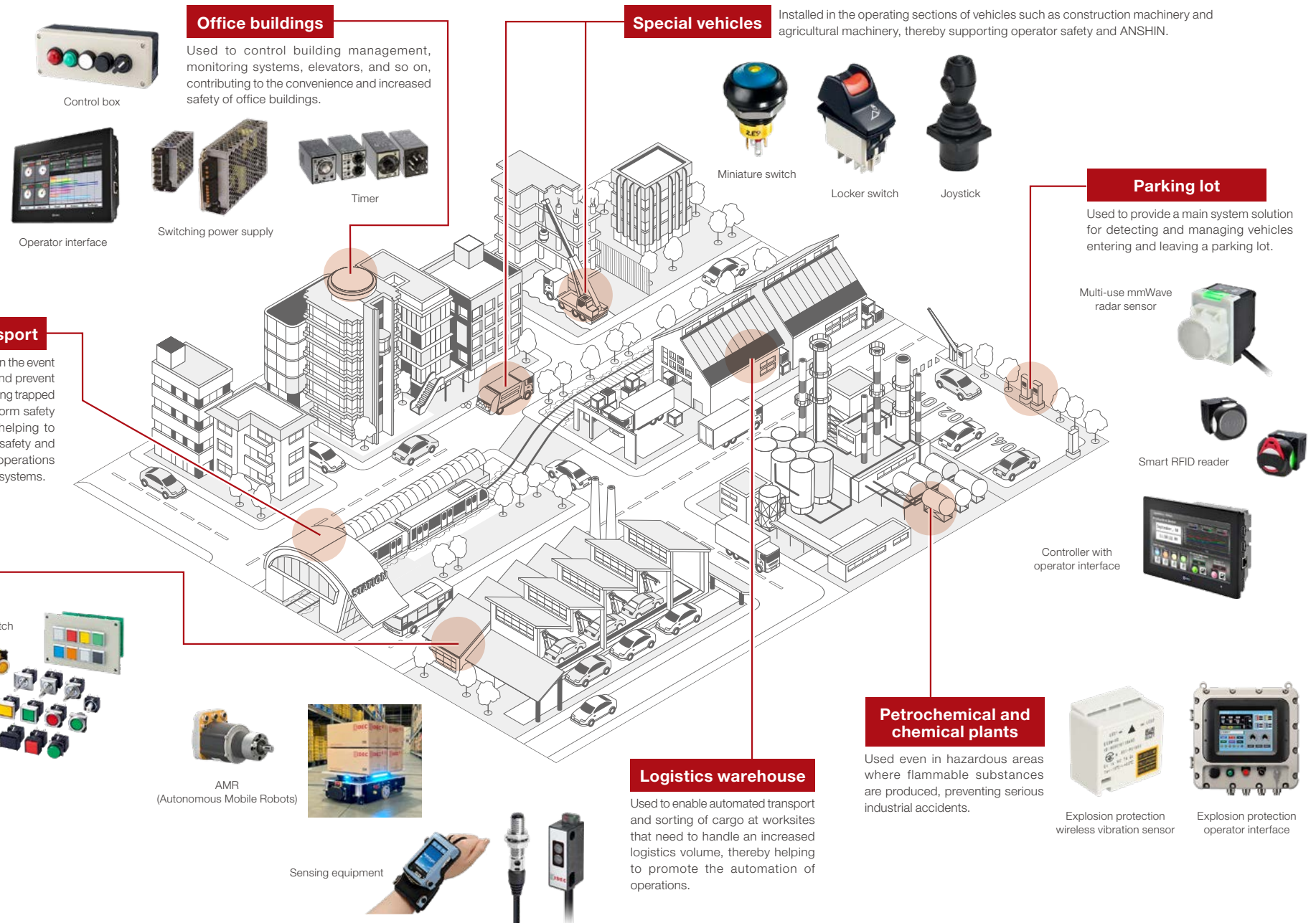
P.28

IDEC not only manufactures products that are compliant with international standards but has also played an active part in shaping the rules, including actively participating in technical committees of the International Electrotechnical Commission (IEC) and the International Organization for Standardization (ISO) since the 1990s, and proposing and promoting the development of international safety standards for the development of new technology as part of the global community. The three-position enabling switch, for which IDEC led the creation of the international standard, has been adopted by major robot manufacturers worldwide and holds more than 90% of the global market share. With growing robot demand, the number of units shipped has substantially increased in recent years.

In 2022, Dr. Toshihiro Fujita, Chief Safety, Health and Well-being Officer, received the Prime Minister’s Award of Industrial Standardization Project Award in recognition of his achievements in international standardization activities for over 20 years.

05 Products and services that contribute to society

The IDEC Group's technology and products are contributing to resolve various societal issues in factories and other manufacturing sites as well as in daily life scenes, thereby helping to secure the future of manufacturing and living.



Parking lot

Used to provide a main system solution for detecting and managing vehicles entering and leaving a parking lot.

Multi-use mmWave radar sensor



Smart RFID reader



Controller with operator interface



Various machine devices in factory facilities and manufacturing lines

Installed on machine tools, semiconductor manufacturing equipment, and various other devices and used as operation and control units on manufacturing lines, thereby helping to improve productivity, efficiency, and safety.

Safety commander



Interlock switch



Industrial switch



AMR (Autonomous Mobile Robots)



Sensing equipment



Petrochemical and chemical plants

Used even in hazardous areas where flammable substances are produced, preventing serious industrial accidents.

Explosion protection wireless vibration sensor



Explosion protection operator interface



Value Provided to Stakeholders

Stakeholder engagement

Basic approach

The IDEC Group places great value on dialogue with a wide range of stakeholders in order to conduct business in accordance with the changing needs of society. Through communication activities such as dissemination of information and direct dialogue, we aim to deepen understanding of the IDEC Group among our stakeholders and improve corporate value by promoting sustainability activities while reflecting various opinions and issues in management.

	Employees	Customers	Shareholders / investors	Business partners	Global and local communities	Government agencies / industry groups
Means of engagement	<ul style="list-style-type: none"> Engagement survey Mental healthcare survey Communication of information from management Various types of training Human resource development programs Internal reporting system, in-house consultation liaison Labor-management council Company newsletter and intranet Employee awards program 	<ul style="list-style-type: none"> Customer support center Sales activities and webinars Website and social media Exhibitions 	<ul style="list-style-type: none"> Annual General Meeting of Shareholders Financial results briefings Individual interviews with investors Small meetings Briefings for private investors Integrated Report (IDEC Report), Shareholder Newsletter, Notice of Annual General Meeting of Shareholders, etc. Website 	<ul style="list-style-type: none"> CSR self-assessments for suppliers Supplier visits Issuance of Supplier Newsletters Distributor briefings and visits 	<ul style="list-style-type: none"> Dialogue with NGOs and NPOs Dialogue with local governments Involvement in the local community CSR activities in each region 	<ul style="list-style-type: none"> Collaboration with international organizations, government agencies, and educational institutions Participation in industry groups and initiatives
Major activities	<ul style="list-style-type: none"> Health checkups and mental healthcare survey, establishment of in-house corporate clinic in head office Surveys of career aspirations and understanding of duties through self-reporting Discussion forums and briefings on the new personnel system Implementation of position-based training, LGBTQ+ training, human rights and compliance training, etc. Implementation of senior staff training to promote empowerment of women, career seminars for female employees Provision of opportunities to develop capabilities through training and seminars Training program for next-generation executive candidates Upgraded dissemination of information through company newsletter and intranet 	<ul style="list-style-type: none"> Response to customer inquiries Feedback within the company regarding opinions and requests relating to products and services Dissemination of information through the website and social media Exhibiting at both real-world and online exhibitions, etc. 	<ul style="list-style-type: none"> Prompt disclosure and enhanced content of Annual General Meeting of Shareholders reference materials Upgrading of information through revision of financial results briefing materials Holding of financial results briefings and video distribution (4 times a year) Briefings for private investors (2-3 times a year) Individual interviews and small meetings with investors Issuance of IDEC Report, Shareholder Newsletter, and various other media Disclosures in accordance with the IFRS (International Financial Reporting Standards) sustainability disclosure standards Enhanced disclosure of sustainability information 	<ul style="list-style-type: none"> Sharing of IDEC Group CSR Procurement Guidelines CSR visits and assessments for suppliers and improvement guidance Sharing of information with suppliers Online briefings for distributors Visits to distributors 	<ul style="list-style-type: none"> Participation in the Global Coalition for Safety and Health at Work (NPO) and planning and holding of Vision Zero Summit Japan 2022 Support for Table for Two (NPO) and the council of social welfare Dispatching of instructors to local schools to conduct visiting lectures Activities to support children from needy families Local cleanup activities 	<ul style="list-style-type: none"> Joint research with educational and research institutions Presentations at international forums, international academic conferences, technical committee meetings, etc. Promotion of activities at various industry groups
Outcomes	<ul style="list-style-type: none"> Establishment of a pleasant workplace environment and educational programs that enable diverse personnel to demonstrate and improve their capabilities 	<ul style="list-style-type: none"> Provision of products and solutions that reduce environmental impact, that are easy for everyone to use and that achieve safety, ANSHIN, and well-being 	<ul style="list-style-type: none"> Sustainable growth to increase our corporate value and ensure stable returns Timely disclosure and communication of appropriate information 	<ul style="list-style-type: none"> Fulfillment of our social responsibility throughout the value chain Partnership based on fair trade and trust 	<ul style="list-style-type: none"> Contribution to resolution of societal issues through business activities and CSR activities 	<ul style="list-style-type: none"> Improvement of our corporate value through constructive dialogue

04



Initiatives for Realization of Vision

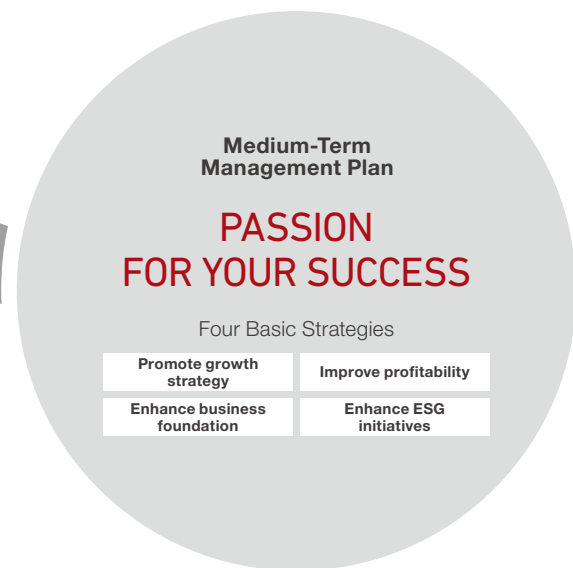
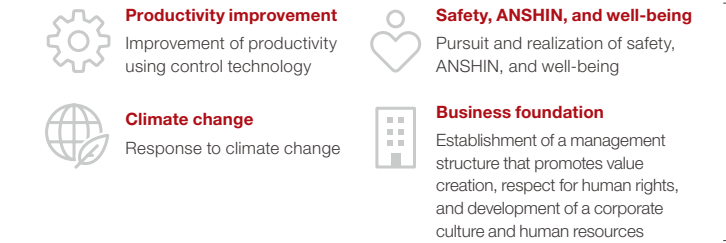
- 20 Long-Term Vision
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- 24 Medium-Term Management Plan
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Long-Term Vision

Global corporations are called upon to address climate change and other issues affecting the international community as they navigate tremendous changes in the market landscape.

We aspire to tackle the issues faced by society and serve the ever-evolving needs of our customers while achieving sustainable growth for our Group. To set the course for these endeavors, we have formulated a long-term vision for 2050, and backcast it to define our interim vision for 2030.

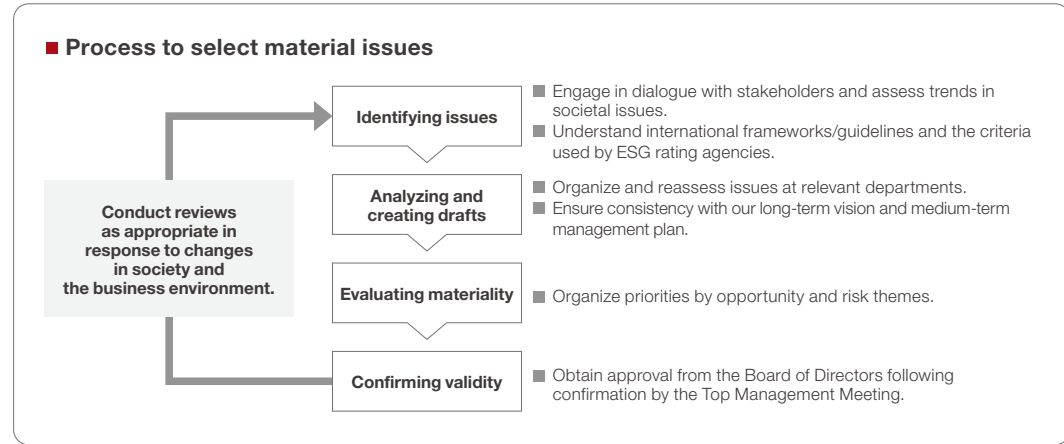
We are already taking action on sustainability issues to help society become sustainable and to increase our corporate value. Going forward, we will also step up our efforts to make our Group carbon neutral by 2050 and to enhance our human capital in ways that support our global expansion.



Materiality

Along with formulating its long-term vision for 2050 and interim vision for 2030 in 2023, IDEC reviewed material issues, incorporating enhancement of its human capital and governance under the heading “business foundation”.

IDEC again reviewed some of its material issues in light of the external environment and other factors and, in addition to adding respect for human rights in 2024, also changed its interim vision for 2030.

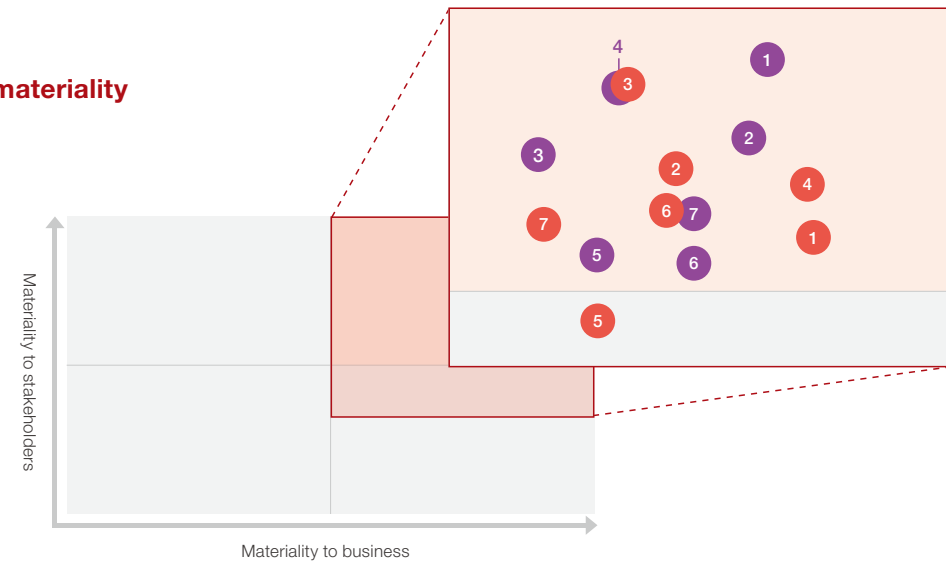


Material issues	Vision for 2030	Related SDGs
Productivity improvement Improvement of productivity using control technology	<ul style="list-style-type: none"> Contribute to improving the productivity and efficiency of our customers and society around the world by providing the IDEC Group's long-cultivated control technology, products, and system solutions. 	
Safety, ANSHIN, and well-being Pursuit and realization of safety, ANSHIN, and well-being	<ul style="list-style-type: none"> Realize the optimum environment for both humans and machines to resolve societal issues to create safe and comfortable environment and achieve healthy, happy, and vigorous lives. Improve safety, productivity, and well-being through technology development, human resource development, management, and rulemaking. 	
Climate change Response to climate change	<ul style="list-style-type: none"> Contribute to the reduction of the environmental impact of customers and society through the use of the IDEC Group's technologies and products. Reduce CO₂ emissions through the in-house use of renewable energy. 	
Business foundation Establishment of a management structure that promotes value creation, respect for human rights, and development of a corporate culture and human resources	<ul style="list-style-type: none"> Ensure a thorough understanding of “The IDEC Way” and stimulate the company by creating an attractive work environment that gives employees a sense of purpose. Conduct business with the highest ethical standards, respect human rights both at our company and in the value chain, and further strengthen corporate governance and compliance. Strengthen human capital to cultivate employees who will be able to create new value and innovate. 	

Identifying issues and evaluating materiality

Looking ahead to 2030, we evaluated various societal issues from the perspectives of opportunity and risk and mapped them on the twin axes of materiality to stakeholders and materiality to the IDEC Group.





The themes that are especially significant for realization of a sustainable society in the context of our four material issues are as follows.



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

Sustainability Targets and Progress

Areas for action have been established in order to achieve our vision for 2030, and sustainability KPIs have been selected for each area. We also plan to set new short-term and medium-term targets in the future. Material issues and some of the sustainability KPIs are linked to the medium-term management plan.

Material issues	Vision for 2030	Areas for action	Sustainability KPIs	FY2023 results	FY2024 results	FY2023-2025 targets	Targets achieved	
 Productivity improvement Improvement of productivity using control technology	Contribute to improving the productivity and efficiency of our customers and society around the world by providing the IDEC Group's long-cultivated control technology, products, and system solutions.	Develop products that meet new customer needs and strengthen our ability to propose solutions to customer issues	Solution ratio to sales	10.4%	13.0%	12%	✓	
			CAGR in Safety & Explosion Protection Business (during the past five years)	13.6%	6.5%	15%		
 Safety, ANSHIN, and well-being Pursuit and realization of safety, ANSHIN, and well-being	Realize the optimum environment for both humans and machines to resolve societal issues to create safe and comfortable environment and achieve healthy, happy, and vigorous lives.	Provide products and services that achieve customer safety, ANSHIN and well-being	Cumulative attendees of safety & explosion protection seminars (Japan)	Increase 9.0% YoY	Increase 7.7% YoY	Increase 5% YoY	✓	
			Number of cumulative employees holding safety qualification*1	Increase 3.2% YoY	Increase 5.3% YoY	Increase 3% YoY	✓	
		Improve safety, productivity, and well-being through technology development, human resource development, management, and rulemaking.	Achieve safety, ANSHIN, and well-being by fostering a culture of safety	Frequency rate of industrial accidents*2	0.58	0.65	0	
				Cumulative ratio of enhanced eco-friendly products to total new products (Cumulative total since FY2020)	74.1%	73.5%	60% or higher	✓
 Climate change Response to climate change	Reduce CO ₂ emissions through the in-house use of renewable energy.	Reduce environmental impact at our business sites	Reduction ratio of CO ₂ emissions (Scope1&2, vs. FY2020)	Decrease 5.5%	Decrease 19.8%	Decrease 24%		
			Renewable energy utilization ratio	8.2%	14.5%	18%		
			Reduction ratio of industrial wastes (vs. FY2020)	Decrease 7.7%	Increase 1.0%	Decrease 24%		
 Business foundation Establishment of a management structure that promotes value creation, respect for human rights, and development of a corporate culture and human resources	Ensure a thorough understanding of "The IDEC Way" and stimulate the company by creating an attractive work environment that gives employees a sense of purpose.	Create a pleasant work environment	Engagement score (Japan)	Improvement in the scores for 21 out of all 26 items (as compared to FY2020)	-	Improvement in the scores for 3 main issues*3 (as compared to FY2023)		
			Ratio of males taking childcare leave*2	58.3%	100%	90%	✓	
	Conduct business with the highest ethical standards, respect human rights both at our company and in the value chain, and further strengthen corporate governance and compliance.	Respect for human rights	Improve management transparency and effectiveness	Human rights and compliance training attendance rate (Japan)	-	100%	100%	✓
				Number of items with below average scores in the Board of Directors' effectiveness assessment	18%	26%	20% or less	✓
				Number of serious legal violations	0	0	0	✓
	Strengthen human capital to cultivate employees who will be able to create new value and innovate.	Promote of decent work and increase investment in human capital	Number of female managers*2 (including associates in the position of leader with subordinates)	12	15	15	✓	
Average per capital training costs*2			JPY 66,000	JPY 59,000	JPY 70,000			

*1 Number of employees certified as Safety Assessors, Safety Basic Assessors, Robot Safety Assessors, or Safety Officers *2 IDEC unconsolidated *3 Main issues: (1) human resource development, (2) strengthening management abilities, and (3) improving the acceptability of the personnel system

Sustainability Promotion Policy and Organization

Commitment to sustainability

We consider the IDEC Group Code of Conduct, the CSR Charter, and the Ten Principles of the United Nations Global Compact to be important compasses for guiding our actions in line with our company philosophy, "The IDEC Way." We are committed to helping achieve the Sustainable Development Goals (SDGs) by tackling societal issues through our business activities. Our efforts toward sustainability are being spearheaded by the Sustainability Committee launched as CSR Committee in 2018 and renamed in 2024.

Going forward, we will continue taking action under the Basic Sustainability Policy to resolve global issues through our business activities, with the ultimate aim of realizing a sustainable society. Our efforts include 1) advancing the safety, health, and well-being of all people through our participation in and support for the Vision Zero campaign led by the International Social Security Association (ISSA) under the International Labour Organization (ILO); 2) remaining attentive to climate change and other global environmental issues; and 3) preparing to respond to future risks and opportunities.

Sustainability promotion system

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," and these specialized committees are each chaired by an executive officer and consist of knowledgeable, experienced members who develop measures pertaining to their respective themes. 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.

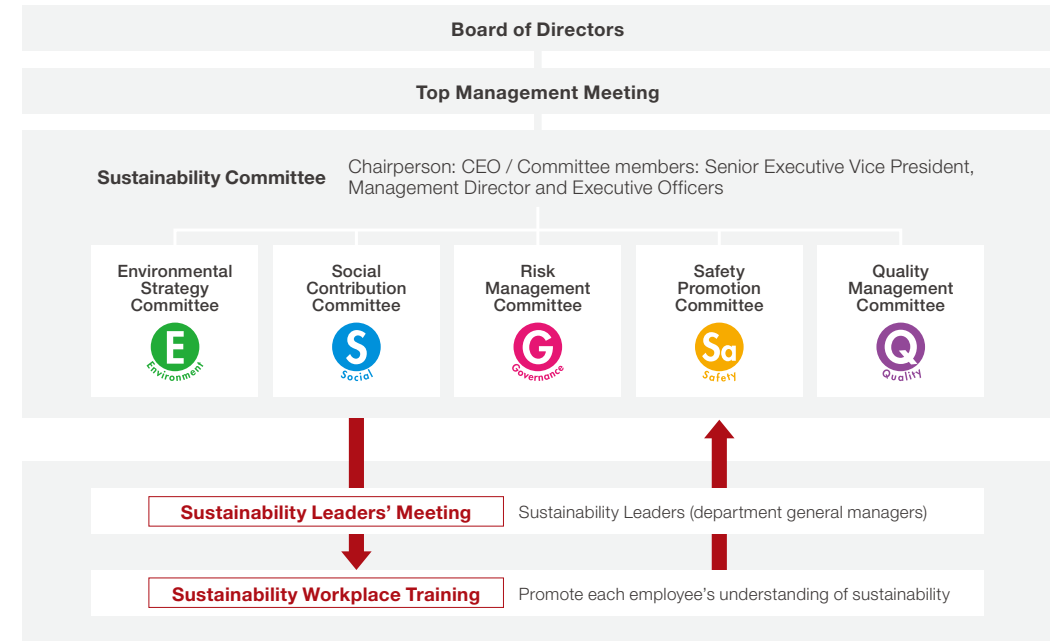
Sustainability Leaders share the content of Sustainability Committee discussions with each employee at Workplace Training sessions, with the aim of putting activities into practice and creating an open workplace where opinions can be exchanged. Employees submitted 475 opinions and proposals, which were shared by the specialized committees in FY2024. This feedback is incorporated in our Group's sustainability activities.

Basic Sustainability Policy

Our business activities are founded upon the "Vision: Pioneer the new norm for a safer and sustainable world" and "Mission: To create the optimum environment for humans and machines" stated in our company philosophy, "The IDEC Way."

Our Principles of "The IDEC Way" and the IDEC Group Code of Conduct clearly state the actions to be taken to realize our Vision and Mission. We will carry out those actions in order to help realize a sustainable society and increase our corporate value.

Information on sustainability is posted at:
<https://us.idec.com/idec-us/en/USD/sustainability>



Sustainability Committee

Medium-Term Management Plan

Continually promoting reforms to transform to a high revenue structure

The IDEC Group has formulated a medium-term management plan ending in FY2025, and is implementing various initiatives to further improve its operating profit margin. However, based on our performance in FY2024 and changes in the business environment, IDEC has announced that we will review our medium-term management plan in May 2024. We implement structural reforms to achieve new growth and will announce details later. Our basic strategies remain unchanged, and we will continue to pursue initiatives based on these four strategies to achieve further growth.

As specific initiatives for the most important strategies “promote growth strategy” and “improve profitability,” we will focus on four key items: review of business structure, improvement of product profitability, cost reduction, and improvement of working capital.

With regard to the review of business structure, in addition to strengthening competitiveness through proactive proposal of solutions, we will also reorganize our existing businesses.

IDEC define HMI-X as the change in the optimal interface that accompanies major changes in the relationship between humans and machines. We have expanded business globally as a leading company in HMI connecting between humans and machines since our foundation. Leveraging control technologies cultivated over many years, we promote HMI-X by driving initiatives that adapt to key fields including the demand for automation, unmanned operation and labor-saving, and the growing awareness of safety, ANSHIN and well-being. In this way we strive to fulfill the purpose of the IDEC Group, “create the optimum environment for humans and machines, and achieve safety, ANSHIN, and well-being for people around the world.”

In terms of improving profitability of products, we are introducing new products, abolishing and consolidating existing products, and focusing on sales growth rates, market share, and highly profitable HMI, and safety business, the Automation & Sensing business, which has high growth potential, and the expansion of sales in China and India, due to their large market size and potential for significant sales growth.

We are also working on production reforms to enhance competitiveness, building a global production system emphasizing efficiency, and improving quality and costs through a fundamental review of our processes. In conjunction with these efforts, we will also make strategic cost reductions

by implementing automation and labor-savings on a global basis, engage in Groupwide joint purchasing including APEM, reduce production costs through the standardization of components and other innovations, and work to reduce the cost ratio by reviewing low-profit and unprofitable products.

In terms of ESG, in addition to promoting the development of decarbonization-focused products to achieve carbon neutrality by 2050, we have introduced internal carbon pricing (ICP) which we utilize as a mechanism to promote environmentally friendly investments.

In terms of social, we revised the IDEC Human Rights Policy to address human rights issues that are attracting growing attention globally in 2023. We plan to build human

rights due diligence processes in accordance with the UN Guiding Principles of Business and Human Rights. In other efforts, we will enhance engagement through expanded investment in human capital and the promotion of work-style reform and strengthen the business foundation in order to establish solid foundations enabling sustained global growth.



Financial Strategy

The foundation for sustainable growth

The IDEC Group generates approximately 5.5 billion yen of cash through its operating activities.

Cash created through global business activities is mainly used for investing in equipment/facilities, R&D and human capital, and for providing returns to shareholders—all with the aim of achieving sustainable growth and increasing our corporate value.

Improve profitability

Boost operating profit margin even higher through diverse reforms

Improve capital efficiency

Increase capital efficiency and secure ROE and ROIC at 10% or higher

Promoting financial strategy aimed at improving profitability and capital efficiency

The IDEC Group has set shareholders' equity cost at 8%, and based on that, set the weighted average cost of capital (WACC) at 6%. To generate returns exceeding this mark and boost corporate value, we have established Return on Equity (ROE) and Return on Invested Capital (ROIC) as metrics, which we aim to continually maintain at levels of 10% or higher.

In our medium-term management plan, we have strengthened our management structure by expanding net sales globally, optimizing sales prices to improve operating profit margins, reducing the cost ratio through the promotion

of automation and improved efficiency in production, and appropriately managing SG&A expenses. In addition, since it is necessary to enhance both profitability and capital efficiency to further improve ROE and ROIC, we have consolidated our product line-up, revised unprofitable products, optimized fixed assets through a global site reorganization, actively expanded investments leading to future reforms, and engaged in cash management. As a result, ROE and ROIC were 18.9% and 12.5% respectively in FY2023.

However both net sales and profit declined due to a

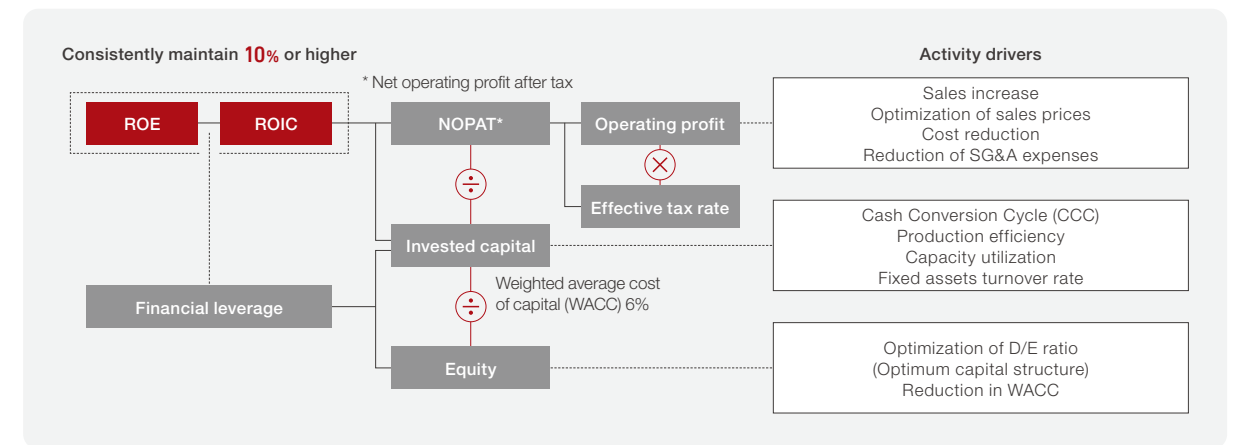
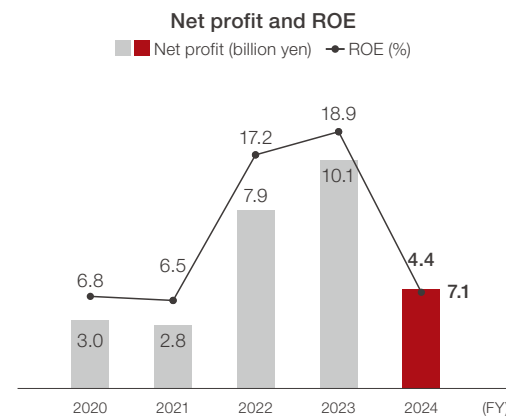
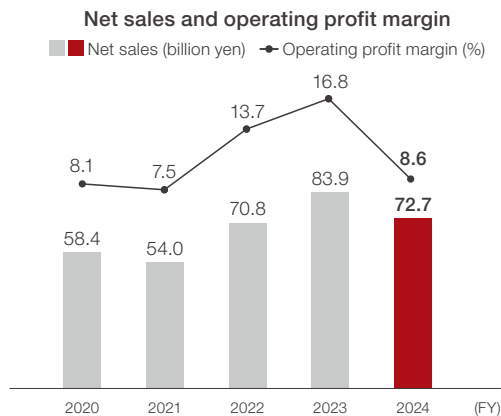
deterioration of market environment in FY2024, combined with increased global inventory that took longer than expected to sell through. ROE and ROIC also declined, ending up at 7.1% and 4.4% respectively.

To ensure that the cost of capital continues to stay above 6%, we will drive improvements to capital efficiency including working capital and production facilities, drive drastic cost reductions to further improve profitability by accelerating global site reorganization, business reforms, DX and other innovations.

Cash management and shareholder return measures

Due to worsening business performance in FY2024, cash flows from operating activities trended lower, but is on the rise in the long-term. We have promoted stronger cash management, secured funds for capital expenditures, R&D and other areas needed to strengthen competitiveness globally, while providing shareholders with stable and continuous dividends.

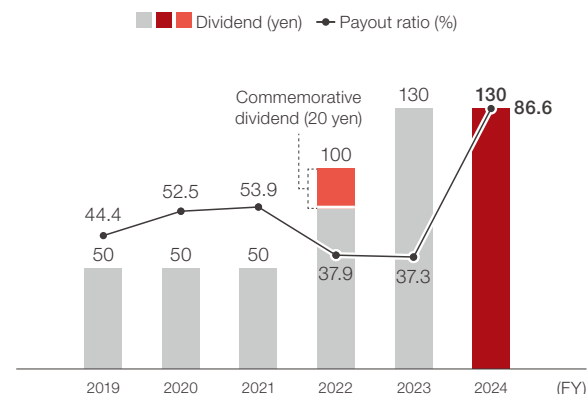
We target a payout ratio of 30-50% and the payout ratio was 86.6%, with a dividend yield of 4.8% in FY2024.



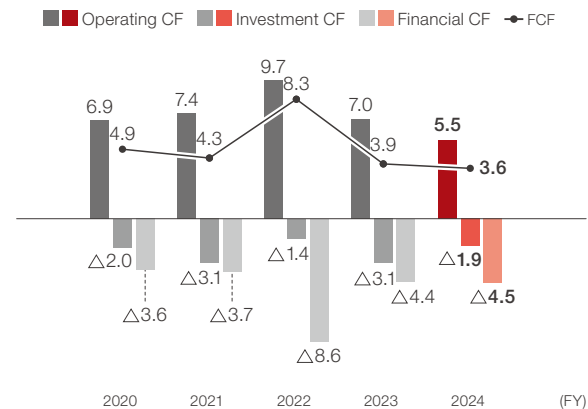
We also acquire treasury stock in a flexible manner in view of the stock price level.

Going forward, we will continue to actively pursue various investments required for medium to long-term corporate growth while maintaining improvements to profitability and stable dividends, and promote management and financial strategies that exceed our WACC.

Annual dividend per share and payout ratio



Cash flows



Investment strategy

As global business expansion is essential for our continued growth, we have expanded growth investments. We established a joint venture company with Alps Alpine Co., Ltd. in 2021 and acquired the France-based ez-Wheel in 2023. In these ways, we have pursued M&A activities and alliances with a focus on fields and regions that hold promise of synergies with our existing businesses.

In terms of human capital, we have been recruiting and developing human resources capable of driving business innovation as well as human resources who possess highly specialized knowledge to propose solutions tailored to the issues that customers face. We have expanded our spending on training and education on a per-employee basis. Our sustainability investments have also increased. These include the installation of solar power generation equipment at our domestic and overseas sites, raising the percentage of our enhanced eco-friendly products to reduce our environmental impact, and conducting applied research into eco-friendly materials.

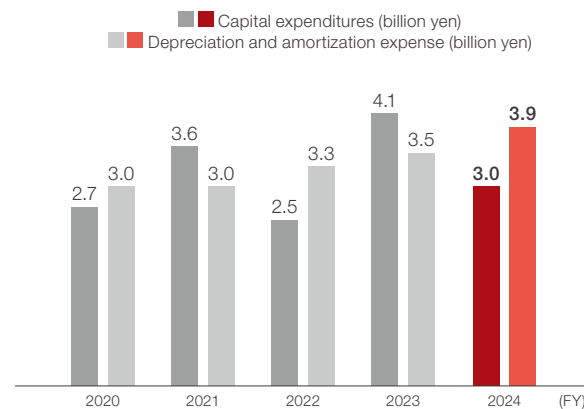
In terms of capital expenditures, in addition to ongoing efforts to optimize global sites, introduce automation and labor-saving equipment and strengthen IT infrastructure, we have focused on the promotion of DX to achieve groupwide efficiency improvements.

By expanding growth investments and shareholder returns from a long-term perspective, we will meet the expectations of our stakeholders.

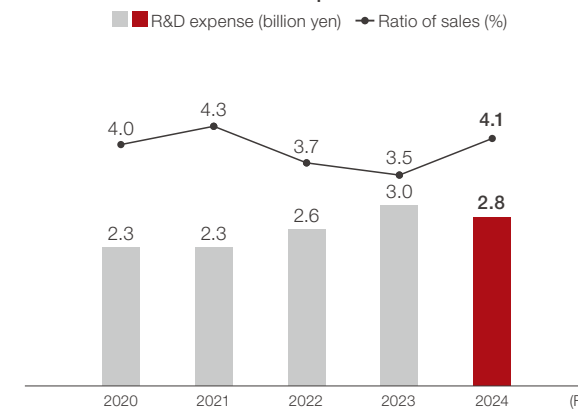
Aggressive investment aimed for medium to long-term growth

Issues	Medium-term management plan
Growth investments	<ul style="list-style-type: none"> ■ Investment in M&A and alliances <ul style="list-style-type: none"> - M&A and alliances for enhancing the safety business, AGV industries, software, and engineering field - Strengthen partnerships in China and India ■ Investment in new products <ul style="list-style-type: none"> - Proactively invest in the new HMI and safety businesses ■ Investment in human resources <ul style="list-style-type: none"> - Investment in expanded training spending and global talent development ■ Investment in sustainability <ul style="list-style-type: none"> - Install solar power generation equipment, replace air conditioning equipment with energy-saving models, develop eco-friendly products, and pursue applied research on eco-friendly materials
Capital expenditures	<ul style="list-style-type: none"> ■ Sites and equipment <ul style="list-style-type: none"> - Increase manufacturing sites and introduce automation and labor-saving systems, optimize sites ■ Investment in DX <ul style="list-style-type: none"> - Upgrade ERP, introduce global SCP system, and develop talent management system
Shareholder returns	<ul style="list-style-type: none"> ■ Measures for returns <ul style="list-style-type: none"> - Proactively pay dividends at a dividend payout ratio of 30-50%, acquire treasury stock in a timely manner in view of the stock price level

Capital expenditures and depreciation and amortization expense



R&D expense




Manufacturing and DX Strategy


Further improvement of added value

Leveraging our extensive knowledge of HMI and safety acquired since the foundation, we provide high quality, reliable products to customers worldwide. Also, our Manufacturing Technology Department takes initiative to design and develop production equipment to enhance quality, production efficiency and automation.

Related material issues



Productivity improvement



Safety, ANSHIN, and well-being

Improving productivity and operational efficiency globally

To expand our business globally and improve profitability, we are implementing corporate-wide structural reforms, and made significant organizational changes in FY2024. Executive Officer Marc Enjalbert—CEO of APEM—is in charge of manufacturing, and is responsible for formulating strategies to improve manufacturing efficiency and the service to customers, and reduce cost for the whole IDEC Group. We are also making a radical review of our production structure and processes to improve quality and cost.

We established a new Core Competence Center within our Manufacturing Department in FY2025. The Center has headquarters located in Japan and Europe, consolidating its functions to strengthen our global production capabilities.

The Manufacturing Technology Department (part of

the Core Competence Center) develops a diverse range of production equipment, and is working to strengthen our manufacturing capabilities by introducing them at manufacturing sites in Japan and overseas. We select and combine the most suitable production equipment from a variety of production methods in accordance with the characteristics of product groups with different production quantities and shapes, and ensure the safety of the equipment by utilizing IDEC switches and safety-related products.

In addition to strengthening our production framework, we are also accelerating DX efforts globally to improve operational efficiency and streamline management. We are also engaged in projects to renew our Enterprise Resource Planning (ERP) platform, which is an integrated mission-critical system, and to actualize Supply Chain Planning (SCP) globally.

The introduction of these systems will enable us to interlink with tools such as digital marketing and sales force automation, and to manage the entire series of business processes ranging from marketing and sales activities to order receipt, production planning, purchasing, and inventory management.

The introduction of the new SCP system in Japan was completed in FY2024, and we plan to introduce it at other locations globally from FY2025. In the future, we will be able to share data seamlessly among all Group companies, allowing us to formulate plans while responding to global fluctuations in supply and demand.

Preparations for the introduction of the ERP are currently underway, and full-scale operation of the new system is scheduled to begin in FY2026.

Improve the quality of products

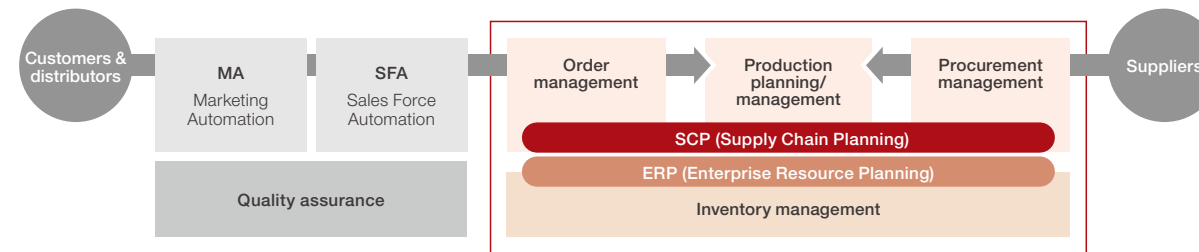
The IDEC Group has members with diverse cultural identities and values around the world. In view of this, we have established the IDEC Quality Standard, to ensure that all Group employees can fulfill their responsibilities and mission with the same high standard of quality.

We make continuous improvements by holding QC circle activities at manufacturing sites both in Japan and overseas, and conducting problem solving reviews at monthly corporate-wide quality meetings, with the aim of creating a vibrant workplace and improving customer satisfaction. We also provide continuous quality education to all employees and encourage them to obtain Quality Management and Quality Control Examination[®] certifications, with the aim of raising the quality awareness of each and every employee.

* The Quality Management and Quality Control Examination[®] is a registered trademark of the Japanese Standards Association.

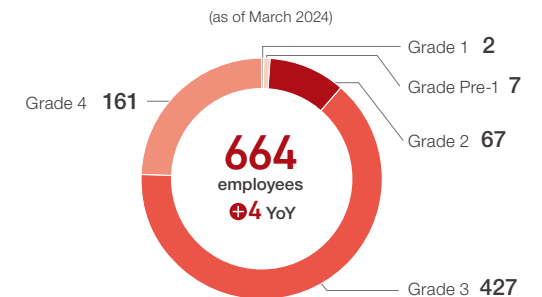


Global manufacturing sites



Example of head office system map following SCP/ERP system introduction

Number of Quality Management and Quality Control Examination[®] certification holders



Intellectual Capital Strategy

Active participation in international standardization activities

In addition to market globalization, the development of new technologies such as ICT and collaborative robots is also progressing, and creating a safe working environment where no one is left behind has become a new societal issue. By resolving societal issues through social rulemaking, such as in international standardization activities, IDEC will continue to contribute to the realization of a sustainable society based on safety, ANSHIN, and well-being.

Resolving societal issues through social rulemaking

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

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

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

Types of international standardization activities at IDEC

- Strategic creative approach** | Activities that create new rules and mechanisms such as international standards and certifications for people, products, and services
- Strategic proactive approach** | Activities that involve taking the initiative to change or revise existing international standards, or utilizing obtained information to expand business operations ahead of other companies
- Passive reactive approach** | Activities aimed at continuing current business operations, such as ensuring conformity with international standards during product development and design modification

IEC standardization activities

As a Japanese representative at the Advisory Committee on Safety (IEC ACOS), one of the six technical advisory committees of the IEC, IDEC introduced Collaborative Safety (Safety 2.0) and proposed the need to develop an IEC Guide on Collaborative Safety. Consequently, the development of the IEC Guide was approved in 2022, and it is expected to be officially published in the near future following voting by each national committee.

In addition to the aforementioned, IDEC has registered as an expert in various international standardization committees, and participated in the development of international standards. Through these endeavors, we have made significant contributions, such as in the development of a standard for three-position enabling switches, for which IDEC has a global market share of over 90%, and in the revision of the standard

for emergency-stop switches. Cumulative shipments of enabling switches have exceeded 7.1 million units by FY2024, and have grown significantly overseas since the creation of the international standard. These contributions have led to improved safety, ANSHIN, and well-being not only at manufacturing sites but also across a wide range of industries, including the construction sector.

ISO standardization activities

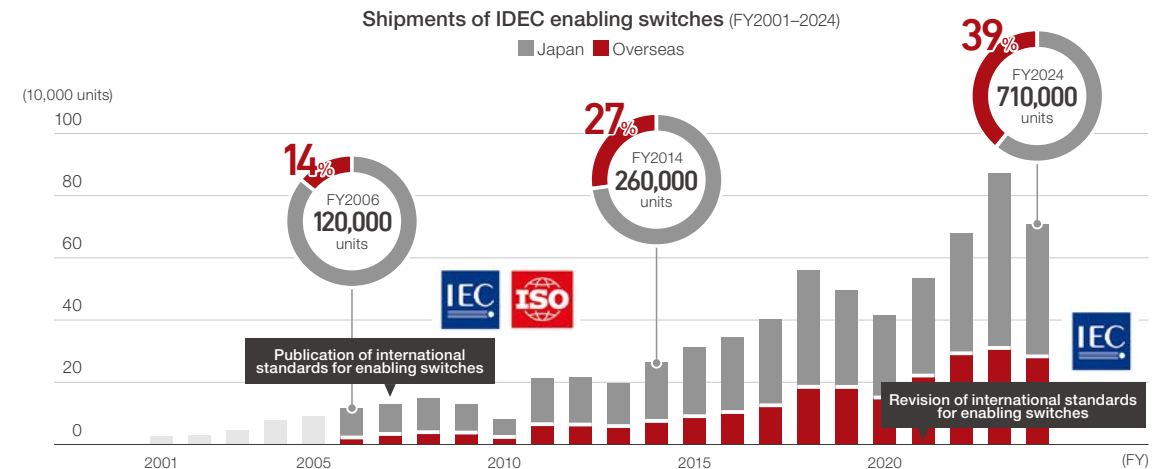
IDEC has been participating in the working group for the technical committee on robot safety to develop the ISO 10218 series of international standards relating to the safety of various

Related material issues

- Productivity improvement
- Safety, ANSHIN, and well-being

industrial robots (including collaborative robots), robot cells, and related systems.

With the expansion of the automotive and semiconductor industries, the automation of manufacturing, and the increase in processes requiring the substitution of human labor due to the decrease in the working population, the use of industrial robots is increasing worldwide. In line with this, there is a need for HMI and safety-related products to ensure the safety of operations involving both humans and robots. IDEC contributes to the development and revision of standards with the product and safety knowledge it has accumulated through the supply of various HMI and safety-related products that are effective in increasing safety, ANSHIN, and well-being.



Human Resource Development

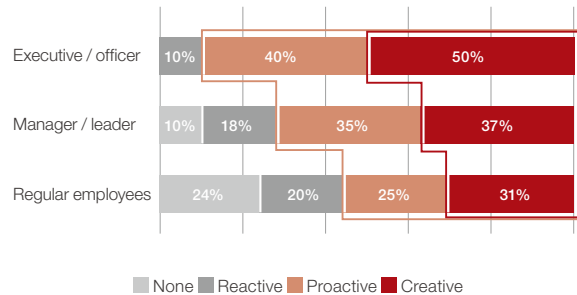
IDEC considers international standardization activities to be an essential strategy for surviving in the global market. We are also focused on employee training and education. We distribute a variety of information via our intranet and company newsletters, and also stream videos explaining our activities to date.

As a result of these efforts, there is a high level of internal awareness of our activities. In a questionnaire on the types of international standardization activities in which they would like to be involved in the future, the majority of regular employees answered that they would like to be involved in “proactive” and “creative” activities.



Video introducing IDEC's international standardization activities

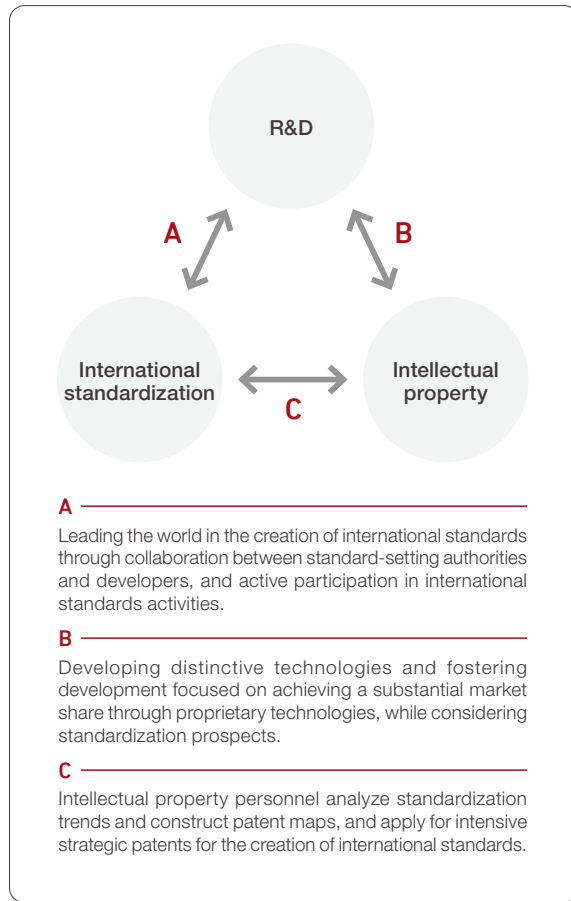
Results of an internal survey on the types of international standardization activities in which employees would like to participate in the future



OPEN & CLOSE Strategy

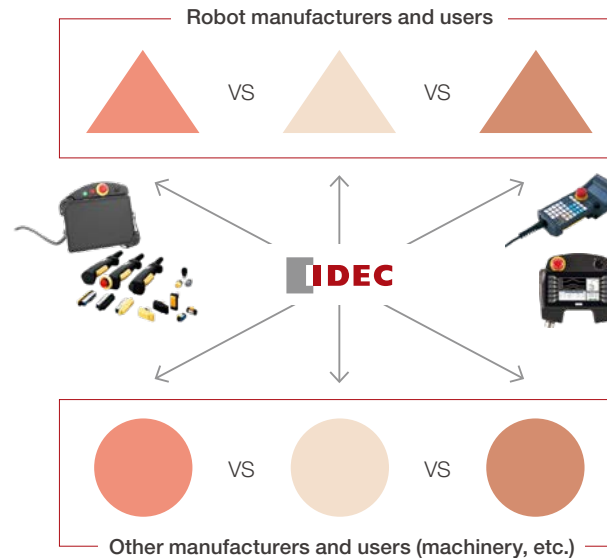
As part of our intellectual capital strategy, we are engaged in business activities based on the OPEN & CLOSE Strategy. In addition to international standardization, we operate a development promotion system in which R&D and intellectual property are integrated with international standardization as a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

This trinity includes the following kinds of activities.



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

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



In recognition of our activities, we are honored to receive the Prime Minister's Commendation and the Ichimura Prize

IDEC experienced a bitter loss of market share both in Japan and overseas, because the creation of the international standard for switches—one of its main products— was spearheaded by overseas manufacturers, resulting in the exclusion of a typical Japanese round-hole panel mounting size for switches at that time. From this experience, Dr. Toshihiro Fujita, Chief Safety, Health and Well-being Officer, recognized the criticality of conducting international standardization activities from Japan. He has since taken a leading role in Japan-led international standardization activities, by facilitating communication and cooperation between numerous European and US companies, standardization organizations, and certification bodies.

In recognition of his activities, Fujita received the Prime Minister's Commendation for Industrial Standardization from Ministry of Economy, Trade and Industry in 2022. In addition, Takao Fukui, Masaki Nobuhiro, and Fujita received the highly prestigious Ichimura Prize in Industry for Excellent Achievement Award, which recognizes technology developers who have contributed to the advancement of science and technology and the development of industry in Japan. The presentation ceremony, attended by Princess Akiko, was held in April 2024.



Ichimura Prize in Industry for Excellent Achievement Award

05



Business Strategy

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- 38 Automation & Sensing
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Global Marketing & Product Strategy

Establishing a global system to improve sales and profitability

In addition to further expanding overseas net sales by establishing a global management system and engaging in local production for local consumption, we will create new value by expanding new product lines such as HMI and safety-related products to solve issues faced by customers, and strengthening our solution proposals.

Related material issues



Productivity improvement



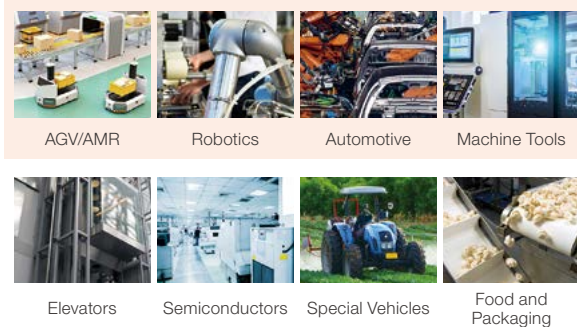
Safety, ANSHIN, and well-being



Climate change

Market strategy targeting focus industries

While IDEC Group products are used in a wide range of industries, we have identified eight key industries as our focus industries. We are engaged in initiatives focusing on industries such as AGV/AMR and robotics, which are growing globally, and automotive and machine tools, which are also expected to expand steadily in the future.



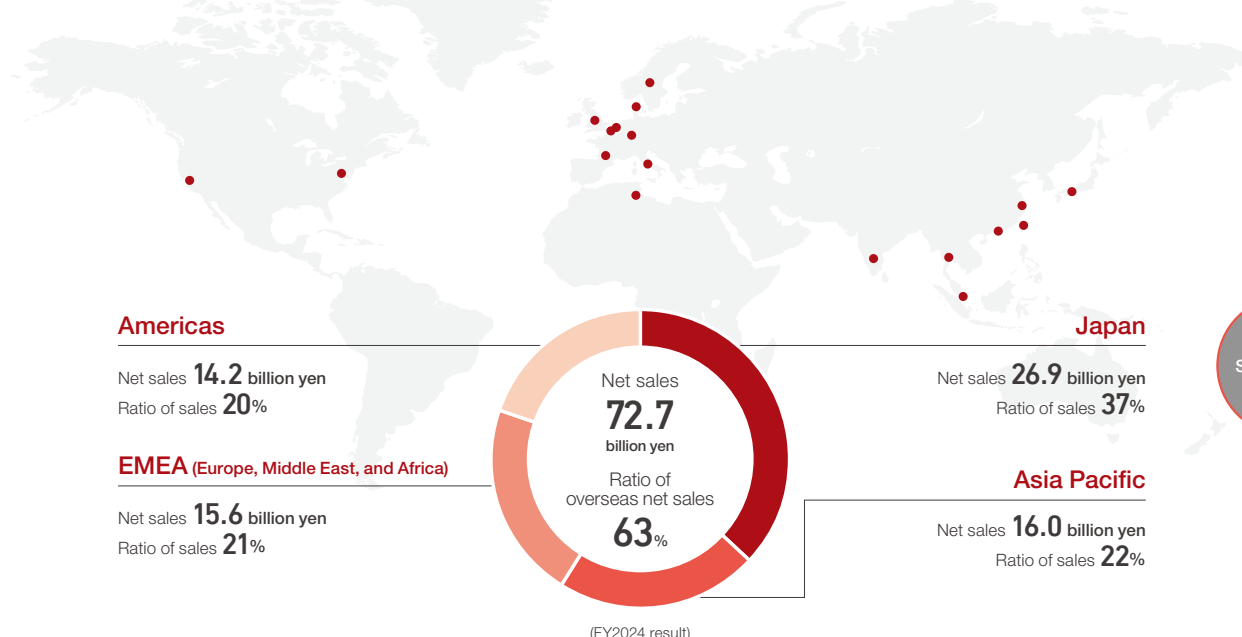
and reorganized our manufacturing, sales, and logistics sites and exchanged human resources, enabling us to take advantage of the strengths of companies. Going forward, we formulate and implement a global strategy for the entire IDEC Group, by establishing a more global organizational structure that transcends regional boundaries. By adopting local production for local markets, we will create a system covering all processes from planning and development to material procurement, manufacturing, and sales of products that meet local needs.

In sales, we are reorganizing our existing sales network into a distributor network dedicated to transactions with distributors

that are strongly committed to selling IDEC products on our behalf, and building new sales networks in each region.

In terms of region-specific initiatives, in order to expand business in Asia, where high growth is expected in the future, we are accelerating product development and local production based on local needs in China and strengthening sales channels in India to improve recognition of IDEC as an HMI and safety manufacturer and increase the share of our main products.

In mature markets such as Japan, the Americas, and EMEA, we are enhancing our solution proposals to further expand our presence.



Establishing an organizational structure and driving strategies for business expansion

At present, over 60% of the IDEC Group's sales are generated overseas. A business strategy that focuses on the global market will become even more essential in the future, and we are reorganizing our sites and reviewing our organizational structure to strengthen our global management.

Since APEM joined our Group in 2017, we have integrated

Senior Executive Officer, Marketing and Strategy

Arnaud Mondy

Further enhancing our global marketing strategy

As part of the development of our global management structure, we strengthened our global marketing organization in FY2025 in order to manage the IDEC Group's brands as a single organization.

The global heads of each function manage the development of global strategies and implementation of digital marketing and marketing communications, and work closely with leaders in each region to drive our business forward.



Executive Officer, Products Strategy

Yasunori Kawanaka

Expanding collaborative safety (Safety2.0) solutions to achieve our purpose

Although the number of environments in which humans and machines work together is expected to continue growing globally, there are still many cases in which equipment and robots are isolated from humans as sources of danger. To realize IDEC's main purpose of "achieve safety, ANSHIN, and well-being for people around the world," we will expand our line-up of new safety, ANSHIN and HMI products to drive collaborative safety (Safety2.0)—a cooperative safety system in which humans and machines work together to achieve both safety and productivity—and propose a variety of solutions to solve issues faced by customers.



Strengthening the highly profitable HMI and safety businesses, which are expected to grow globally

IDEC is a comprehensive control device manufacturer, with a diverse range of products and we hold the top market share in Japan and one of the largest in the world for HMI products such as industrial switches which account for around half of IDEC sales. We are also focusing on safety-related products, developing products based on the "safety DNA" we have inherited since our founding. To further expand sales and profits globally in the future, IDEC is working to strengthen its

HMI and safety businesses, which are two of its key strengths, and which have high profitability and growth potential.

In the HMI business, we are developing new products incorporating new functions, and enhancing our global standard products.

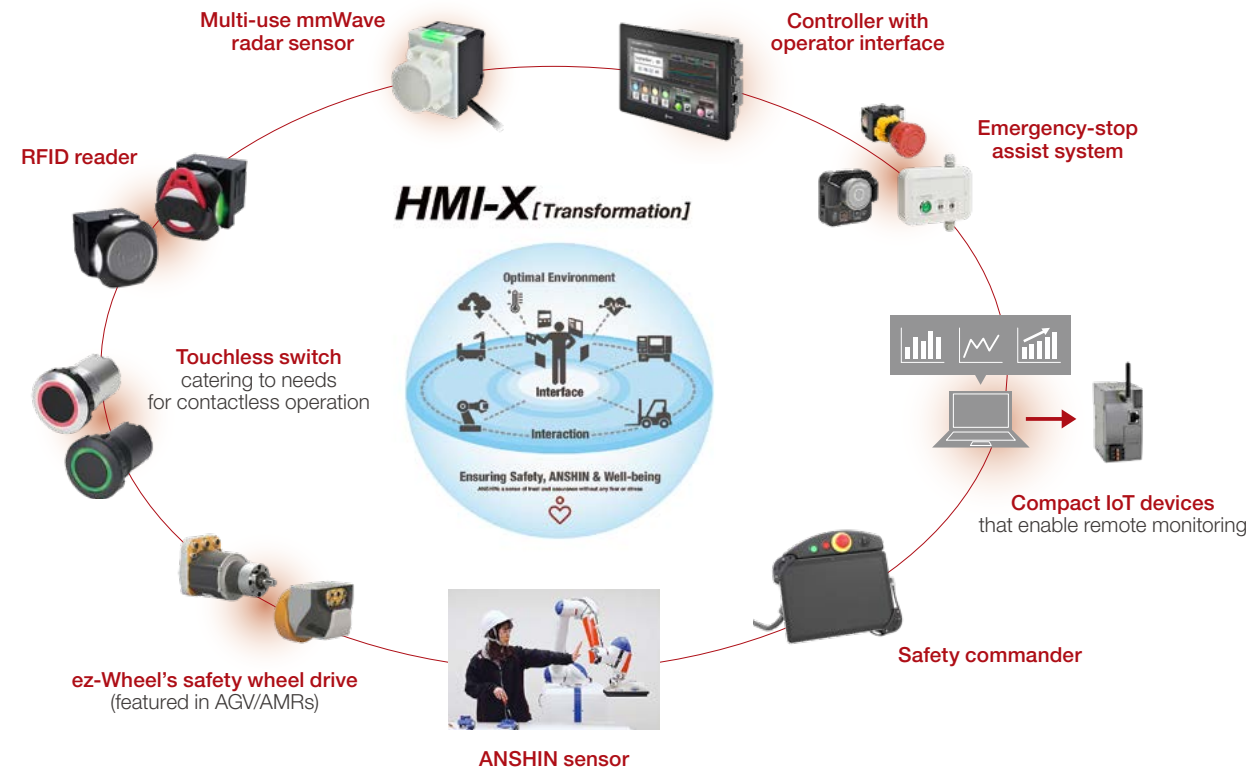
In the safety business, we are accelerating our business operations overseas—where market expansion is expected—by enhancing our product portfolio to meet regional needs. In addition to safety, we are also working to create innovative products that offer peace of mind (ANSHIN), and in January 2024 we launched the emergency-stop assist system.

Driving HMI-X by expanding solution proposals

To respond to various customer needs and issues, it is essential to propose solutions that combine various products and software, in addition to simply selling existing components as single items. In FY2024, we established the Solutions Business Promotion Department, which is working in coordination with other relevant departments to recruit and develop human resources both internally and externally, to enhance our organizational structure.

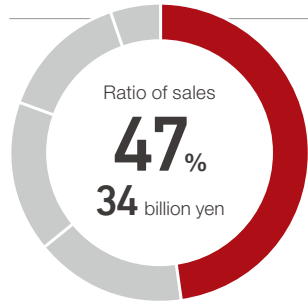
In addition to new products such as touchless switches, safety commanders, and controller with operator interfaces, developed based on changes in the market environment and industry-specific needs, we are also enhancing our solution proposals globally, such as by combining the multi-use mmWave radar sensors developed by IDEC ALPS Technologies Co., Ltd. (established in 2021) and the assist wheel drive and safety wheel drive technologies of ez-Wheel (which joined the IDEC Group in 2023). In addition to IDEC's core technologies, we also aim to provide solutions that solve customer issues through alliances and collaborations with partner companies. Solutions currently account for around 10% of sales, and we plan to expand this percentage to around 20% in the long term.

Going forward, IDEC will continue to create new value and contribute to helping customers overcome their issues by actively utilizing its core technologies such as HMI, safety and ANSHIN—which are IDEC's key strengths, and by further strengthening areas such as software and IoT.



Performance (FY2024 result)

HMI

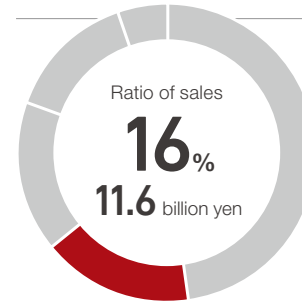


Industrial switch



Operator interface

Safety & Explosion Protection



Emergency-stop switch



Safety laser scanner

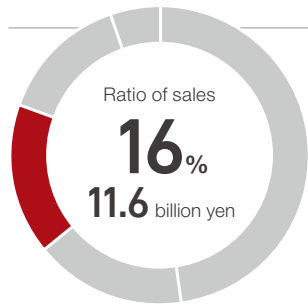


Emergency-stop assist system

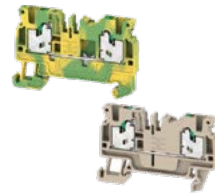


Explosion protection vibration sensor

Industrial Relays & Components



Industrial relay



Terminal block

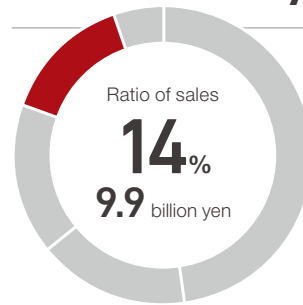


Switching power supply



LED illumination unit

Automation & Sensing



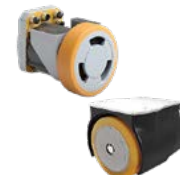
Cloud-based data logger



Sensor

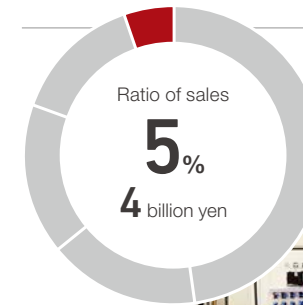


Programmable logic controller



ez-Wheel product

Systems



HMI (Human-Machine Interface)

Priority business measures

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

Since 1958 when we began sales of industrial switches, we have supplied diverse HMI products supporting human-machine interactions. Our products and the years of design and quality enhancements we have made to them have enabled us to build up a strong market share. When France's APEM joined our Group in 2017, our line-up expanded with not only more industrial switches, but also new offerings such as joysticks, LED indicators, and keyboards. In a world where an enormous array of products are needed to serve different regions, applications, and settings, we are enjoying the strong synergy generated by the combination of IDEC's and APEM's diverse product features and sales channels.

Whereas IDEC focuses mainly on supplying standard products to factory automation (FA)-centric markets, APEM's

offerings lean toward special vehicles, such as construction and agricultural machinery, and various products serving the material handling and new mobility industries. Roughly 75% of APEM's sales are from customized products, which are found at work in many different industries since they are tailored to each customer's needs. This focus on customizing products for a wide range of applications is underpinned by APEM's superb design and development capabilities, generating high-quality products that robustly perform under challenging environmental conditions. We are working to produce even greater synergies between IDEC and APEM by optimizing manufacturing, sales, and logistics centers to lower costs and streamline operations, exchanging talent, and localizing sales strategies.



FA-centric markets



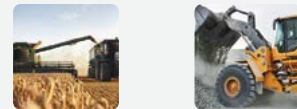
Semiconductors Machine tools Automotive



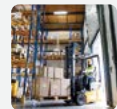
Robotics AGV/AMR



Special vehicles, new mobilities, material handling, etc.



Agricultural machinery Construction machinery



Material handling

Developing next-generation HMI products to realize HMI-X

Seeking to become the world's No.1 leader in HMI, the IDEC Group develops products that respond to new needs emerging in the global market. Today, environments where people and machines work together are changing. Under HMI-X, a new concept we put forward in 2022, we are aiming to optimize those environments by bringing greater interactivity to machine control. To do this, we have been launching new products—such as smart RFID readers for managing machine access and operation logs, safety commanders that can be attached to tablets used at manufacturing sites to ensure worker safety,

and touchless switches that address needs for contactless solutions—and have been expanding the line-up of APEM products to better serve diverse customer needs.

In order for us to continue growing in a landscape where megatrends and market changes are transforming customer needs in many ways, we must develop next-generation HMI products that offer new features. Going forward, we will continue creating new HMI products to further grow our business and help realize safety, ANSHIN, and well-being.



Smart RFID reader "KW2D series"

Safety commander "HT4P series"

Touchless switch "CW1H/4H series"

Operator interface "HG2J series"



Panel solutions



Switch components



Joysticks

HMI (Human-Machine Interface)

IDEC Touchless switches to reduce risk in environments where switches are operated by many people

To accommodate the need to make switches operated by many people contactless, we launched touchless switches that can be used indoors or outdoors in 2022, and we also added a short-range detection type to the line-up in 2023.

In addition to preventing the spread of infections, touchless switches are suitable for a wide range of situations, such as ensuring hygiene in food processing, reducing machine operator fatigue when operating switches at high frequency, as a measure to extend the service life of switches, or as a replacement for photoelectric sensors.



Touchless switch "CW1H/4H series"

IDEC Operator interface with high visibility and excellent environmental resistance

The "HG2J series" 7-inch medium-sized operator interface does away with the resin film applied to the touch panel surface in conventional products and instead features a glass-top construction using a projected capacitive (PCAP) type touch panel. This ensures the display can maintain high visibility for a long time without degradation due to whitening.

It also features excellent environmental durability with IP66F and IP67F water and dust resistance in addition to operating temperatures ranging from -20°C to 60°C, making it suitable for a wide range of applications.

It is packed with distinct features that embody the HMI-X concept, including the ability to transmit audio information by connecting a USB speaker, and highly flexible machine placement due to wireless communication when a Wi-Fi dongle is connected.



Operator interface "HG2J series"

APEM The new "IG series" allows for post-assembly customization

The IG series is the latest addition to APEM's "I series" product range, offering unparalleled flexibility and scalability for grip applications like joysticks and armrests. This series stands out for its late-stage customization capabilities, allowing design changes at any project stage. The "IG series" boasts a compact design with a snappable actuator, providing strong tactile feedback and easy integration into various environments.

It offers exceptional resistance and durability, ideal for harsh environments, with sealing levels up to IP69K (front) and IP67 (rear). The "IG series" is customizable with options like integrated LED illumination, laser or hot stamping markings, and color choices, making it suitable for diverse applications on joysticks, belly boxes, and handheld devices.



Control switch "IG series"

Leader's Message



Pursuing excellent environmental durability and high-level design qualities

Susumu Umeda

Leader, Electronics & Automation Product Development Department, IDEC CORPORATION

In designing the "HG2J series" operator interface we faced strong demands to make the housing thinner, and spend a huge amount of time studying heat dissipation. We adopted a wide type LCD panel for the display component, and to make best use of its original appearance, focused on using a glass-topped capacitive touch panel instead of a conventional analog touch panel. As this type of touch panel was not mainstream for control devices, before it could be commercialized we had to perform studies and evaluations as we went, taking into account construction, noise resistance, cost and supply aspects.

Manager's Message



The evolution from the "I series" to the "IG series"

Stéphane Martel

Engineering Manager, APEM SAS (France)

The development of our new "IG series" was challenging as we aimed to merge the robust environmental features of our "I series", introduce customization options during the final assembly, and enhance symbol illumination. APEM SAS mechanical and electrical teams worked together to design this new pushbutton, integrating an electronic board positioned just below the sturdy cap with an outfitting sealing membrane.

Manager's Message



Unique customizability tailored to customer needs

Vivien Rineau

Head of Product Marketing, APEM Components Ltd. (UK)

With the "IG series", we simplify life for our customers with post-assembly customized options, while reducing production pressure through a platform approach. Our design is based on a common structure that enables customers to select, and even personally install, the cap of their choice. In short, it's a win-win approach which doesn't compromise on the cap's robust fastening.

Safety & Explosion Protection

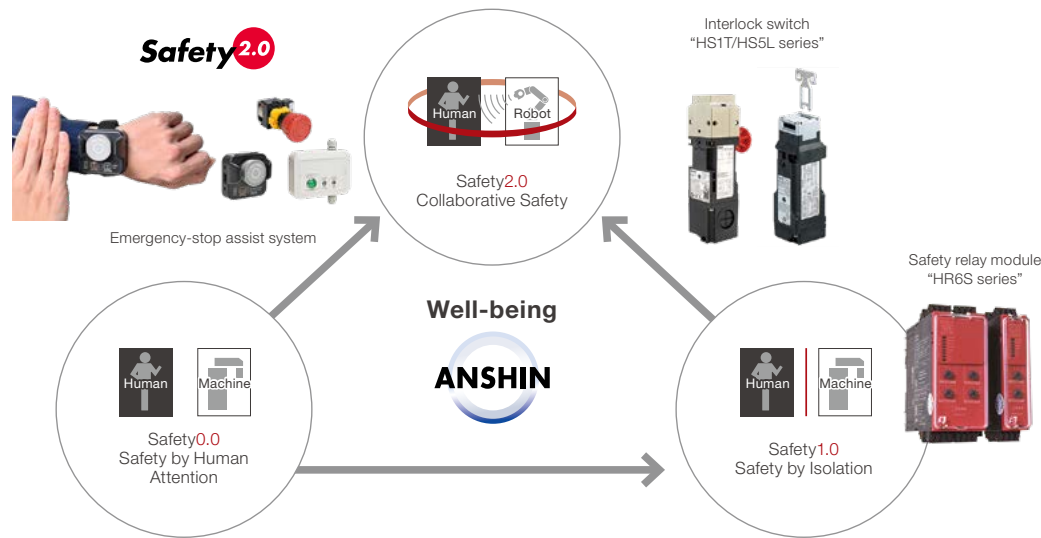
Priority business measures

Providing solutions that enhance safety and productivity

Since the founding, we have provided diverse products and services aimed at creating an optimum environment for humans and machines. At the same time, we have developed and supplied safety-related products that reduce the risks of using machinery, and explosion protection products that can be safely used in the presence of flammable gas and liquids. In so doing, we help customers to achieve both safer operations and greater productivity. As a developer and supplier of products that protect people's lives, we equip society with a variety of products and services for realizing safety and ANSHIN. Our goal is to pursue and achieve the world's highest level of safety, ANSHIN, and well-being.

A leader in collaborative safety (Safety2.0)

The concept of safety has evolved over the years. It started with the idea of achieving better safety through human attention and discernment, referred to as Safety0.0, which focused on making changes to machinery to protect workers, such as adding physical separation and stopping mechanisms. Now society has entered the era of collaborative safety (Safety2.0), where both safety and productivity are realized through collaborative relationships between humans and machines. The products we develop are designed to provide not only safety, but also ANSHIN. We strive to improve the well-being of society as a whole so that industrial workers and everyone else can live healthy, happy, and vigorous lives.



Pursuing safety and ANSHIN in the field

As the global market for safety-related products are expanding, particularly in China, due to the push for automation at manufacturing sites and increased awareness of occupational safety, we are investing in a wide range of new products.

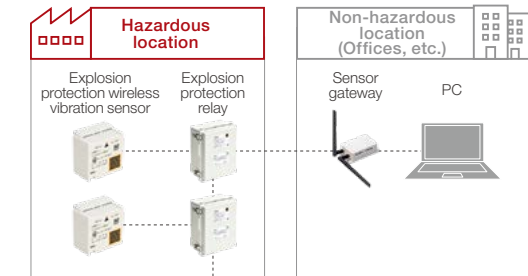
We released a short-body emergency-stop switch in December 2023 that employs IDEC's proprietary safety construction and conforms to the new ISO 13850 safety standard. We released an emergency-stop assist system in January 2024 which allows an emergency-stop to be triggered wirelessly via remote control even when the emergency-stop switch installed on an AGV, AMR or other equipment is not directly pressed. The ANSHIN sensor was also added to the line-up to support sites at which humans and robots work together.



Using IoT for predictive maintenance of facilities and equipment in explosion protection areas

The explosion protection areas of petroleum plants, chemical factories and other facilities face various issues. In addition to deteriorating equipment, it may not be possible to perform adequate maintenance due to personnel shortages or the decreasing number of skilled engineers. IDEC has a line-up of various products designed to improve on-site work efficiency with the use of IoT.

The wireless vibration sensor with an intrinsically safe explosion protected construction is designed to measure for predictive signs of equipment failure via a wireless network, thus enabling predictive maintenance. By using the sensor in combination with the explosion protection relay and sensor gateway, the time and man-hours taken for the maintenance and upkeep of equipment spread across a vast site can be significantly reduced and offer remote monitoring functions.



Team Member's Message



Expansion of the safety business in the Chinese market and the issues faced

Yoben Liu Strategic Sales Department, IDEC (SHANGHAI) CORPORATION

The Chinese industrial automation market faces issues with safety and the widespread adoption of explosion protection products, and customers' knowledge of these products is still insufficient. That's why we are implementing various activities such as stronger marketing campaigns to improve brand recognition, the provision of technical support and training, and appropriate pricing strategies. By optimizing our products and services in light of market needs and demand, we provide customers with more reliable and efficient safety and explosion protection solutions.

Industrial Relays & Components

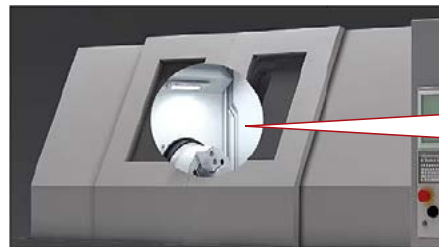
Priority business measures

Offering a full line-up of products to help customers overcome issues

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

warehouses and semiconductor fabrication equipment.

Responding to ever-growing needs for “smarter” facilities and equipment, space-saving, and quality stabilization, IDEC adds new technologies to control panel components to provide operator-friendly production environments offering greater efficiency and convenience. This is another way that we help customers find solutions to various issues.



Example of LED illumination units in use



Control panel

Broadening line-up of PCB-mounted components and push-in products that are smaller and require less wiring and labor

As solutions to miniaturization and reduced person-hours, two of the issues surrounding control panels and control components, we have expanded our line-up of devices equipped with printed circuit boards (PCBs) and push-in products. To date we have developed, produced and sold PCB-mounted components such as industrial relays, terminal blocks and circuit protectors. However, as we expect a further expansion of demand in the future, we are focusing on bringing new products to market.

We are also working to expand our line-up of push-in products. These products enable easy wiring by simply pushing in the terminal, resulting in reduced man-hours spend on wiring compared with their screw-type counterparts, along with stable quality. In addition to component sales, we have also enhanced our line-up of accessories for automatic tools and provide installation assistance as part of comprehensive support for all aspects of manufacturing.

Interface relay helping reduce the size of control panels and control components

Due to advances in the miniaturization of control panels, sales of ultrathin interface relays that support high-density installation are on the rise, particularly in the USA.

Compared with regular relays, slim relays take up less space inside control panels and streamline wiring work and maintenance tasks.

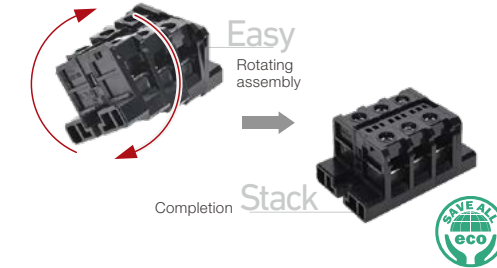
As we project that demand for interface relays will continue to rise in the future, we will work to expand sales.



Interface relay “RV8H series”

New fixed terminal block using mechanical engineering capabilities

We have released a new and revolutionary terminal block that can be easily assembled by customers without the need for tools. IDEC’s proprietary construction, which allows for “easy” “stack” assembly by simply rotating the terminal blocks, flexibly accommodates sudden specification changes and maintenance tasks, reducing labor. As a shaft screw to connect terminal blocks is no longer needed, the number of components is reduced, aiding in environmental protection.



Terminal block “BTBH easy-stack™”

Manager's Message



Industrial components' growth strategy and promotion of digital marketing

Bruce Fink Product Manager, Product Marketing, IDEC CORPORATION (USA)

IDEC USA focuses on industrial relays and sockets, switching power supplies, and LED illumination units, as well as all industrial components. Our USA Sales and Marketing Teams train our distributors to be well-versed in product knowledge, applications, and the latest technology. This focused training increases sales potential by three to four times.

In Product Marketing, we use digital marketing programs with leading industrial publishers like Control Design, Machine Design and Automation World to showcase IDEC to a wider audience. We also use monthly promotions on IDEC USA LinkedIn and other social media platforms.

Automation & Sensing

Priority business measures

Offering optimum solutions matching the era of IoT and Industry 4.0

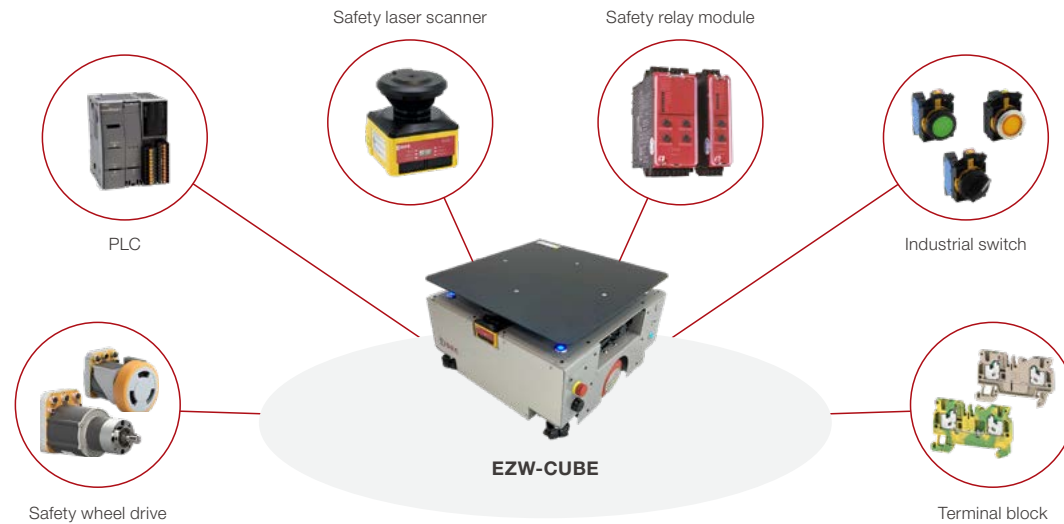
With the working population on the decline and the advance of IoT and other technologies, there is a growing demand for products that not only provide remote monitoring and operation, but also improve task efficiency or promote automation. As IDEC has stepped up its sales of solutions that can help customers to solve various issues they face, we are also working to enhance our line-up of automation and sensing devices that represent the key devices in this field.

We promote the automation and streamlining of production through a wide range of solutions, from programmable logic controllers (PLCs) that control machinery and production lines,

sensors that detect state changes and objects, and automatic identification devices such as code readers that are experiencing growing demand for traceability applications.

To strengthen the solution business, we newly launched the EZW-CUBE, a development kit for AGVs and AMRs. This product was designed to enable actual use of the main function of ez-Wheel safety wheel drives. We also offer a package together with IDEC's HMI and safety-related products can be customized based on the customer's application.

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



Strengthening the line-up of sensors to meet growing demand

IDEC is expanding its line-up of sensors to meet a diverse range of needs. We launched the "1A1M series" multi-use mmWave radar sensors developed by IDEC ALPS Technologies Co., Ltd. in 2023, achieving excellent detection and ranging performance even under poor conditions by applying technologies cultivated in the consumer and automotive markets to industrial equipment. We added new high-sensitivity model and new functions such as a moving object detection in 2024.

We also released the "SA1N series" miniature photoelectric sensor with built-in amplifier. The "SA1N series" is more compact than conventional photoelectric sensors, saving on space, cost and labor while contributing to the downsizing and increased functionality of equipment.



Proposing optimum solutions with IoT-enabled products and functions

In recent years, with information being consolidated in higher-level controllers by connecting devices over networks and control panel equipment layouts becoming more decentralized, there has been a growing demand for remote I/O systems. To meet these needs, we released the bus coupler module "SX8R series", a key component of system construction. It is now possible to build a remote I/O system using the extensive range of I/O modules for the PLC "FC6A series" via the host controllers and industrial networks.

We have also released the "FT2J series", which integrates an operator interface and PLC and helps achieve IoT automation systems that take up less space, save on labor and are environmentally friendly.



Manager's Message



Software development to meet customer needs in China

Junfeng Zhao General Manager, IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION

Our company was in charge of software development for "FT2J series". Taking into consideration the convenience of customers, particularly customer needs in China who prioritize speed and cost, continuous improvements were made to reduce the software boot time in milliseconds.

Furthermore, various technological solutions were evaluated to ensure smooth and high-speed communication between the integrated operator interface and PLC, leading to the realization of the optimum solution. On the cost front, efforts are being made to clearly define specifications for the local market, pursue cost advantages, and shorten the development delivery time.

Priority business measures

Contribution to resolving societal issues by providing optimum solutions

IDEC FACTORY SOLUTIONS CORPORATION has developed a wide array of systems as a solutions-oriented system integrator in the factory automation and social system fields leveraging IDEC's strength in HMI, safety-related products and safety systems.



Factory automation system

Launching DX solutions for the pharmaceutical industry

As an IoT solution catering to DX needs that integrates the development of smart factories with monitoring and control systems (SCADA), we have begun the rollout of a manufacturing execution system (MES) to not only make individual devices IoT-capable, but to connect them to further raise productivity.

Meanwhile the pharmaceutical industry is in the midst of an industry reorganization at the global scale, when investments in DX to strengthen competitiveness rapidly accelerating. In the Japanese market in particular, companies are facing an urgent need to deal with "manufacturing data integrity" which is lagging far behind that of foreign manufacturers.

The use of MES/SCADA systems is an essential part of efforts aimed at global standard good manufacturing practice (GMP), the standards for manufacturing and quality control of pharmaceuticals. This goes beyond simply introducing these systems; they need to integrate with various manufacturing

processes in production lines and also work with enterprise resource planning (ERP) systems.

By providing the latest DX solutions as an added component to the HMI and control panel-driven integrated production line control we have developed to date, we will develop solutions to address these GMP issues.



Proposing robot systems anticipating a future society where humans and robots collaborate

As a measure to improve productivity, there is a growing demand for utilizing AMRs to automate the transportation processes within factories. Due to the increasing need to develop sophisticated systems that broaden the scope of automation to including picking and serving operations in addition to simply transporting items, we are making improvements to automation proposals that add something extra to transportation tasks by equipping AMRs with collaborative robots.

We excel in the development of systems that pose high hurdles in terms of safety aspects, such as controlling the operation of multiple units and building systems that integrate with elevators. Particularly, there is a rising trend in inquiries from industries such as semiconductor and pharmaceutical manufacturing, which face labor shortages and require advanced automation technologies.



AMR use case

Leading the control panel industry as a driving force in DX

For industrial machinery including semiconductor fabrication equipment, the control panel is a core component that can be considered the brain. While the demand for automation and electrification is growing worldwide, the situation is becoming critical at Japanese control panel manufacturers, impacted by personnel shortages driven by the declining birthrate and aging population.

Approaches that enable even unskilled workers to perform assembly operations, and initiatives to make full use of the knowledge of skilled workers while raising productivity are needed. We have led the industry with the introduction of 3D CAD for electrical design, and will significantly improve production efficiency by seamlessly connecting processes from design through to manufacturing.



Leader's Message



Earning high levels of trust with outstanding system control technologies and safety consulting capabilities

Junichi Tanaka Leader, Sales Department, IDEC FACTORY SOLUTIONS CORPORATION

Currently, I'm responsible for sales of automation solutions for transportation processes utilizing AMRs and collaborative robots. Lately, there has been an increase in inquiries requiring integration with higher-level systems such as ERP and Warehouse Management Systems (WMS). With systems becoming increasingly complex and sophisticated, the key to success in factory automation is striking a balance between safety and productivity to a high level.

Our solutions, which include safety consulting, are earning a deep level of trust from even more customers.

06



Foundation for Value Creation

Governance

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Interview with Directors

Representing IDEC's employees, Yuki Takahashi (General Affairs & Legal Group Manager for the Strategic Planning Division) and Rieko Motoyama (Manager of the Corporate Communication Department) interviewed Hiroshi Kobayashi, an outside director, and Takao Funaki, who became a director in June 2023.

How would you rate the structure and operations of IDEC's Board of Directors?

Kobayashi I think the Board's membership is well-balanced, with a high ratio of outside directors and of female directors. At Board of Directors' meetings, we do more than just go through the motions. Everyone expresses their thoughts freely and proactively, and the atmosphere is always positive.

Funaki It's only been a short time since I became a director, but from my standpoint as an inside director, I feel that our outside directors take part in meetings not just as a formality, but with a strong sense of awareness. They do more than just cast their votes, working to understand the direction we are taking as a company, advising us on proposals, and making various constructive and insightful comments based on their respective fields of expertise. Because they play such active roles, we can consider and implement their suggestions right away.

Kobayashi In terms of issues to be addressed, as said issues are only reflected in the materials for Board of Directors' meetings after they have been discussed at the Top Management Meeting the discussion process is slightly difficult. I think it would be helpful if we could get our hands on the meeting materials a little sooner.

Funaki I agree. We will consider ways to provide these materials quicker so that they can be reviewed earlier.

Mr. Funaki, you were newly appointed as a director in 2023. Mr. Kobayashi, you took part in the next-generation director candidate development program that led to Mr. Funaki's appointment. What were your impressions of it? And Mr. Funaki, how did you feel after going through the program?

Kobayashi The first time I met Mr. Funaki, I had a one-on-one meeting with him and asked him to try working on a problem.

Funaki You gave me the task of thinking about our medium-term vision. At that time, I remember you advising me that I should first think about the company's goals as a whole, and then strategically about what I can achieve individually.

Kobayashi Yes, that's right. I got the impression that you had a strong sense of curiosity, were good at absorbing information, and highly enthusiastic about your work. I thought that it was important for you to become a director and take on a leadership role as soon as possible. I remember sharing my opinion on your nomination for a director position at a Nominating Committee meeting.

Funaki Thank you. I will keep doing my best to meet your expectations.

Kobayashi When you become a director, you take on a lot of work and responsibility, so I think it is good to consciously set aside some time to visit the frontlines of our workplace. You will receive various reports on how things are progressing, but in the end you need to make decisions based on what you've seen with your own eyes and how you feel about a situation. It is also important to trust those working on the frontlines and delegate matters to them, so I would like you to continue gaining experience in this area.



Outside Director
Hiroshi
Kobayashi

Director,
Senior Executive
Officer
Takao
Funaki

As directors, what are your views on IDEC's business operations?

Funaki The overall business outlook during the current fiscal year remains uncertain. I think that responding to changes and improving profitability, while working to limit various risks including geopolitical risks, will become the most important theme of our Medium-Term Management Plans.

Kobayashi IDEC's publication of a Medium-Term Management Plan in FY2023 was good. It is vital for everyone in the IDEC Group to understand and carry it out together. Even under particularly difficult circumstances, I think that we can further build on the plan by improving information sharing between our manufacturing and sales departments—such as keeping track of customer inventories and sharing customer feedback acquired during surveys and interviews—and getting back to the basics of business.



Our Chairman and CEO, Toshi K. Funaki, has positioned transforming into a global company as a major focus point. What do you think IDEC needs in order to accomplish this?

Funaki For IDEC to continue growing as a global company, it will be necessary to select strong leaders throughout the Group and foster their development. We have made progress but still have ways to improve the globalization of our organization. We need a system that enables global career development to build a strong leadership as global company.

Kobayashi Developing our human resources is extremely important. One approach to this is to delegate authority to each region and enable them to act responsibly and independently. If you don't delegate authority, then people won't grow. If head office tries to control everything, then the information it sends out will be biased, and things won't go well. That said, for each country to demonstrate its independence, they must each operate properly as an organization and have suitable human resources. On top of that, we need to bring countries together organically. If we achieve that, I think the Group as a whole will be able to show its power as a global company.

The level of social responsibility that society demands from companies continues to increase. In light of this, how do you feel about IDEC's sustainability initiatives and related discussions at Board of Directors' meetings?

Kobayashi I feel that IDEC is quite proactive in this respect. It will become normal for all companies to engage in sustainability initiatives, so I think carrying out such initiatives while maintaining our sense of how quickly the world is changing will serve us well.

Funaki Rather than considering our sustainability efforts to be just an option that the company chose to make, we see them as a comprehensive approach that balances environmental responsibility, social justice, and economic



viability. The long-term success of any company is deeply linked to the well-being of its communities and the future of the planet as a whole. As such, we are working to increase our sustainability from every perspective, not only by pursuing energy efficiency, but also by reducing waste and considering the environmental impact of the entire product lifecycle. So that each employee is aware of their role and responsibilities and contributes appropriately, I would like us to work even more thoroughly and with a sense of urgency, including with regard to fostering a better workplace culture.

Outside Director
Hideyuki Ohkubo

We also asked Hideyuki Ohkubo, an outside director, to provide his responses to the interview questions.

Board of Directors' meetings have an open atmosphere, where we can ask questions at any time and speak up when we want to. In particular, I greatly appreciate the fact that opinions expressed at Board of Directors' meetings are immediately incorporated into various business measures, allowing for agile management. In terms of the meeting materials, I would be grateful if the main issues and key points could be shown in an way that is easy to understand, even if just as a summary.

I feel that the appointment of Mr. Funaki as a director in 2023 came at just the right time for him to start learning about management, and that he was at an appropriate age and experience level to take up the position. I believe he should continue to learn and gain experiences, including on the company's frontlines.

We understand that business conditions in the FA industry will remain challenging during FY2025. Under these conditions, IDEC is currently implementing reforms aimed at improving its profitability. However, these reforms must be carried out with a solid understanding of the actual work sites that will implement and drive initiatives. I think it would be a good idea for us to visit work sites on a regular basis.

To move forward with IDEC's global expansion, I would like to see a thorough analysis of the company's core competencies—what its strengths are as a manufacturer—and discussions of how to place products with strong appeal into our markets. It is necessary to thoroughly develop the competitive products. I feel that the most fundamental thing we can do as a manufacturer is to increase the number of competitive products we offer.



A commitment to effective governance

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

Related material issue

Business foundation

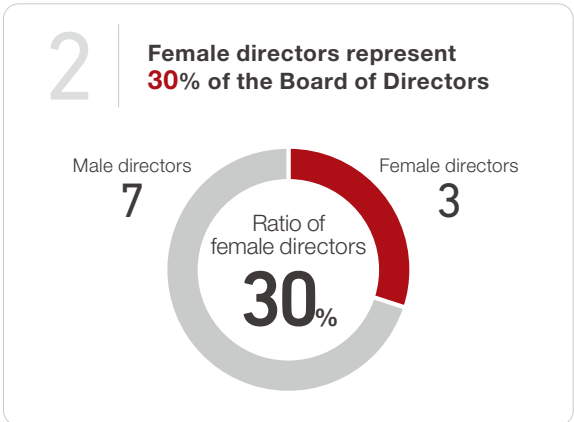
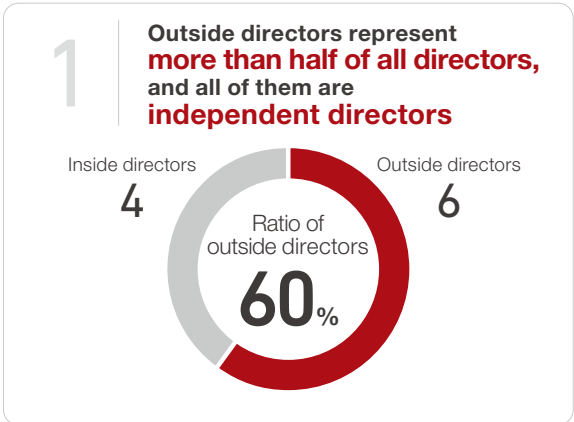
Major sustainability KPIs (FY2023-2025)

- Number of items with below average scores in the Board of Directors' effectiveness assessment **20% or less**
- Number of serious legal violations **0**

More information is available here.
<https://us.idec.com/idec-us/en/USD/sustainability/governance>

Features of IDEC's governance

(As of June 30, 2024)



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

4 Outside directors actively participate in outside directors' exchange sessions and other events

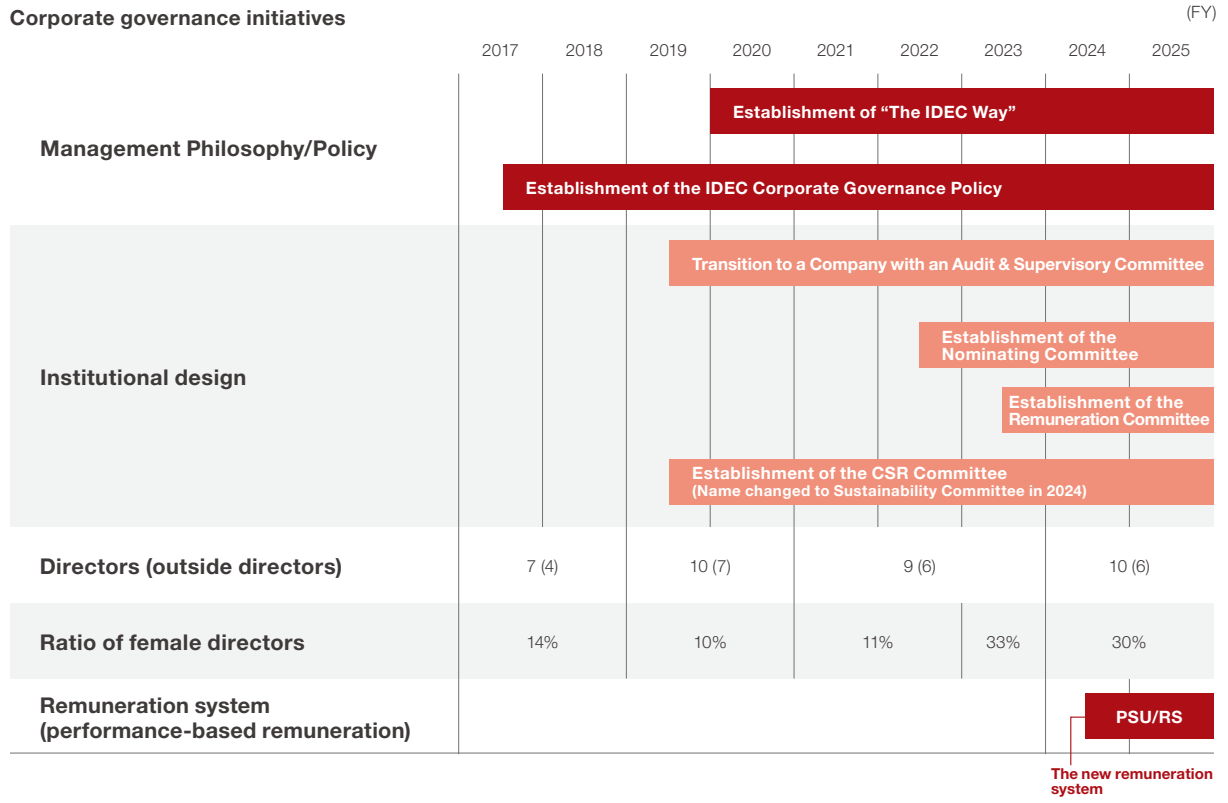
Evolution of governance

The IDEC Group has separated the business executive function and the supervisory function of the management in order to realize efficient corporate management, and has proactively appointed outside directors since early on. The IDEC Corporate Governance Policy was established to set forth and communicate our views on governance and our operating policy in FY2017. We transformed into a Company with an Audit & Supervisory Committee in FY2019, established a voluntary Nominating Committee in FY2022, and a Remuneration Committee in FY2023.

We have ensured that outside directors constitute the majority of all directors since FY2017. The Board of Directors is a diverse body made up of men and women with different backgrounds and areas of expertise.

Additionally, we introduced a performance-based stock-based compensation (performance share units) and restricted stock (restricted stocks) executive compensation in an effort to review the compensation scheme in FY2024.

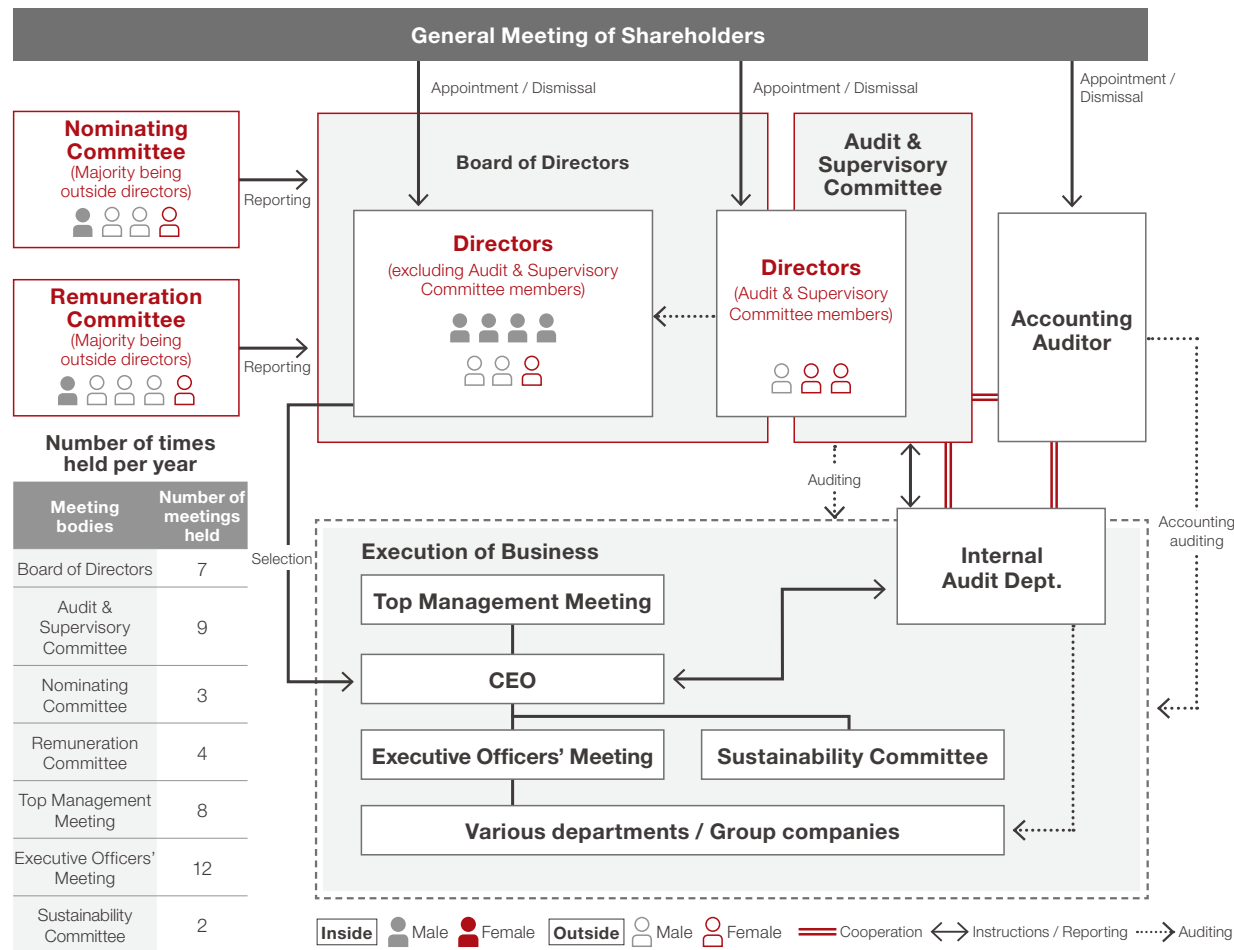
Corporate governance initiatives



IDEC Corporate Governance Policy

The basis of the IDEC Group's corporate governance is to ensure management transparency and effectiveness for the sake of shareholders and other stakeholders. For this reason, we assign outside directors and separate the management supervisory function from the executive function so as to always maintain a high priority on transparency and effectiveness.

Guided by these principles, we formulated and issued the IDEC Corporate Governance Policy to improve our corporate value in line with "The IDEC Way." We are taking action under this policy to further strengthen our governance practices so that we can govern our company more effectively.



Policy for cross-shareholding

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

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

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

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

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

Internal control system

To ensure the credibility of our Group's financial reporting, we have established the Internal Control Policy on Financial Reporting and clearly defined our Group-wide system for

implementing that policy, in line with standards for assessing internal controls on financial reporting. We have also created a framework for continuous self-auditing by divisions and Group companies and independent monitoring by the Internal Audit Department.

Constructive dialogue with shareholders, investors, and analysts

To gain their confidence in and fairly evaluate our management, the CEO, senior executive officers and head of the Strategic Planning Division play active roles in IR and SR activities. This includes diligently responding to requests for interviews from shareholders and institutional investors. The information acquired from those interactions, including appraisals and opinions concerning markets, is regularly reported to the Board of Directors, and six such reports were made in FY2024.

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

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

Nominating Committee and Remuneration Committee

The Company established the Nominating Committee and Remuneration Committee in 2021 and 2022 respectively, and operates them as non-statutory advisory bodies to the Board of Directors. The Nominating Committee considers and deliberates over the nomination of candidates for director, plans to cultivate candidates for the next-generation of top management and succession plans, while the Remuneration Committee considers and deliberates matters related to the remuneration system and regulations, and makes remuneration decisions in accordance with the system. Both committees report to the Board of Directors. The members of each committee comprise directors selected by the Board of Directors, a majority of whom are outside directors, and include the Chairman of the Board of Directors as an inside director.



Status of committee meetings and major matters for deliberation (FY2024)

Nominating Committee members

Chairman	
Toshi K. Funaki	Representative Director Chairman
Members	
Hiroshi Kobayashi	Outside Director
Yasuo Himeiwa	Outside Director, Certified Accountant
Michiko Kanai	Outside Director, Lawyer

Remuneration Committee members

Chairman	
Toshi K. Funaki	Representative Director Chairman
Members	
Hiroshi Kobayashi	Outside Director
Hideyuki Ohkubo	Outside Director
Yasuo Himeiwa	Outside Director, Certified Accountant
Michiko Kanai	Outside Director, Lawyer

Date	Key details
November 8, 2023	Proposed re-elections for the next fiscal year Report on the progress of next-generation executive development
November 28, 2023	Selection of a candidate for substitute director and Audit & Supervisory Committee member
March 21, 2024	Report on candidates for director for the next fiscal year Report on the progress of next-generation executive officer development

Date	Key details
April 27, 2023	Deliberations over the remuneration regulations
June 13, 2023	Explanation of remuneration under the new system
November 8, 2023	Schedule for determining remuneration Deliberation over the handling of PSU and RS when an officer steps down mid-way through their term
March 21, 2024	Outlook regarding the achievement of remuneration KPIs Deliberations over performance-based remuneration levels

Succession plan

The voluntary Nominating Committee established in 2021 discussed the selection of next-generation executive candidates and how to train them, and then developed and launched a succession plan for cultivating next-generation executive leadership.

The committee promoted the development program among the selected next-generation executive candidates, arranged outside training, 1-on-1 action learning provided by outside directors, lectures on specialized topics and other activities, and provided opportunities for candidates to deepen their contact with current directors and executive officers while gaining hands-on experience with actual management issues through attendance at each Top Management Meeting and Board of Directors. While candidate directors for the next fiscal year were chosen from among the next-generation executive candidates in June 2023, the newly appointed directors will continue with the development program including executive coaching following their appointment, and the Nominating Committee will request appropriate reports on the status of their development, which it will use to offer opinions on the development plan.

Succession plan program

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

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 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.

Director remuneration

Basic Policies

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

Policy for determining remuneration, etc. for individual directors

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

Malus and clawback of remuneration

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

Overview of the remuneration system

Composition of remuneration

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

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

Base compensation

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

Performance-based remuneration

Bonus

To raise awareness of the need to improve business performance in each fiscal year and clarify the commitment to stakeholders with respect to such matters, performance-based monetary compensation reflecting key performance indicators (KPIs) is divided into 12 and paid monthly together with monthly basic remuneration.

Bonus amounts are calculated by multiplying a standard amount for bonus calculate set for each officer by a payment coefficient (0-200%) corresponding to the business results for the fiscal year. KPIs used for calculation are the consolidated operating profit margin in each fiscal year and human resource evaluations (excluding titled directors) concerning business results, etc. from the division for which the director is responsible.

Share-based remuneration

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

PSUs are issued as shares in the common stock of the company with transfer restrictions, based on the number of share units issued for each position multiplied by a payment coefficient linked to the attainment rate of financial indicators emphasized in the medium-term management plan and non-financial indicators such as CO₂ reduction rates. The KPIs used for calculating PSUs are the degree of attainment of targets stated in the medium-term management plan as financial indicators, the degree of attainment of ESG-related targets as non-financial indicators, and human resource evaluations (excluding titled directors) regarding business performance in the division for which the director is responsible.

RS is issued as shares in the common stock of the company with transfer restrictions. The number of shares is determined based on a number equivalent to a base monetary amount determined in light of the company's business performance, the scope of responsibilities of each director and various circumstances.

Note that if a director is a non-resident of Japan when share-based remuneration is issued, they shall be granted phantom stock in lieu of PSU and RS.

Medium-term KPIs and weighting reflected in evaluation

Category	Medium-term KPIs	Weighting
Corporate performance	Operating profit margin	35%
	ROIC	35%
ESG	CO ₂ reduction rate	15%
	External ESG assessment	15%

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

- When bonuses and PSUs are issued, the payment amounts and number of shares issued are determined in proportion to corporate performance and individual evaluations.
- When PSU and RS-based shares vest, their assets values are linked to the share price.

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

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

Efforts to evaluate effectiveness

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

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

Outline of the effectiveness evaluation in FY2024

Target members	All directors except the CEO
Evaluation method	Anonymous 5-point questionnaire
Number of questions	40
Survey period	February 2024
Response status	All targets answered

Questionnaire evaluation items

- Roles and responsibilities of the Board of Directors
- Size and composition of the Board of Directors
- Deliberation and management at the Board of Directors
- Succession plan
- Design and operation of organizations such as the Board of Directors
- Relationship and dialogue with shareholders

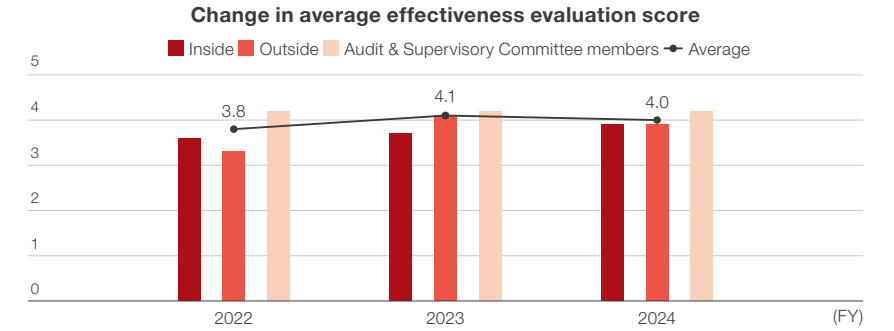
Results of effectiveness evaluation in FY2024

In terms of items such as strengthening ESG initiatives, the remuneration system, and succession planning, evaluations improved since FY2023. The overall evaluation was generally positive, and the Board of Directors was evaluated as functioning effectively.

Based on the evaluation results, we recognized the following issues, and are engaged in efforts to improve upon them.

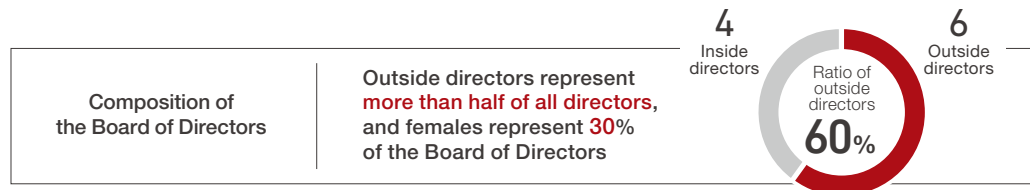
Issues and initiatives based on evaluation of effectiveness of the Board of Directors

FY2023	
Issues identified	Initiatives (actual)
Further enhancement of Board of Directors discussions	<ul style="list-style-type: none"> ■ Set up and disclosure of weighted average cost of capital (WACC) and indicators (ROE and ROIC) to be targeted as part of the medium-term management plan based on capital efficiency
Promote diversity Strengthen and involvement in ESG initiatives	<ul style="list-style-type: none"> ■ Exchange of opinions on the theme of human capital at outside directors' exchange sessions
Discussions based on dialogues with shareholders and investors	<ul style="list-style-type: none"> ■ Financial results briefings, reporting IR and SR activities to the Board of Directors
Establish operation of the new remuneration system	<ul style="list-style-type: none"> ■ Pay remuneration based on the new remuneration system ■ Check operational issues and procedures
Operation of successor planning	<ul style="list-style-type: none"> ■ HR development in line with a curriculum ■ Election of one executive candidate to the Board of Directors
Committee operation	<ul style="list-style-type: none"> ■ Periodic meetings of the Remuneration Committee and Nominating Committee



FY2024	
Issues identified	Initiatives (plan)
Set period for provision of documents and secure time for deliberations	<ul style="list-style-type: none"> ■ Provide materials at an early stage, set agenda items to secure time for deliberation, and implement effective time management of the Board of Directors
Revise business portfolio based on capital efficiency	<ul style="list-style-type: none"> ■ Set up opportunities for discussions on analysis and response relating to capital efficiency in the progress report for the medium-term management plan
Promote diversity Strengthen and involvement in ESG initiatives	<ul style="list-style-type: none"> ■ Continue diversity and ESG initiatives ■ Establish opportunities for discussion by the Board of Directors
Discuss the shift to DX	<ul style="list-style-type: none"> ■ Set up opportunities to discuss strategies based on DX, such as the introduction of ERP systems
Discussions based on dialogues with shareholders and investors	<ul style="list-style-type: none"> ■ Financial results briefings, reporting IR and SR activities to the Board of Directors ■ Set up opportunities for discussion by the Board of Directors
Establish operation of the new remuneration system	<ul style="list-style-type: none"> ■ Establish operation of new remuneration system through the Remuneration Committee
Operation of successor planning	<ul style="list-style-type: none"> ■ Update top-management succession plan ■ Implement a HR development program
Committee operation	<ul style="list-style-type: none"> ■ Report on the materials and state of implementation / progress of each committee to the Board of Directors

Directors and Executive Officers (As of July, 2024)



Directors



Toshi K. Funaki
Chairman and CEO

Mr. Funaki has been the CEO since 1997. His extensive experience as a business leader has given him deep insights on international business, industries, and more.



Mikio Funaki
Senior Executive Vice President, COO

Mr. Funaki has served as Senior Executive Vice President since 2006. He has a wealth of experience gained mainly from overseas operations of IDEC CORPORATION and its Group companies.



Takuji Yamamoto
Managing Director

Mr. Yamamoto became a Director for IDEC CORPORATION after serving as Executive Officer for OMRON Corporation and the CEO of an overseas OMRON subsidiary. He has considerable experience and achievements in the control device industry.



Takao Funaki
Director, Senior Executive Officer

Mr. Funaki worked at IDEC CORPORATION (USA) before heading Australia and Germany. In his concurrent posts as a Senior Executive Officer of IDEC CORPORATION and President of APEM Inc. He is working to strengthen the Group's business in North America, procurement & SCM, and manufacturing.



Hiroshi Kobayashi
Outside Director

Mr. Kobayashi previously served as Senior Executive Officer, Division General Manager in charge of Regional Operations (Asia & Oceania) for Honda Motor Co., Ltd. He has extensive experience in Japan and overseas, and insights from the automobile industry.



Hideyuki Ohkubo
Outside Director

Mr. Ohkubo previously worked for Mitsubishi Electric Corporation in posts such as Representative Executive Officer, overseeing their factory automation systems business, export management, and production systems. He has in-depth knowledge and broad experience in the FA business.



Mariko Sugiyama
Outside Director

As an Outside Director for IDEC CORPORATION, Ms. Sugiyama provides oversight and advice on IT/DX strategy, drawing upon her experience in the IT industry, which includes serving as an Executive Director for Salesforce Japan Co., Ltd.

Directors (Audit & Supervisory Committee Members)



Yasuo Himeiwa
Outside Director

Mr. Himeiwa is a Certified Public Accountant. He was appointed by IDEC CORPORATION as an Outside Director who is an Audit and Supervisory Committee Member in 2020. He uses his knowledge of financing and accounting to contribute to the strengthening of IDEC's auditing system.



Michiko Kanai
Outside Director

Ms. Kanai is an attorney. She became an Outside Director for IDEC CORPORATION in 2016. She contributes to the strengthening of legal aspects of IDEC's auditing system with her high-level expertise as a lawyer.



Eri Nakajima
Outside Director

Ms. Nakajima was appointed by IDEC CORPORATION as an Outside Director in 2022 to draw upon her past experience as a Ministry of the Environment official and Deputy Governor of Nagano Prefecture. She contributes to the strengthening of IDEC's auditing system with regard to environmental measures.

Chief Safety, Health and Well-being Officer



Toshihiro Fujita
Chief Safety, Health and Well-being Officer

Senior Executive Officers



Tomonori Nishiki
Senior Executive Officer
R&D & Environment



Shinichi Yoshimi
Senior Executive Officer
Strategic Planning



Yasunori Kawanaka
Executive Officer
Products Strategy



Marc Enjalbert
Executive Officer
APEM & Manufacturing



Arnaud Mondy
Senior Executive Officer
Marketing and Strategy



Masaki Tsuri
Executive Officer
Quality Assurance



Yoshihiko Nishiyama
Executive Officer
President's Office & Special Assignments

Expected skills matrix of the Board of Directors □ indicates contributing areas/roles; ■ indicates contributing areas/roles with particularly high expectations

	Name	Attendance rate (FY2024)			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
		Board of Directors	Nominating Committee	Remuneration Committee										
Directors	Chairman and CEO	Toshi K. Funaki	7/7 (100%)	3/3 (100%)	4/4 (100%)	■	■	■	□	□	□			□
	Senior Executive Vice President, COO	Mikio Funaki	7/7 (100%)			■	■	■	□	□			□	
	Managing Director	Takuji Yamamoto	7/7 (100%)			■	■	■	□	□	□	□		
	Director, Senior Executive Officer	Takao Funaki	6/6 (100%)				■	□	□	■			■	□
	Outside Independent	Hiroshi Kobayashi	7/7 (100%)	3/3 (100%)	4/4 (100%)	□	■			■			□	
	Outside Independent	Hideyuki Ohkubo	7/7 (100%)		3/4 (75%)	■		■	■				□	
	Outside Independent	Mariko Sugiyama	7/7 (100%)				□			□			□	■
Directors Audit & Supervisory Committee Members	Outside Independent	Yasuo Himeiwa	7/7 (100%)	3/3 (100%)	4/4 (100%)		□	□		■	□			
	Outside Independent	Michiko Kanai	6/7 (86%)	3/3 (100%)	4/4 (100%)		□				■			□
	Outside Independent	Eri Nakajima	7/7 (100%)										□	■

Corporate management and management strategy

Have experience in corporate management as a (representative) director, executive officer, etc., and considerable knowledge in that area.

International business

Have experience in international business at a company, or involvement in international business cases as an attorney, certified public accountant, or other professional, and considerable knowledge in that area.

Industry knowledge

Have considerable knowledge of industries in which the IDEC Group is involved, such as the control device industry, industrial devices industry, and the factory automation (FA) industry.

R&D and manufacturing

Have experience in development and manufacturing at a company, and considerable knowledge in that area.

Sales and marketing

Have experience in the sales department at a company, and considerable knowledge in that area.

Financing and accounting

Have experience as a certified public accountant, tax accountant, or other professional who has been involved in finance and accounting, in the accounting and finance department of a company, and considerable knowledge in that area.

Legal affairs and risk management

Have experience in corporate legal affairs and risk management as an attorney, or in a corporate legal department, etc., and considerable knowledge in that area.

Personnel affairs and development

Have experience in corporate human resources, such as organizational development and human resource development at a company, and considerable knowledge in that area.

IT and DX

Has considerable knowledge in the IT and digital business fields.

Sustainability and ESG

Have considerable knowledge of sustainability and ESG.

Outside Director Activities

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

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

01 Participation in next-generation executive candidates training programs

In addition to reporting on the development of the next-generation and the remuneration system as members of the Nominating Committee or Remuneration Committee, outside directors also engage in action learning through regular one-on-one meetings and conduct training lectures according to their expertise, and are involved in the training curriculum, as part

of the program for developing the next-generation of executives.

Outside directors participated in the IDEC Top Management Program, which fosters executive candidates, and the IDEC Leadership Challenge Program, which fosters managerial candidates in FY2024.



02 Exchange session on human capital initiatives

As a result of the evaluation of the effectiveness of the Board of Directors in FY2023, it became issues to stimulate discussions on ensure the diversity of core human resources and sustainability policies and initiatives (relating to ESG and the SDGs, etc.) As one outcome of this, in September 2023, we held an outside directors' exchange session on the theme of reporting and discussing the status of human capital initiatives, as an opportunity to report progress to directors and exchange opinions and information.

First, the company presented its integrated report, reported on efforts to improve systems and the environment, such as engagement surveys, new personnel systems, and work style reforms. There was then an exchange of opinions with members of the Decent Work Subcommittee on topics such as "What is a comfortable and rewarding workplace?" as well as systems and initiatives for employee growth and career development. [P.60](#)



Efforts to prevent corruption

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

We have also established an Anti-Corruption Policy that specifies and prohibits prohibited acts such as bribery in more specific terms.

Through our internal whistleblowing system and risk monitoring activities, we have established a system that enables us to detect prohibited acts such as bribery, either before they occur, or as soon as possible after they occur.

FY2024 (consolidated)

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



More information is available here.

<https://us.idec.com/governance/compliance>

Anti-Corruption Policy

1. Basic Approach

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

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

2. Compliance with Applicable Laws and Regulations

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

3. Prohibited Acts

The IDEC Group prohibits, directly or indirectly, the giving, offering, or exchange of bribes, or the provision of benefits, whether domestic or international, including the following:

- Bribery or of the provision of benefits to public officials and others in similar positions in the country or region where they conduct business.
- Bribery or of the provision of benefits to a private citizen when such acts are prohibited by laws and regulations.
- Demands for illicit bribes or profiteering in business activities.
- Having relationships as well as engaging in business with antisocial forces.
- Other matters prohibited by laws and regulations related to anti-corruption applicable in the country or region where the business is conducted.

4. Proper Accounting

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

5. Education and Enlightenment

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

6. Responses to Violations

The IDEC Group takes a strict stance against corruption, and if any IDEC Group officer or employee violates this policy or any applicable anti-corruption laws or regulations, we will take action in accordance with our internal rules. In addition, if a business partner commits an act of corruption, a review that includes the cancellation of transactions with the business partner will be conducted.

7. Management and Monitoring System

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

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

Establishment of Code of Conduct

We have established an IDEC Group Code of Conduct, which sets out the compliance and corporate philosophy for all IDEC Group employees in Japan and abroad with regard to human rights, society, ethics, anti-corruption, and the environment, etc., and defines basic global conduct guidelines for performing their duties.

In addition to Japanese and English, the Code of Conduct has been translated into Chinese, French, Thai, Vietnamese, and Khmer languages, and published on the Group intranet. These are available for viewing by employees of Group companies both in Japan and overseas at any time.



Compliance training and audits

We conduct compliance training for all employees and position-based training for promoted employees on a regular basis, with the aim of helping them to acquire knowledge and fostering compliance awareness with regard to human rights, compliance with competition and subcontracting act (formally, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors), anti-bribery, the IDEC Hotline (whistle-blowing system), and the protection of personal data.

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

We conducted harassment and compliance training for employees at our head office and Group companies in Japan in FY2024. As an individual compliance theme, we conducted training on the subcontracting act, to enable employees involved in subcontracting transactions to deepen their understanding of the various obligations and prohibitions that are required in practice. We will continue to provide training and education, and continue to communicate information to further instill compliance awareness.

As part of our internal audits, we also conduct audits to check for compliance violations and appropriately recognize the risks associated with neglect or violations of compliance.

Compliance training in FY2024 (Japan)

Details of training	Number of trainees (%)
Compliance training	1,356 / 1,356 (100%)
Anti-harassment training (for managers)	167 / 167 (100%)
Anti-harassment training (for non-managers)	1,189 / 1,189 (100%)
Training on the subcontracting act	290 / 290 (100%)

Internal reporting system

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

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

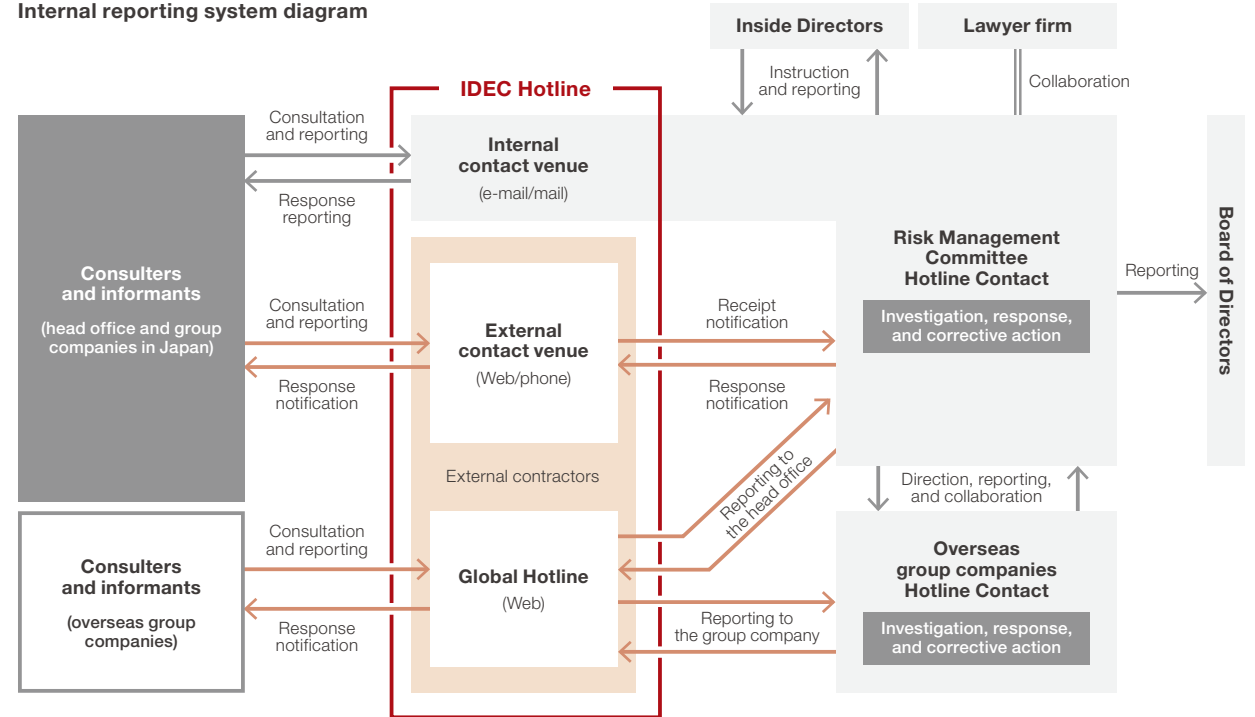
Directors to share risk information. In cases where management may be involved, a system exists to ensure independence and to liaise with an external law firm.

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

Number of internal reports (consolidated)

FY2022	FY2023	FY2024
8	6	4

Internal reporting system diagram



Risk Management

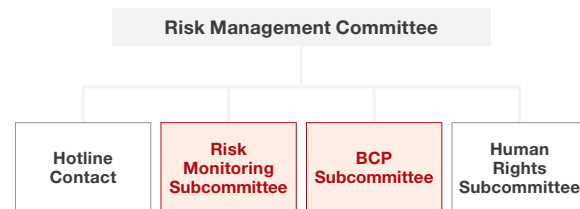
Risk management system and operation

We have established Crisis Management Regulations with the aim of avoiding the occurrence of risks in the IDEC Group and minimizing damage in the event of actual occurrences.

We established the Risk Management Committee as a specialized committee under the Sustainability Committee, chaired by the CEO, to continuously oversee the Group's risk management during normal times and respond to risks that occur. We have also established the Risk Monitoring Subcommittee, BCP Subcommittee, and Human Rights Subcommittee (all subcommittees under the Risk Management Committee) to identify and assess risks throughout the IDEC Group, monitor efforts to reduce risks, formulate business continuity plans, and work to address human rights issues.

A Hotline Contact has also been established within the Committee to develop whistleblowing channels and respond to whistleblower reports.

Risk Management System



Details of these initiatives are reported to the Sustainability Committee, which meets twice a year, and the committee then reports to the Board of Directors. The Risk Management Committee reports directly to the Board of Directors on important events such as whistleblowing reports, ensuring that risk information is reported appropriately to management.

Business continuity planning

To prepare for natural disasters such as earthquakes, which are one of the IDEC Group's high risk events, we have established a subcommittee within the Risk Management Committee to formulate business continuity plans (BCP). The subcommittee works in cooperation with relevant parties in the manufacturing division and target sites to formulate basic policies, initial response flowcharts, and business continuity plans for in the event of a disaster.

In addition, we map out the initial actions to be taken by each emergency task force member in a disaster, and create manuals and checklists for guiding those actions. We also routinely review our disaster countermeasures, and use the intranet to communicate information for raising the disaster prevention awareness of all employees.

Our basic policy on crisis response

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

Information security initiatives

We recognize the important information assets handled in the course of our business activities, and strengthen the IDEC Group's management system for information security by systematizing basic policies, management regulations, and procedures for the appropriate handling of information assets.

We regard risks to information security as one of the most important types of risks, and are working on measures to reduce them. In addition to technical measures, we are also implementing management measures such as employee education, and promoting employee awareness through e-Learning courses for all employees and information disclosure on the intranet.

We are working to build an organizational structure in which, in the event of an incident, employees promptly report the incident, take appropriate initial measures to minimize the spread of damage, and report to management and the Risk Management Committee. Going forward, we will continue to organize a system of relevant departments throughout the Group, in addition to the IT department, to take appropriate measures that take into account the impact on stakeholders, including customers and suppliers, as well as those within the Group.

Information security e-Learning attendance in FY2024 (Japan)

	Number of trainees (%)
First session	1,259 (94.0%)
Second session	1,286 (93.8%)
Third session	1,238 (91.2%)
Fourth session	1,155 (85.4%)

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 IDEC Group's continued business expansion and corporate value enhancement. 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.

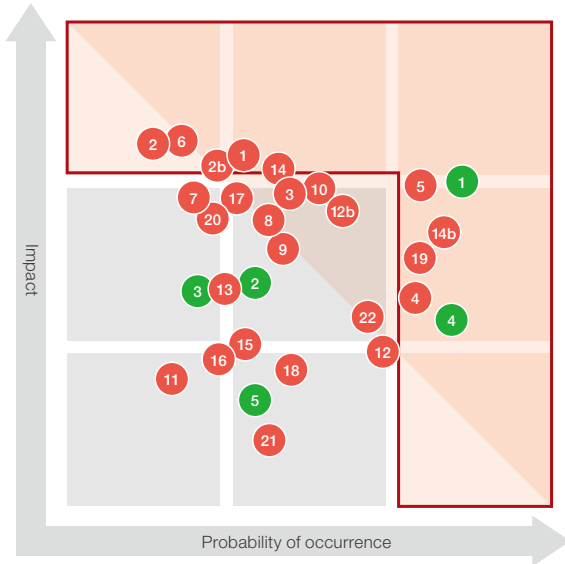
The risk events evaluated include climate change risks that the Environmental Strategy Committee has judged to be significant issues. Also, risk events that have a high probability of occurrence are considered high-risk events. Each department responsible for a particular high-risk event is assigned a risk reduction target, and gauges its progress toward the target on a semiannual basis.

Major responses to high-risk events in FY2024

No	Risk event	Actions
1	Damage to IDEC's sites in Kansai region in Japan by an earthquake with a seismic intensity of lower 6 or higher	<ul style="list-style-type: none"> ■ Formulated business continuity plan and improved manufacturing site's emergency response capabilities ■ Reduced risk by taking out an appropriate insurance policy ■ Developed an emergency contact network and a means of checking employee safety
6	Occurrence of a serious product accident that could affect the human body	<ul style="list-style-type: none"> ■ Instituted system for monitoring complaints/failure reports from the market to enable early detection of and response to major complaint-generating issues ■ Evaluated risks in new product development and implemented measures to prevent issues during production
19	Leakage of critical corporate information, third-party confidential information, and personal information	<ul style="list-style-type: none"> ■ Technical measures for information security ■ Increased our knowledge of how to prevent information leaks

* Item numbers correspond to risk event numbers on the following page.
* See the following page for explanations of the risk map and high-risk events.

Risk Map in FY2024



* Climate change risks reflect events that the Environmental Strategy Committee assessed as high-risk. [2.5B](#)
 * Risks are evaluated on a short to medium-term basis. Long-term climate risks have been re-evaluated on a short to medium-term basis.
 * Risks inside the red box are judged to be high-risk events.

Risk category	No	Risk event	FY2024 risk assessments	Year on year comparison		
External factor risks	1	Damage to our Kansai region sites in Japan by an earthquake with a seismic intensity of lower 6 or higher.	Given the risk of a Nankai Trough earthquake, the probability of occurrence has increased since FY2023, and continues to be assessed as a high-risk event.	↑		
	2	Conflict or terrorist attack in the local area of IDEC sites.	Assessed as a high-risk event, as in FY2023.	—		
	2b	Impact on our overseas staff and site operations due to interstate affairs or public disorder.	The probability of occurrence has increased slightly, and is assessed as a high-risk event, as FY2023.	—		
	3	Occurrence of cluster infections at our sites.	Impact was assessed as lower due to changes such as implementation of infection prevention measures and change of awareness on viral infection.	—		
	4	Product specification change caused by external factors. (part obsolescence, procurement difficulty)	Both degree of impact and probability of occurrence remain high as a result of specification changes, due to difficulties in procuring electronic components. The risk level is assessed as high.	↑		
Internal factor risks	5	Difficulties in procuring parts that could lead to long delivery delays.	Both degree of impact and probability of occurrence remain high as a result of specification changes, due to difficulties in procuring electronic components. The risk level is assessed as high.	—		
	6	Occurrence of a serious product accident that could affect the human body.	Assessed as a high-risk event with considerable impact, as in FY2023.	—		
	Business strategy risks	7	Fraudulent representation of quality through falsification of product performances and data.	It is assessed that the degree of impact will increase in global business.	↑	
		8	Distribution of products containing prohibited substances.	Assessed as being at a level similar to FY2023.	—	
		9	Strategic investment risk. (financial impact of M&A, corporate alliances, and other strategic investments)	Assessed as being at a level similar to FY2023.	—	
		10	Occurrence of a severe or more industrial accident.	The probability of occurrence has increased in comparison with FY2023 due to the impact of the workplace environment.	↑	
	Resources and infrastructure risks	11	Sabotage, strike-related business outage.	The probability of occurrence is assessed as being lower than FY2023.	↓	
		12	More than half a day of infrastructure outages caused by system and network failure, etc.	We reaffirmed the impact of network downtime, and evaluated the degree of impact as being higher than FY2023.	↑	
		12b	Long-term network outage due to cyberattack.	The impact of long-term network outages is assessed as significant.	—	
	Compliance risks	13	Suspension of sales and claims for damages due to infringement of other companies' intellectual property rights.	Assessed as being at a level similar to FY2023.	—	
		14	Inaction on human rights issues. (child/forced labor, etc.)	Assessed as having a significant impact due to growing awareness of human rights issues in global business.	—	
		14b	Decline in employee morale due to harassment.	The frequency of occurrence is assessed as going to increase from FY2023 due to the impact of the workplace environment.	↑	
		15	Tax penalty due to improper handling of accounting and tax affairs.	Assessed as being at a level similar to FY2023.	—	
		16	Large-amount embezzlement, malpractice, and bribery by employees.	Assessed as being at a level similar to FY2023.	—	
		17	Insider trading by senior executives.	The probability of occurrence is assessed to increase slightly due to the business performance.	↑	
		18	Occurrence of events in breach of antitrust and subcontracting act.	The frequency of occurrence is assessed as going to increase from FY2023 due to the impact of the workplace environment.	↑	
		19	Leakage of critical corporate information, third-party confidential information, and personal information.	Assessed as greater than FY2023 due to recognition of the scope of impact.	↑	
		20	Business suspension due to improper license and approval.	The degree of impact, including certification, is assessed as going to increase.	↑	
		21	Difficulty to collect sales receivables, loan loss.	Assessed as being at a level similar to FY2023.	—	
	Accounting and financial risks	22	Impairment of assets.	Assessed as being at a level similar to FY2023.	—	
		Climate change risks	Transition risks	1	Increase in raw material costs.	Assessed as high-risk due to the direct impact on manufacturing and procurement costs, and the possibility of being unable to procure parts due to induced cost increases.
	2			Increasing environmental awareness of customers and investors.	The short to medium-term risk is low, but the probability of occurrence is higher than FY2023.	↑
3	Delay relative to competitors in the transition of existing and new products to low-emission / low-carbon technologies.			Lags in eco-friendly technology were assessed as leading to future business risks.	—	
4	Trends in carbon pricing.		It is assessed that the impact of regulations and legal systems will increase due to the growing global movement toward reduction of CO ₂ emissions.	↓		
Physical risk	5	Natural disasters.	While temperature fluctuations could lead to various risks such as natural disasters, this was assessed as having a lower probability in the short to medium-term.	↓		



Environmental Initiatives

Realize a sustainable society

As a company that aims to create an optimum environment for humans and machines, and to achieve the safety, ANSHIN, and well-being for people around the world, the IDEC Group's Environmental Policy is to make the conservation of the global environment a top priority in all aspects of its business activities, and to pass on a sustainable society to future generations.

Related material issue



Major sustainability KPIs (FY2023-2025)

- Renewable energy utilization ratio **18%**
- Reduction ratio of CO₂ emissions **24%** (vs. FY2020)
- Reduction ratio of industrial wastes **24%** (vs. FY2020)
- Cumulative ratio of enhanced eco-friendly products to total new products **60% or higher**
(Cumulative total since FY2020)

The environmental management of the IDEC Group

In addition to a vision envisaging the achievement of carbon neutrality by 2050, in April 2024, the IDEC Group renewed its Environmental Policy, which summarizes its corporate philosophy and action guidelines for environmental issues. As the impact of climate change on the global environment increases, not only is there an increase in the level of interest in climate change from various stakeholders, such as investors, shareholders, customers, and local residents, but also an increase in social demands and expectations of companies with regard to environmental issues. In view of this, we aim to achieve sustainable growth while confronting societal issues such as global warming and response to climate change as a global company, based on the vision, philosophy, and action policy of our Environmental Policy.

Specifically, we have set sustainability KPIs, with implementing initiatives to reduce environmental impact as one of our basic strategies and are implementing an action plan that reflects our migration opportunities to achieve these targets.

At the same time, the IDEC Group has set milestones of reducing CO₂ emissions of Scope 1 and 2 by 24% by FY2025 and 50% by FY2031 (compared to FY2020), which are on the path to achieving carbon neutrality by 2050. Through the efforts of the entire Group, we are pushing forward steadily, beginning with what we can do.

Development of eco-friendly products

Since the founding in 1945, the IDEC Group has been developing its business with consideration for the environment, under the "Save all" policy introduced in 1982, based on the concept of saving and reducing. We revised the Procedure Manual for the Development of Eco-Friendly Products in FY2023 and are working to develop products with a focus on environmental considerations from the first stage of the product development process.

The procedure manual evaluates the degree of environmental consideration based on IDEC's own criteria, such as resource conservation, energy saving improvement, and longevity. Based on these criteria, we develop products with the aim of achieving decarbonization. Products evaluated as having a high degree of contribution are certified as eco-friendly products and disclosed in catalogs and other media by affixing IDEC's own original eco mark, in accordance with ISO/JIS Q 14021 (Type II).

One of our targets for FY2025 is to achieve a cumulative ratio of 60% or higher of enhanced eco-friendly products among new products launched in FY2020 or later. The cumulative achievement rate up to FY2024 was 73.5%.

Evaluation items for eco-friendly products (excerpt)

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

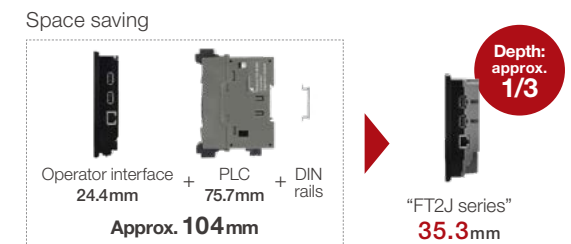
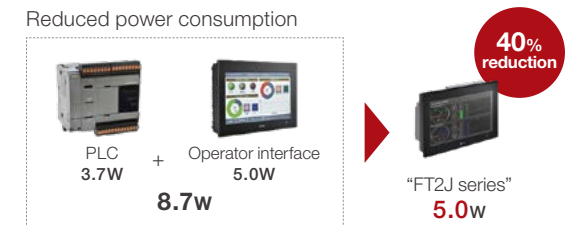
Examples of enhanced eco-friendly products



Controller with operator interface "FT2J series"

The "FT2J series" integrate a programmable logic controller (PLC) and an operator interface to create a rational automation system. To provide value to customers in terms of environmental consideration, we consider reducing power consumption through integration, space-saving, and reducing the number of man-hours required for wiring by adopting push-in terminals.

Eco-friendly points



IDEC Environmental Policy

The IDEC Group renewed its Environmental Policy in 2024. The new Environmental Policy reflects new societal issues that have been gaining attention in recent years, such as responding to climate change by reducing greenhouse gas emissions and developing eco-friendly products, building a recycling-oriented society, disclosing environmental information based on international disclosure standards such as IFRS, and addressing biodiversity.

With this Environmental Policy as a guideline for fulfilling corporate social responsibilities and societal demands from diverse stakeholders, the IDEC Group will continue working to improve environmental issues more than ever before.

Philosophy

As a company pursuing to create the optimum environment for humans and machines and to achieve safety, ANSHIN, and well-being for people around the world, the IDEC Group recognizes the conservation of the global environment as a top priority in all aspects of our business activities while committing to connecting a sustainable society to future generations.

Action Guidelines

1 Environmental Management and Environmental Management System

We will operate an environmental management system and practice environmental management under the commitment of top management.

In those practices, we will aim to raise environmental awareness of our employees through environmental education and work to resolve environmental issues with our suppliers and customers.

2 Realization of a Circular Society

We will promote following initiatives to realize a circular society.

- We will reduce energy and raw materials usage and utilize renewable resources.
- We will optimize water resources utilization.
- We will reduce and recycle wastes.
- We will conduct a proper management of chemical substances to prevent environmental pollution.
- We will prevent emissions of substances that deplete ozone layers into the atmosphere.

3 Compliance with Laws and Regulations

We will comply with environmental laws, ordinances, agreements related to our business activities, and international environmental standards and CSR rules, fulfilling our social responsibilities.

4 Provision of Eco-friendly Products and Services

We will strive to reduce environmental impact from the design and development stages of products, to manufacturing processes, logistics, and packaging materials to provide more eco-friendly products and services to society throughout the lifecycle from procurement of raw materials to product use and disposal.

5 Reduction of Greenhouse Gas Emissions

We will aim to reduce greenhouse gas emissions throughout the value chain in addition to promoting energy-saving, introducing renewable and next-generation energy sources, utilizing low-carbon technologies, and achieve carbon neutrality by 2050.

6 Communication and Information Disclosure

We will value dialogues with diverse stakeholders, including employees, customers, investors, business partners, and the local community related to our business activities, and will engage in active information disclosure in accordance with international disclosure standards.

7 Coexistence with Nature

For achieving a society that coexists with nature, we will evaluate dependencies and impacts on biodiversity in our business activities, consider the local ecosystems, and reduce negative impacts throughout the value chain.

Climate change initiatives

Expanded adoption of self-consumption solar power generation

We are working to reduce environmental impact by replacing conventional electricity with electricity derived from renewable energy, by accelerating the introduction of self-consumption solar power generation equipment at offices and factories in Japan and overseas. In addition to existing power generation facilities, IDEC (non-consolidated) has started constructing power at one new facility in FY2024 and plans to add two in FY2025.

In Japan, equipment installed in two locations at IDEC FACTORY SOLUTIONS CORPORATION factory and head office are in operation. Globally, self-consumption solar power generation is in operation at our USA office and factory, and our UK factory.

 Further information is available here.
<https://us.idec.com/csr/environment/inhousesolarpower>

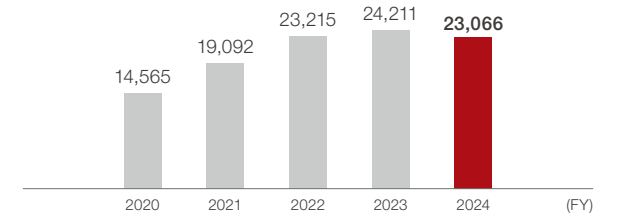
Environmental energy business

Since 2012, a Group company—IDEC SYSTEMS & CONTROLS CORPORATION—has been developing a renewable energy business that provides a one-stop service, from the construction of solar power plants to after-sales support. In particular, the design, construction, and equipment sales business for self-consumption solar power generation equipment using the roofs of buildings such as factories, warehouses, stores, and facilities—introduced increasingly over the past few years—will contribute to the business environment by reducing CO₂ emissions with the use of green energy.

In addition, through provision to surrounding areas as an emergency power source in the event of disasters, we can achieve an unseen contribution to local communities in the form of safety and ANSHIN. In this way, we aim to create a better society through our business activities.

The amount of solar power generation in the environmental energy business (Japan)

(Units: 1,000 kWh)



Communication and information disclosure

Environmental training

In addition to an explanation of biodiversity and living creatures in line with the four areas (air, freshwater, sea, and land) defined by the Task Force on Nature-Related Financial Disclosures (TNFD) utilizing the Group's intranet, environmental education conducted internally in FY2024 featured IDEC's enhanced eco-friendly products, as well as practical examples for estimating environmental investments using internal carbon pricing (ICP). Original contents created by the Environmental Strategy Committee are available internally in both Japanese and English. The number of departments engaged in e-Learning as an environmental goal under ISO 14001 is increasing, and the number of participants is increasing every year, with some departments having all members participate in e-Learning.

As for environmental events, during Sustainability Month—which is held globally every October—IDEC held a photo contest in FY2024 under the theme of measures to combat global warming and received entries from IDEC Group employees around the world.



Environment e-Learning on the intranet

External environmental evaluations



IDEC was rated a “B” score at the Climate Change Report 2023, disclosed by CDP in February 2024. IDEC’s “B” score for the Climate Change in 2023 is at the management level in CDP’s classification, which means that “the company understands its environmental risks and impacts and takes actions on climate issues.” IDEC expressed our support for TCFD in 2021 and started to disclose climate-related financial information in 2022. We are addressing initiatives for achieving carbon neutrality in 2050.

Information disclosure in the EU (APEM, France)

APEM—which operates mainly in EMEA as the IDEC Group—has established a team to work on the requirements of the Corporate Sustainability Reporting Directive (CSRD) and is preparing for the disclosure in 2026. APEM has responded to EcoVadis, which the IDEC Group has addressed since FY2023, as a non-consolidated Group company in Europe, and is taking various measures to establish double materiality that will be required in the future.

Nature initiatives

Biodiversity Initiatives

We analyzed and assessed the IDEC Group’s biodiversity risks to define indicators that can be used as a reference for monitoring biodiversity performance and the impact of the IDEC Group’s business activities on biodiversity in FY2024. The Biodiversity Risk Filter—developed by the World Wide Fund for Nature (WWF)—was used as a risk assessment tool to quantify biodiversity risks by country where major IDEC business sites are located. We also identified the top ten biodiversity risk indicators for the Group as a whole.

Initiatives to conserve water resources

We have installed a rainwater storage tank in the basement of our head office building. Stored water is used effectively for purposes such as watering to the head office courtyard and as sprinkling water to cool surfaces down when the temperature rises. The courtyard of our head office has been certified as “Excellent Stage 2” in the Social and Environmental Green Evaluation System (SEGES) OMA category.

By installing a purification system that uses ozone in the wastewater system of the head office cafeteria, and treating the oil contained in the wastewater, we also expect to reduce the environmental impact of domestic wastewater (sewage).

[Further information is available here.](https://us.idec.com/csr/environment/nature)
<https://us.idec.com/csr/environment/nature>

Creation of a circular society

Initiatives to reduce plastic wastes

The Group is working to reduce the amount of plastic waste and make effective use of resources. We started to reuse regrinding plastic materials generated in the molding process at the beginning of our manufacturing process by crushing / grinding and granulating them at two additional factories in Japan following overseas sites in FY2024. Moreover, we tested and evaluated reground products and increased the number of materials and items, which resulted in approximately 3.6 tons of reusing resin materials at two factories in Japan in FY2024.

[Further information is available here.](https://us.idec.com/csr/environment/circulation)
<https://us.idec.com/csr/environment/circulation>

Information disclosure based on the IFRS Sustainability Disclosure Standards

Governance

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

The Environmental Strategy Committee is composed of employees from various departments and meets monthly under direction by the Senior Executive Officer in charge of the Environment. Decisions made by the Environmental Strategy Committee are discussed by the Sustainability Committee, reported to the Top Management Meeting for approval, then reported to the Board of Directors for final approval.

Progress on the goals set in the medium-term management plan started in 2022 are reviewed at bimonthly meetings, and response measures are discussed if things are not progressing as planned. In FY2024, we also introduced a Performance Share Unit (PSU) system, as a medium-term incentive, under which restricted common shares equivalent to up to 10% of

compensation are allocated to directors and executive officers. Non-financial indicators used in the calculation of PSUs include CO₂ reduction ratio.

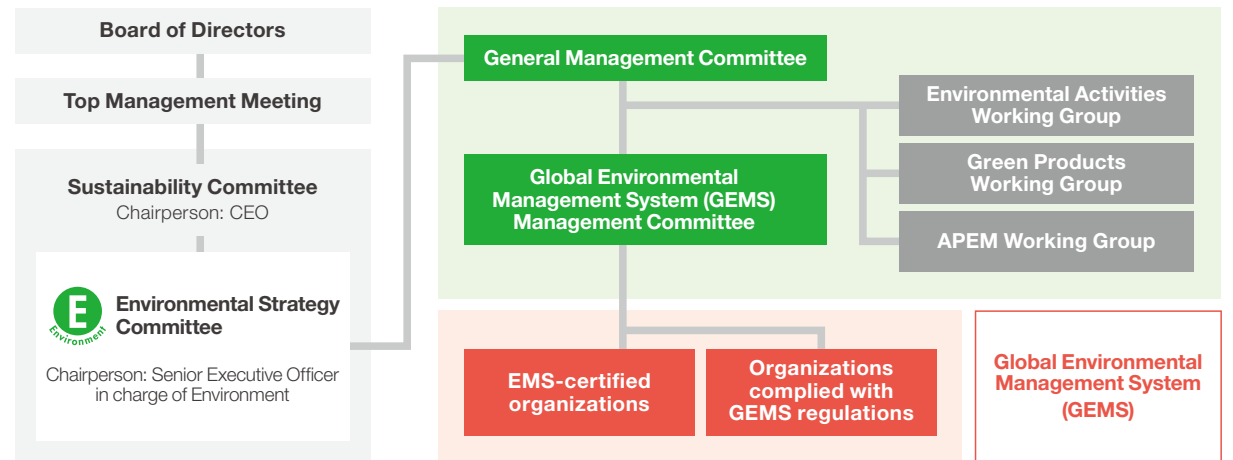
Risk management

For each of the climate-related risks and opportunities identified by the Environmental Strategy Committee, we considered the likelihood of occurring, degree of impact, and amount of potential financial impact, and compiled them into a risk and opportunity map.

The identified results and risk items that have been assessed as important in our mapping are managed by referring to an integrated risk map for the IDEC Group. They are also reflected in the risks and opportunities associated with natural capital, one of our material issues.

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

Framework of the environmental governance



Risks and opportunities

In an effort led primarily by the Environmental Strategy Committee, we have identified risks and opportunities that could reasonably be expected to affect the outlook of the IDEC Group in reference to the risks and opportunities items of the CDP Climate Change Questionnaires, one of the global standards for environmental information disclosure. Referring to and considering the applicability of the industry-specific disclosure topic (Electrical & Electronic Equipment industry) as defined in the IFRS S2 Industry-based disclosure requirements, we identified transition risks and physical risks, impacts of climate-related risks and opportunities that can reasonably be expected to occur over any short to long-term period, potential financial impacts, and defined timeframes.

Mapping of climate-related risks and opportunities



[Detailed Risks List](#) / [Detailed Opportunities List](#)

Risks List

Category	Item	Potential financial impact	Responses
Transition risk	Market	1 Increase in material costs	<ul style="list-style-type: none"> Transfer costs in response to price increases by continuously mutual understanding with suppliers and customers. Reduce manufacturing costs in anticipation of medium to long-term increases in the cost of raw materials and reduce costs through planned product redesign and introduction of alternative parts and materials.
		2 Growing environmental awareness among customers and investors	<ul style="list-style-type: none"> Position environmental strategy as one of the priority items in the medium to long-term plan, set materiality KPIs relating to the environment, such as increasing the cumulative ratio of enhanced eco-friendly products among new products, and check progress. Promote to develop technology on a continuing basis relating to consideration and introduction of eco-friendly packing materials and components. Engage in regular dialogues with investors and disclose appropriate information through IFRS and CDP, etc.
	Technology	3 Delay relative to competitors in the transition of existing and new products to low-emission/low-carbon technologies	<ul style="list-style-type: none"> Systematically incorporate technologies that we do not have and integrate them with our core technologies through long-term collaboration with other companies. Obtain and respond to regulatory information appropriately. Expand operating temperature products with a range of temperatures that can be used in warm and cold regions.
	Current regulations	4 Tendency of carbon pricing	<ul style="list-style-type: none"> Reduce the impact of rising energy purchase prices through the planned introduction of self-consuming renewable energy. Plan and implement planned upgrades to energy-saving equipment. Reduce indirect costs through efforts to save energy and improve the operating rate of factories. Drive decarbonization activities through the introduction of ICP.
Physical risk	Urgent / chronic	5 Natural disasters (heavy rain, hail, snow/ice, cyclones, hurricanes, typhoons, floods, inundation, earthquakes) and temperature rise	<ul style="list-style-type: none"> Enhance BCP measures to enforce the company's resilience. Assess and review supply chain risks. Prepare hazard maps of manufacturing sites and find potential risks. Formulate recovery plans for each site and develop manuals for employee work procedures. Change manufacturing sites to be multi-skilled for flagship products. Ensure that employees affected by disasters are fully aware of how to confirm their safety as soon as possible.

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

Opportunities List

Category	Item	Potential financial impact	Responses
Resource efficiency	1 Demand for low-emission products and a diverse variety of new products and services through R&D and technological innovation	A/B	<ul style="list-style-type: none"> Accelerate technology innovation of flagship products based on environmental aspects as well. Applied research of easy recyclable materials for products. Develop products based on the assumption of recycling. Make unconstrained efforts to reduce packaging wastes. Expand environment-related services business. Secure a first-hand advantage by accelerating investment in development. Provide low-emission products and services throughout the life cycle, based on the concept of developing eco-friendly product we have currently addressed.
	Shifting consumer preferences	B	<ul style="list-style-type: none"> Breakaway from prolongation of our conventional technologies. Enhance software and systems-related technologies by promoting M&A and business collaborations, etc. as well as adoption and development of human resources. Promote the incorporation of new technologies to respond to diverse needs through partnerships and collaborations with other companies. Foster a corporate culture of well-being. Develop products utilizing HMI and sensing technologies and propose solutions through systematization and packaging. Develop new products to meet the demands for market well-being and promote proposals for solutions. Promote safety, ANSHIN, and well-being to the world. Enhance line-up of environmental tolerance products.
Products and services	2 Shift to alternative materials / diversification / new technologies	B	<ul style="list-style-type: none"> Breakaway from prolongation of our conventional technologies. Enhance software and systems-related technologies by promoting M&A and business collaborations, etc. as well as adoption and development of human resources. Promote the incorporation of new technologies to respond to diverse needs through partnerships and collaborations with other companies. Foster a corporate culture of well-being. Develop products utilizing HMI and sensing technologies and propose solutions through systematization and packaging. Develop new products to meet the demands for market well-being and promote proposals for solutions. Promote safety, ANSHIN, and well-being to the world. Enhance line-up of environmental tolerance products.
	3 Transition to distributed energy generation and new market entry	A	<ul style="list-style-type: none"> Develop environment-related businesses such as solar power generation for new markets. Innovate our environmental business, using the response as an opportunity. Enter into new markets using our new business as a door opener. Develop products utilizing HMI and sensing technology, enhance product line-up, and propose problem-solving solutions based on the needs of new markets. Adapt IDEC products to the power specific specifications by new energy sources.
	Participate in the renewable energy program and adapt to energy-saving measures.	A	<ul style="list-style-type: none"> Develop environment-related businesses such as solar power generation for new markets. Innovate our environmental business, using the response as an opportunity. Enter into new markets using our new business as a door opener. Develop products utilizing HMI and sensing technology, enhance product line-up, and propose problem-solving solutions based on the needs of new markets. Adapt IDEC products to the power specific specifications by new energy sources.

A: Increased sales through entry into new and developing markets B: Increased sales as a result of increased demand for products and services C: Reduction of indirect costs (operating expenses)

Strategy

The IDEC Group considers environmental strategy to be an important part of its business strategy, and its transfer plan is reflected in the medium-term management plan. Specifically, we have set metrics and targets for reducing the amount of CO₂ emissions to achieve carbon neutrality, and established sustainability KPIs under the medium-term management plan, together with other environmental targets.

As part of our value chain responses, we have established CSR Procurement Guidelines and Green Procurement Guidelines, and we continue to request the cooperation of suppliers in reducing our environmental impact every year.

In terms of our business, we are working systematically to improve the business contribution of environment-related business activities, such as the development of eco-friendly products, and the environmental energy business. We therefore consider the analysis of risks and opportunities to be an important process in incorporating environmental strategies into our business strategies. In considering the climate-related risks and opportunities, the Environmental Strategy Committee identifies items that could reasonably be expected to impact the company's prospects, based on factors that could be transition opportunities for the company.

Next, we consider and compile a list of the current and predicted future impacts of each specified item on the IDEC Group's business model, along with future responses. Moreover, we calculate the potential impact on our business, the cost of responding to risks, and the costs of realizing opportunities. The contents of these considerations will be reflected in our medium to long-term management plans in stages and incorporated into more specific action plans.

As for the development of eco-friendly products, one of our core environment-related business activities, we will further spread the necessity and importance of such products in relation to business contribution, as well as using transition opportunities to create business opportunities for each department more than ever.

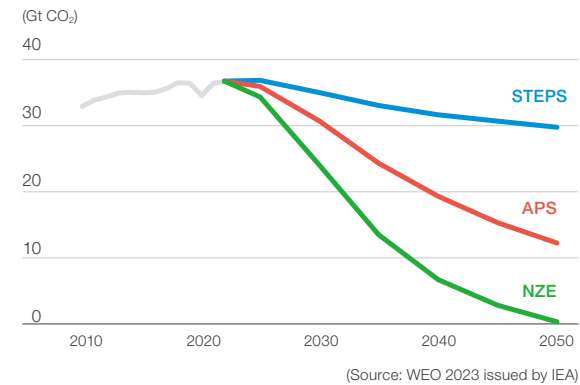
Climate resilience

According to the International Energy Agency's World Energy Outlook 2023 (WEO2023), while the global energy situation has remained unstable since 2020, investment in clean energy has risen by 40% since 2020, and the share of electric vehicles in total global vehicle sales has increased five times in three years, from one in 25 vehicles sold in 2020 to one in 5 vehicles in 2023.

WEO2023 also describes that the transition to a sustainable energy system is progressing, although the path to a 1.5°C scenario will be difficult. It is recognized that the emergence of new clean energy sources, led by PV solar power generation and electric vehicles, will be key to achieving 1.5°C.

Based on these conditions, the IDEC Group's selection scenarios for FY2024 are the same as in FY2023, and the transition risk scenarios are the WEO2023 STEPS (2.6°C scenario) and NZE (1.5°C scenario). For our physical risk scenarios, we adopted RCP2.6 (2°C scenario) and RCP8.5 (4°C scenario) of the IPCC Fifth Assessment Report.

Energy-related CO₂ emissions in each WEO scenario (2010 – 2050)



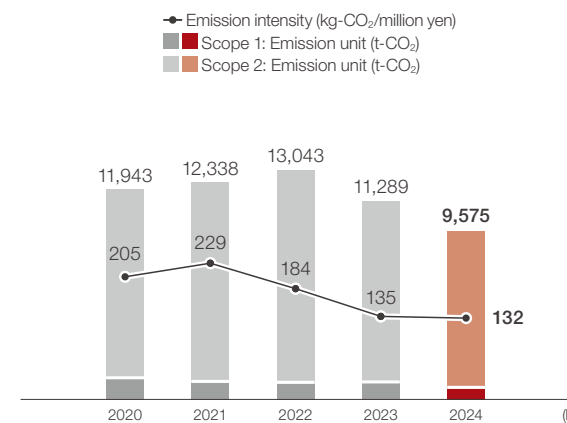
Metrics and targets

In terms of CO₂ emission reductions, in our medium-term management plan we have set the targets of reducing CO₂ emissions by 24% in Scope 1 and 2 by FY2025 and 50% by FY2031 (compared to FY2020). Internal Carbon Pricing (ICP) was introduced in FY2023 and is priced at 10,000 yen/ton in FY2025. At present, the impact of ICP on environmental investment decision-making is not yet large enough, but

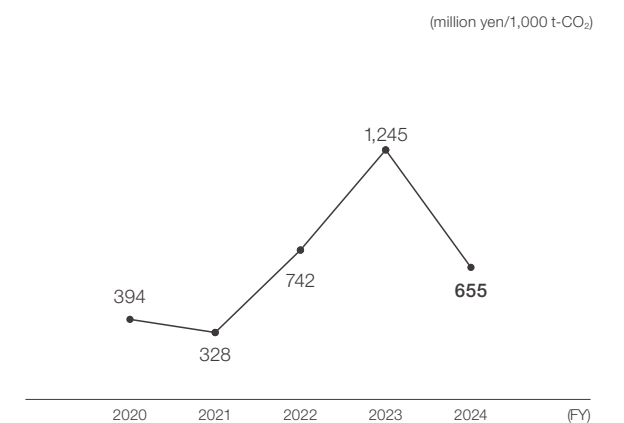
CO₂ emissions IDEC (consolidated)
(Emission unit: t-CO₂)

	Scope1	Scope2	Scope 3 upstream	Scope 3 downstream
FY2020	1,152	10,791	-	-
FY2021	948	11,390	-	-
FY2022	897	12,146	-	-
FY2023	916	10,373	213,913	870,694
FY2024	609	8,966	184,599	634,324

CO₂ emissions (Scope 1 and 2) IDEC (consolidated)



Return On Carbon (ROC) IDEC (consolidated)



the Environmental Strategy Committee is working to raise awareness within the Group by introducing model cases of ICP utilization.

As for the CO₂ emissions of FY2024, the total of Scope1 and 2 decreased from that of FY2023, and we have been able to reduce it continuously since FY2023 compared to FY2020.

The decrease in sales of FY2024 compared to the previous year has had a significant impact on the electricity consumption of factories. However, in addition to the effect of the introduction of CO₂-free electricity, the continuous promotion of improving operating ratios at each factory has had a positive effect on CO₂ reduction. As a result, regardless of the impact on sales, the electricity consumption per unit of sales is slightly lower than previous year. However, Return on Carbon (ROC), which is an indicator of how efficiently profits are earned with fewer amount of CO₂ emissions, decreased from the previous year due to the decrease in operating profit.

As for the Scope 3, the main items that account for the majority of it are Categories 1 and 11, which remained the same as the previous year, but the amount decreased compared to the previous year, mainly due to the decrease in sales.



New ideas created from the diversity in human resources

By creating a pleasant workplace environment where diversity in gender, age, nationality, culture, lifestyle and more is respected, we are working to foster a corporate culture where employees with diverse personalities and values can fully demonstrate their abilities.

Related material issue

Business foundation

Major sustainability KPIs (FY2023-2025)

- Engagement score (Japan)
Improvement in the scores for 3 main issues
(as compared to FY2023)*1

*1 Main issues: (1) human resource development, (2) strengthening management abilities, and (3) improving the acceptability of the personnel system

- Ratio of males taking childcare leave **90%** (IDEC unconsolidated)

- Number of female managers **15** (IDEC unconsolidated)

* Including assistant managers with subordinates

- Average per capita training costs
70,000 yen (IDEC unconsolidated)

Human resource strategies

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

We have conducted an employee engagement survey since FY2020 and set sustainability KPIs based on the engagement score obtained from the survey in FY2023. By ascertaining current conditions and issues, and implementing measures focused on priority issues, we are working to improve engagement.

We have also introduced a new talent management system as the foundation of our global human resources, and plan to make use of it to discover and appropriately place talented human resources across the entire IDEC Group. To further promote the global expansion of our business going forward, initiatives advancing the concepts of decent work, diversity & inclusion are also essential. To ensure diversity in our human resources, we are focusing on the recruitment of global human resources, improvements to the percentage of female managers, and other efforts.

We have positioned the filling of key positions and development of leadership talent as part of our medium to long-term human resources strategy, and systematically select and foster candidates for top management who will take on management responsibilities in the next generation.

Implementation structure

In FY2023, a Strategic Planning Division was established as an organization under the direct control of representative directors to work together to draft management strategies and personnel strategies.

The division, working in coordination with related departments, leads the formulation of long-term visions, medium-term management plans, sustainability KPIs, management and personnel strategies, and the managing of our management resources. Critical matters are referred to the Top Management Meeting, whose policy decisions are reported to the Board of Directors.

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



Human resource development policy In-house environment improvement policy

The IDEC Group has established the following as its main purpose: “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 issues through our business activities. To this end, we have made it a priority to hire and develop 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 & inclusion and carry out a variety of human resource development policies.

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

Instilling and practicing the corporate philosophy and improving employee engagement

IDEC pursues initiatives designed to instill and put into practice “The IDEC Way”, its corporate philosophy. Specific activities include the display of posters internally, utilization of the corporate intranet and company newsletter and the distribution of credo cards. In the new personnel system that was revised in FY2023, definitions of roles and grades were revised based on “The IDEC Way” and linked to personnel evaluations.

To improve employee engagement, we conducted engagement surveys in FY2020 and FY2023, and have promoted initiatives to deal with the issues identified through those surveys. In FY2023 survey, the scores for the major metrics “Total Employer Attractiveness” and “Total Workplace Attractiveness” improved, and the scores for most of the

other items showed improvement as well. However, we recognize three major issues that scored lower, **1** human resource development, **2** strengthening management abilities and **3** improving the acceptability of the personnel system. We have set sustainability KPIs based on these issues and have been taking steps to make improvements. We also incorporated questions on how “The IDEC Way” is put into practice in the engagement survey, and in FY2023 survey results there were higher scores on questions about the degree to which “The IDEC Way” was practiced by employees themselves, and by their superiors.

Results of engagement survey

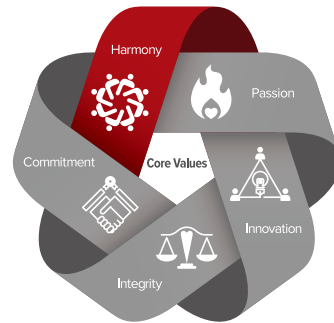
Item	FY2020 score	FY2023 score
Total Workplace Attractiveness	3.12	↑ 3.16
Total Employer Attractiveness	3.01	↑ 3.12

Issues Major action plans implemented since FY2024

- 1 2 Human resource development**
 - Improving personnel training including managerial training, career design training, etc.
 - Implementing a career design program
- Strengthening management abilities**
 - Preparing to introduce a global talent management system
 - Expanding the operation of multi-faceted evaluations
- 3 Improving the acceptability of the personnel system**
 - Strengthening feedback provided on personnel evaluations
 - Conducting training for evaluators
- Encouraging communication**
 - Further enhancing communication aimed at achieving “One IDEC”
 - Disseminating and instilling the medium-term management plan and corporate policies, etc.
- Promoting work style reform and improving the welfare system**
 - Phased restoration of welfare services
 - Introducing flexible workstyles (discretionary work and flex-time) and promoting working from home
- Improving workplace culture**
 - Implementing action plans to resolve workplace issues in each department
- Promoting diversity & inclusion**
 - Implementing policies to support families raising children

We have introduced an employee commendation system from FY2025. To ensure broad employee participation the system covers all employees except executive officers. Four theme-based categories and a Core Values category have been established, with a winner of the “President’s Award” selected in each category. In an effort to instill the Group philosophy, in the Core Values category we also established a category to recognize employees who embody the Group philosophy, are exemplary employees acting in accordance with the Principles - the specific approaches and actions to be aware of when working based on the Core Values.

We are committed to further strengthening our corporate foundations by instilling the corporate philosophy globally and improving employee engagement.



Strengthening of human resource management systems

To further enhance human resource management, we are working to revise personnel system, conduct multi-faceted employee evaluations, enhance career development meetings and our training programs and improve global talent management.

New personnel system

Taking into account issues with the personnel system that came to light based on engagement surveys (matters related to evaluations, salaries, bonuses, promotion and advancement, etc.) we introduced a new personnel system in FY2023.

To accommodate diverse career aspirations, we provide multiple career courses and opportunities to meet individual requests and strengths, while enhancing the transparency of goal management (evaluation) and compensation, and conducting fair evaluations and delivering compensation that reflects the roles employees are expected to fulfill, their actions and job performance.

Training programs

We have strengthened investments in human resources that are essential to support sustainable growth and have arranged a diverse range of training programs. In addition to well-organized in-house and external training programs and schemes to support career advancement, as part of efforts to develop global human resources we help each employee improve their skills with a range of training options including English language training in the Philippines and English learning with coaching for executives, and a diverse menu of online English education for regular employees.

Average per capita training costs

IDEC unconsolidated



Next-generation management candidate training programs

Program	Purpose	Details	Number of trainees								
IDEC Top Management Program	Development of next-generation director candidates	<ul style="list-style-type: none"> Outside manager development training Lectures on specialized fields delivered by outside directors Nominating Committee reporting session 	From FY2022 3								
IDEC Advanced Management Program	Development of next-generation executive officer candidates	<ul style="list-style-type: none"> MBA study (for executive tiers) Assessment exercises Training to overcome weaknesses based on assessment results 	From FY2022 17								
IDEC General Management Program	Development of next-generation department general manager candidates	<ul style="list-style-type: none"> MBA study (for middle-management tiers) 	To be conducted in FY2025								
IDEC Leadership Challenge Program	Development of next-generation manager candidates	<ul style="list-style-type: none"> Theme-based lectures delivered by directors (10 sessions in total) Presentations on solutions to management issues (year-long group work) MBA study (basic) English language learning 	<table border="1"> <tr><td>FY2021</td><td>28</td></tr> <tr><td>FY2022</td><td>19</td></tr> <tr><td>FY2023</td><td>31</td></tr> <tr><td>FY2024</td><td>18</td></tr> </table>	FY2021	28	FY2022	19	FY2023	31	FY2024	18
FY2021	28										
FY2022	19										
FY2023	31										
FY2024	18										

To achieve the sustainable growth of the entire IDEC Group, we have also introduced selective training programs for the early development of next-generation management candidates who will drive the future of the IDEC Group.

Multifaceted evaluation system

In FY2023, we introduced a multifaceted evaluation system for managerial staff ranked general manager and above, and expanded the scope to managers starting FY2024. We conduct post-evaluation training for all applicable managers, and encourage them to change their self-perceptions and make behavioral changes by drawing attention to their regular duties and abilities to perform their responsibilities.

Career Development Meeting

We have been conducting Career Development Meeting since FY2023 to support employee growth and ensure the right people are placed appropriately within the organization. At the meeting, the department general managers within each division gather to share and clarify issues relating to developing member capabilities and so on, study the allocation of roles, and consider employee training plans including future promotion.

Global talent management

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

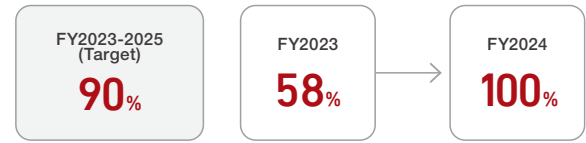
Ahead of the system's introduction in FY2026, we studied systems and organized the issues in FY2024 and FY2025.

Promotion of diversity & inclusion and decent work

We promote diversity & inclusion initiatives, work to develop an environment in which a diverse range of employees can achieve success irrespective of race, skin color, age, gender, sexual orientation, gender identity, gender expression, ethnicity, nationality or disability while respecting the humanity, and strive to enhance a support structure that reflects those sentiments.

In addition, to promote the development of a pleasant workplace environment, we drive the implementation of work style reforms that enable flexible ways to work, such as planned annual leave, encouraging male employees to take childcare leave, and the introduction of discretionary work and flex-time systems. To improve the ratio of males taking childcare leave, we have posted interviews with employees who have taken the leave on the company intranet, and engaged in awareness-raising of supervisors of those planning to take the leave. As a result, 100% of eligible employees availed themselves of childcare leave in FY2024.

Ratio of males taking childcare leave IDEC unconsolidated



To create a fulfilling workplace environment in which employees can continue to work with ANSHIN, improve the level of health and safety and provide employee well-being, we have established the Decent Work Subcommittee and the Workplace Well-being Promotion Committee and share information across the organization and consider company-wide measures. By having employees from a wide range of departments take part in discussions, we will promote the development of an environment that is fulfilling for all employees.

Employee's Message

Improving family well-being through childcare leave

Tomohiro Iwamoto

Junior Associate
Electronics & Automation Product Development Department
IDEC CORPORATION



To coincide with the birth of my second child I went on paternity leave after childbirth for around one month. As we were unable to rely on parents and since my partner was in poor health, I took on the responsibility of looking after my eldest son and the newborn baby, and also handled housework for a month.

Up to that point, I thought I had done my best to raise a child and do housework, but after trying to do it all on my own, I learned a lot of things that reminded me of how tough it was. I think it was great to be able to share with my partner how difficult it is to raise a child soon after they are born.

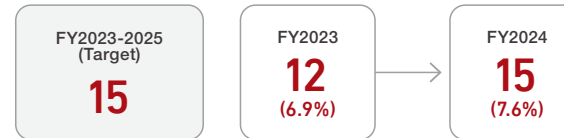
Developing and appointing female managers

As part of efforts to develop an environment and culture in which a diverse range of human resources can take on challenges, we have been pursuing initiatives enabling female employees to find success. We set the target of raising the number of female managers at IDEC on a non-consolidated basis to 15 by the end of FY2025, and managed to achieve this goal a year ahead of schedule by promoting initiatives such as awareness-raising training for all department general managers who play key roles in promoting the success of female employees, and selective training for female managerial candidates. The ratio of female managers on a consolidated basis was 23.9% in FY2024.

Number of female managers

* Including assistant managers with subordinates

IDEC unconsolidated



Manager's Message

Promoting a wide range of measures in pursuit of greater heights

Barbara Smith

Human Resources Manager
IDEC CORPORATION (USA)



To take things to the next level, IDEC USA is securing talent under a new structure and revising its welfare benefits, providing seminars and training programs to improve worker experience and knowledge while working to strengthen compliance.

We value our responsibility not only to our employees but to their families, and are making every effort to grow into a company that flexibly adapts to the changing times and makes employees proud to work for.

Recruiting and promoting a diverse range of human resources

To promote global business expansion, we hire a diverse range of talent irrespective of nationality, and make a point of developing an environment conducive to those from various backgrounds, including efforts to produce multilingual records of important meetings.

We also hire individuals with diverse experience, including DX and AI-minded personnel who are able to drive business innovation, and those with highly specialized knowledge that enables them to propose optimal solutions that address the issues faced by customers, or develop new products.

Going forward, we will continue to hire talent who possess the expertise and knowledge needed to strengthen our business.

Creating employment and involvement opportunities for disabled persons

Since FY2022, we have applied a special corporate group exception to calculate the number of employees with disabilities. As of the end of FY2024, the number of employees with disabilities within the IDEC Group in Japan was 37 (converted number: 45), resulting in an employment rate of 3.0%.

Our Group company APEM has also actively engaged in hiring disabled persons, and the rate of employees with disabilities in its head office in France is 8.6%.

Understanding of and support for LGBTQ+

To build a workplace environment in which anyone can devote themselves to their work, since FY2022 we have continued to conduct in-house training on LGBTQ+ issues. We provide training for staff assigned to our internal consultation desk, post specific instructions on the basic handling of employees "coming out" and content to deepen understanding of LGBTQ+ issues on the company intranet to make the information available to employees.



Respect for Human Rights

Management with respect for humanity

Since our foundation, we have embraced “management with respect for humanity” and developed our business by considering the human rights of the employees working in the IDEC Group, and indeed all stakeholders.

International principles and guidelines for conduct supported by the IDEC Group

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

Related material issue



Business foundation

Major sustainability KPIs (FY2023-2025)

- Human rights and compliance training attendance rate: **100%** (Japanese group companies)

Basic approach

Since the founding in 1945, the IDEC Group has advocated “management with respect for humanity,” and has positioned this as the foundation of our every action in “The IDEC Way,” our corporate philosophy. We respect humanity and endeavor to avoid discrimination of any form, including on the basis of race, skin color, age, gender, sexual orientation, gender identity, sexual expression, ethnicity, nationality, disabilities, pregnancy, religion, political party affiliation, labor union affiliation, experience with military service, protected genetic information, and marital status.

As a company engaged in business globally, we support international principles and norms including the United Nations Guiding Principles on Business and Human Rights, work to respect human rights, and recognize the need to mitigate or prevent any adverse impacts our corporate activities have on the human rights of various stakeholders.

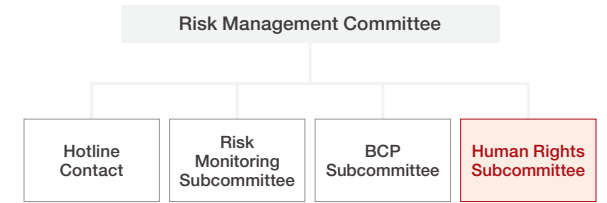
We have established a Human Rights Policy to ensure that all people involved with the IDEC Group have a strong awareness of human rights and contribute to the sustainable development of society. We newly formulated the IDEC Human Rights Statement and revised our Human Rights Policy in 2023. We expect all business partners including our suppliers to understand and support this policy, and we continually encourage our business partners to respect it.

Implementation structure

We established a Human Rights Subcommittee within the Risk Management Committee, a specialized committee of the Sustainability Committee chaired by the CEO in 2024.

The Human Rights Subcommittee, working under the executive officer in charge of strategic planning, monitors the status of initiatives and activities concerning human rights globally, clarifies action items, and implements them in coordination with related functions as necessary.

The details of activities are deliberated over and reported to the Sustainability Committee under the supervision of the Board of Directors.



Process for addressing human rights

During FY2024, we clarified our procedures for implementing actions that address and promote human rights. Going forward, we will continue to promote various initiatives in line with these procedures.

Process for addressing human rights

Human rights due diligence	Establishment of policies	FY2024 <ul style="list-style-type: none"> ■ Formulation of the IDEC Human Rights Statement and revision of the IDEC Human Rights Policy ■ Disclosure of the statement and the policy on the website in Japanese, English and Chinese (simplified and traditional)
	Assessment of impacts on human rights	FY2025 <ul style="list-style-type: none"> ■ Assessment of impacts on human rights ■ Identification of high priority human rights issues ■ Enhancement of CSR self-assessment to suppliers, and implementation of internal human rights assessment in light of high priority human rights issues
	Preventive and corrective measures (plan)	<ul style="list-style-type: none"> ■ Promotion of specific efforts to implement preventive and corrective measures for identified high priority human rights issues
	Monitoring (plan)	<ul style="list-style-type: none"> ■ Monitoring of the status after the implementation of preventive and corrective measures ■ Supervision by the Board of Directors and Risk Management Committee
	Disclosure of information (plan)	<ul style="list-style-type: none"> ■ Disclosure of initiatives on the IDEC website and integrated report (IDEC Report)
	Establishment of a human rights remedy mechanism (plan)	<ul style="list-style-type: none"> ■ Establishment of a grievance mechanism for internal and external stakeholders to address negative impacts on human rights

Assessment of impacts on human rights

The Risk Management Committee’s “Human Rights Subcommittee” has identified and assessed potential negative impacts on human rights within our value chain that could

be caused by the IDEC Group’s business decisions and operations. Human rights items below are based on “Human rights items significant to the IDEC Group” in the IDEC Human Rights Statement. Going forward, we will formulate policies that outlines the implementation of preventive and corrective measures to address these high priority human rights issues.

Human rights issues and stakeholders that may be negatively impacted

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

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

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

■ Employees

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

■ Supply chain

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

■ Customers

Protection of personal information & privacy	Improper collection, leaking, and unconsented use of personal information
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■ Local communities and society

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

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

Human rights education and training

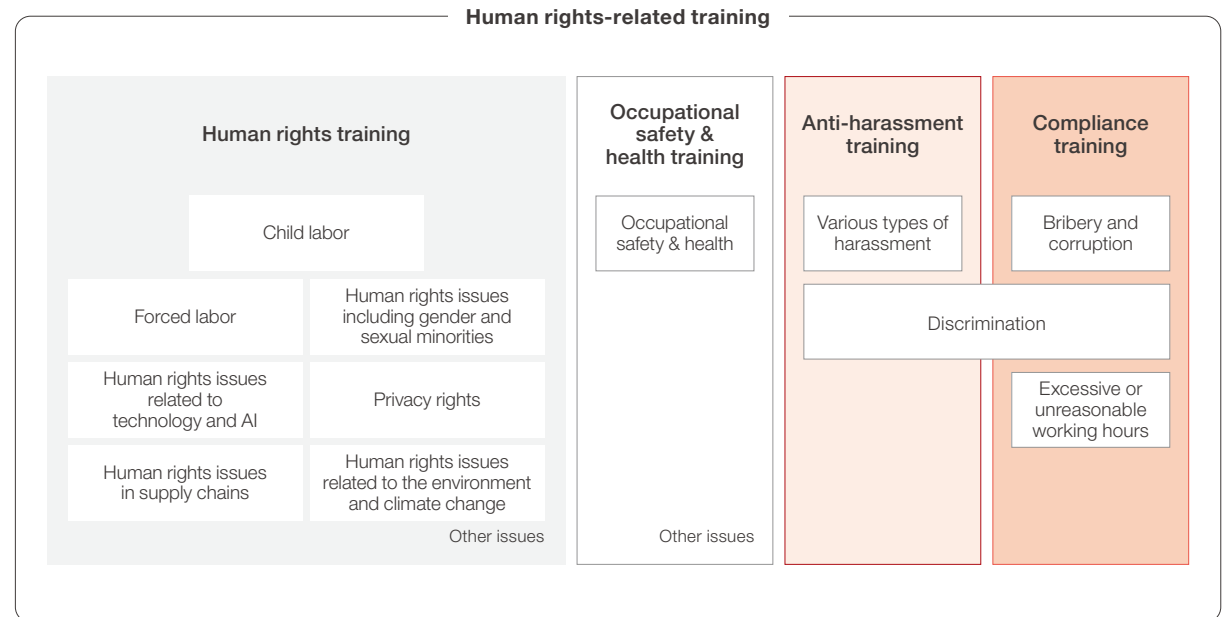
In position-based training for new graduate hires, mid-career hires and promoted employees, we conduct human rights training and workshops based on the United Nations Guiding Principles on Business and Human Rights.

As human rights-related training that broadly covers

areas of human rights to be respected by companies, we provide education and training that incorporates human rights themes into anti-harassment training, compliance training and occupational safety & health training.

We conducted video-based anti-harassment training and compliance training for our Japanese group companies in FY2024. The attendance rates were 100% for anti-harassment training and compliance training respectively. In conjunction with the training, we are also distributing IDEC Group Harassment Case Cards to employees with subordinates, to foster correct knowledge about harassment and prevent it from happening. We plan to expand human rights-related training globally in the future.

We have also posted videos on forced labor and child labor, and a checklist to confirm the relationship between human rights and our business on our corporate intranet, as part of efforts to promote understanding and raise awareness of human rights issues among employees.



IDEC Human Rights Statement

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

Scope of Application

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

Commitment to the Respect for Human Rights

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

Human rights items significant to the IDEC Group

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

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

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

Remediation

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

Application & Observations of Laws

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

Governance

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

Human Rights Due Diligence

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

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

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

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

Grievance Mechanism

In addition to the IDEC Hotline for IDEC Group employees, the IDEC Group will establish a report desk that those within the company such as employees and those outside such as suppliers, business partners, members of the local community, and stakeholders can use. By creating the report desk, the IDEC Group aims to quickly identify concerns including

negative impacts on human rights at an early stage, enabling us as a group to resolve the presented issues via necessary procedures swiftly. Whistleblowers’ information and the contents of their report will be kept confidential to protect their identity, and thorough protection will be provided to avoid any outcomes of unfavorable treatment or retaliation measures against the whistleblower.

Stakeholder Engagement


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

Awareness and Education

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

Human Rights Policy Process and Review

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

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



Basic approach

Supply chain management in line with the concept of sustainability—including aspects such as compliance, human rights, labor, health and safety, and consideration for the global environment—is essential for the IDEC Group to conduct its business operations. As our basic policies on purchasing, we have established a Purchasing Policy, a Responsible Minerals Sourcing Policy, and a Code of Conduct for Procurement Activities. To engage in CSR activities together with our suppliers, who are important partners, we have published the IDEC Group CSR Procurement Guidelines and IDEC Group Green Procurement Guidelines in accordance with international standards, and require suppliers to comply with the guidelines, perform CSR self-assessments, and conduct surveys on conflict minerals. We also engage in “White (ethical) Logistics” in cooperation with logistics companies.

Going forward, the IDEC Group will continue working together with its business partners to build a strong and resilient supply chain, and engage in more sustainable activities to fulfill its social responsibilities.

Purchasing Policy

In engaging in new transactions, the IDEC Group will provide an environment in which all suppliers can trade with it in a fair and impartial manner. To increase customer satisfaction even further, it will strive to build a supply-chain management (SCM) system on a global basis, seeking to secure an extensive range of suppliers around the world. Together with aiming to procure materials with outstanding quality, cost, and delivery (QCD) performance and low environmental impact, it also will aim to realize coexistence and co-prosperity with suppliers as good business partners, and contribute to a sustainable society.

Global

To enable global production activities, outstanding parts and materials shall be procured from global suppliers in the optimal locations.

Fair and impartial

Pursuing equal opportunities for transactions, the Group will engage in fair transactions regardless of company size or nationality. Relations shall be built based on mutual cooperation and trust through transactions reflecting comprehensive, fair evaluation of matters, such as quality, price, delivery time, stability of supply, and CSR.

Green procurement

Procurement transactions shall be conducted in compliance with laws and regulations, and standards related to environmental protection and proactive efforts shall be made to lessen environmental impact through means, such as development of environmental management systems together with suppliers, thorough management of chemical substances, and promoting recycling of resources, to procure eco-friendly materials with low environmental impact.

CSR procurement

CSR procurement shall be advanced, based on consideration for matters, such as legal and regulatory compliance, respect for human rights, occupational health and safety, relevant efforts for responsible minerals sourcing, environmental protection, coexistence with society, timely and appropriate disclosure of information, and protection of confidential information.

Responsible Minerals Sourcing Policy

The IDEC Group will make the following commitments on sourcing of tantalum, tin, tungsten, and gold in the products manufactured by the Group.

- 1 The Group will not use minerals that are a source of funds for armed groups in Conflict-Affected and High-Risk Areas defined by the Organisation for Economic Co-operation and Development (OECD).
- 2 The Group will make efforts to source minerals from conflict-free smelters by performing due diligence on the origin and distribution areas of minerals based on survey using the CMRT (Conflict Minerals Reporting Template) and the EMRT (Extended Minerals Reporting Template) issued by the RMI (Responsible Minerals Initiative).
- 3 In the unlikely event that the use of conflict minerals, which are a source of funds for armed groups, is discovered, the Group will promptly take corrective action.

Code of Conduct for Procurement Activities

1 Compliance with the Subcontract Act and other legislation

When procuring materials, we will comply with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and other related legislation.

2 Prohibition of abuse of dominant bargaining position

We will not take advantage of our dominant bargaining position to treat our materials suppliers or business partners in an unfair manner.

3 Procurement activities at appropriate prices

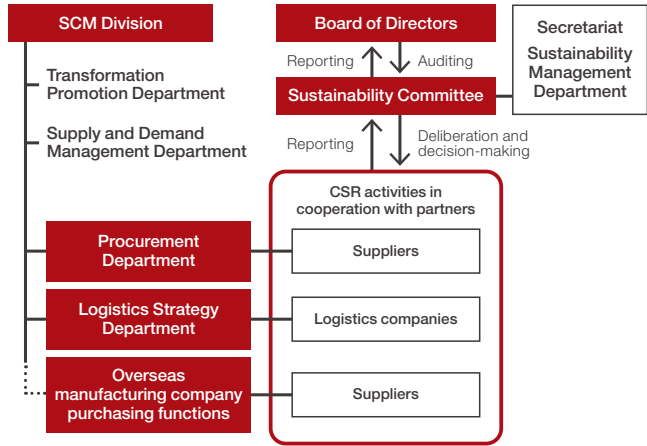
To supply products to customers at appropriate prices, we will act to ensure that we can procure appropriately priced materials, etc.

4 Prohibition of demands for entertainment and gifts

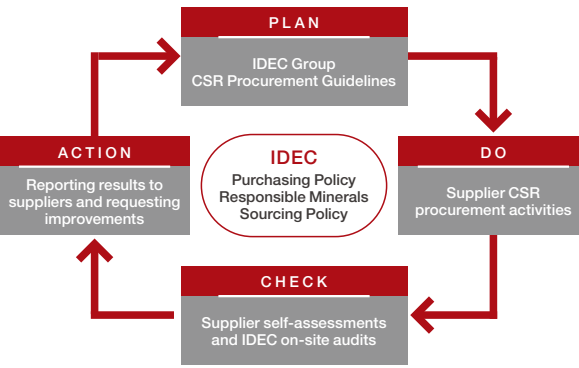
We will not demand nor accept entertainment and gifts from our materials suppliers or business partners. We will not behave in a manner that allows our selection of materials suppliers or business partners and our procurement activities with them to be affected by whether or not entertainment and gifts are offered.

Implementation structure

For the IDEC Group's CSR procurement, the SCM Division works in cooperation with other relevant departments to develop plans and activities to tackle sustainability issues. The progress of these plans and activities is reported to the Sustainability Committee, which is chaired by the CEO, for deliberation and decision-making. The content discussed is audited by the Board of Directors.



PDCA cycle for CSR procurement

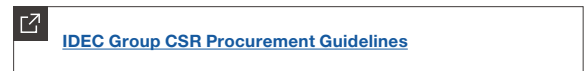


CSR activities in cooperation with suppliers

CSR Procurement Guidelines

The IDEC Group complies with the laws, regulations, and social norms of each country, responds to the expectations and requests of stakeholders, and engages in procurement initiatives in accordance with international CSR standards and guidelines. Based on the IDEC Group Code of Conduct, and in compliance with the Ten Principles of the United Nations Global Compact, the ILO international labour standards, and the Responsible Business Alliance (RBA) Code of Conduct, we formulated the IDEC Group CSR Procurement Guidelines to present specific concepts, which consist of six key areas: (1) labor, (2) health and safety, (3) environment, (4) ethics, (5) product safety, and (6) management system. We have also established the IDEC Group Partner Hotline, as a contact point for receiving consultations and reports regarding compliance from suppliers. (The contact information for this hotline is also included in the guidelines.)

The IDEC Group engages in CSR procurement in cooperation with its suppliers based on these guidelines.

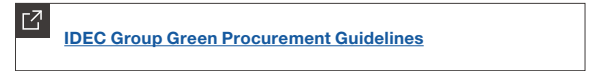


Green Procurement Guidelines

The IDEC Group aims to help create a low-carbon, recycling-oriented society by positioning environmental conservation as the top priority in all aspects of its business activities. As part of these activities, we have published the IDEC Group Green Procurement Guidelines, which are based on both domestic and international laws and regulations relating to the environment.

The guidelines indicate items that we would like our suppliers to work on proactively together with us, including compliance with laws and regulations and thorough chemical substances management, CO₂ reduction, efficient use of

resources, and protection of biodiversity, throughout the entire product life cycle.



CSR Procurement Briefings

We have been holding CSR Procurement Briefings at our head office and at production companies in China, Taiwan, and Thailand as opportunities to ask suppliers for their understanding and cooperation with CSR procurement since 2018.

At these briefing sessions, we interact with suppliers through request for cooperation with CSR procurement, introduction of products, and factory tours.

Supplier newsletters

With the aim of gaining understanding with regard to the IDEC Group and strengthening cooperation with suppliers through dialogue, distributing information, and communication with suppliers, the Sustainability Management Department has been issuing a newsletter every December since 2018 and distributing it to approximately 300 companies via the Procurement Department.

In this newsletter, we present examples of CSR initiatives by suppliers along with details of IDEC's CSR activities, business overview, and new products, etc.

CSR self-assessment

We actively encourage CSR self-assessments so that suppliers can check the progress of and make improvements to their CSR activities. Assessment items are divided into six categories in line with the contents of the IDEC Group CSR Procurement Guidelines. There are a total of 34 questions, including questions relating to human rights issues such as child labor and forced labor, as well as considerations for the working environment and health and safety. Each question is assessed on a five-point scale, based on the evaluation criteria.

Evaluation criteria for the self-assessment

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

We conducted this assessment at all major suppliers of IDEC Group production companies in Japan, China, Taiwan, and Thailand. We also collect good examples of activities based on the assessment results and present them in our supplier newsletter, and request suppliers with issues to address to make improvements.

Through this assessment, we are working to raise the level of CSR at all suppliers.

Number of companies conducting self-assessments, average assessment score

Year	Number of companies	Category						Average
		Labor	Health and Safety	Environment	Ethics	Product Safety	Management System	
FY 2023	143	4.1	3.9	4.0	3.9	4.2	3.6	3.9
FY 2024	211	4.1	3.9	4.0	4.0	4.1	3.6	4.0

Surveys into responsible minerals sourcing

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

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

Number of companies surveyed for conflict minerals (3TG), cobalt and mica

	CMRT (3TG)			EMRT (cobalt and mica)		
	Target companies	Response submitted	Response ratio	Target companies	Response submitted	Response ratio
FY2023	58	44	75.9%	32	20	62.5%
FY2024	65	53	81.5%	65	53	81.5%

CSR activities together with logistics operators "White (ethical) Logistics"

IDEC endorsed the "White Logistics" movement being advocated by Japan's Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry and the Ministry of Agriculture, Forestry and Fishers since March 2019, submitting a declaration of voluntary action in September 2019.

Since then, we have given extra care and consideration to ensure that our partner logistics companies comply with laws and regulations relating to labor issues and the cargo vehicle transportation business, and have clarified and ensured compliance with the contents of contracts relating to transportation, cargo handling, and other services such as inspection.

Specifically, we are reducing cargo handling time by using pallets, trolleys, and containers, etc., working to separate vehicle / machinery operation and ancillary work, shortening cargo waiting times, implementing safety measures for cargo handling operations, and suspending operations in the event of abnormal weather conditions.

As a cargo shipper, we will continue to work with our partner companies to implement work style reforms and achieve highly productive and sustainable logistics.

07



Data and Company Overview

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Non-Financial Data

* Some past fiscal year data has been corrected.

Environment

Scope	FY2023	FY2024
CO₂ emissions		
Scope1 (t-CO ₂)	916	609
Scope2 (t-CO ₂)	10,373	8,966
Scope3 (Category1)(t-CO ₂)	167,513	156,523
Scope3 (Category2)(t-CO ₂)	12,724	8,806
Scope3 (Category3)(t-CO ₂)	15,558	13,222
Scope3 (Category4)(t-CO ₂)	15,389	3,442
Scope3 (Category5)(t-CO ₂)	205	179
Scope3 (Category6)(t-CO ₂)	553	532
Scope3 (Category7)(t-CO ₂)	1,971	1,895
Scope3 (Category8)(t-CO ₂)	0	0
Scope3 (Category9)(t-CO ₂)	725	488
Scope3 (Category10)(t-CO ₂)	0	0
Scope3 (Category11)(t-CO ₂)	846,560	615,919
Scope3 (Category12)(t-CO ₂)	23,409	17,917
Scope3 (Category13)(t-CO ₂)	0	0
Scope3 (Category14)(t-CO ₂)	0	0
Scope3 (Category15)(t-CO ₂)	0	0
In-house CO ₂ emissions (t-CO ₂)/intensity (kg-CO ₂ /million yen)	11,289/135	9,575/132
ROC (million yen/1,000 t-CO ₂)	1,245	655
Electric power		
Power consumption (1,000 kWh)	26,827	24,161
Solar power generated in-house: total (1,000 kWh)	25,624	20,464
Solar power generated in-house: portion self-consumed (1,000 kWh)	1,147	963
Renewable energy purchases (1,000 kWh)	1,143	2,534
Renewable energy usage	8.2%	14.5%
Waste generation & resource recycling		
General waste generated (t)/intensity (kg/million yen)	292/3.48	286/3.93
Industrial waste generated (t)/intensity (kg/million yen)	414/4.94	454/6.24
Material recycled (t)/intensity (kg/million yen)	1,057/12.61	790/10.86
Paper consumption (t)/intensity (kg/million yen)	17/0.20	17/0.23
Water use		
Water consumption (m ³)/intensity (m ³ /million yen)	64,534/0.77	58,260/0.80
Industrial water consumption (m ³)	3,413	2,997
Groundwater consumption (m ³)	0	0

Social

Scope	FY2023	FY2024
Human resource development		
Average per capita training costs (yen)	66,000	59,000
Average training hours per person	Unconsolidated	10.4
Engagement		
Total Employer Attractiveness	Japan	3.12 (+0.11 from previous rating)
Total Workplace Attractiveness	Japan	3.16 (+0.04 from previous rating)
Diversity & inclusion		
Number of employees		
Male	Consolidated	3,186
Female	Consolidated	1,837
Ratio of female employees	Consolidated	1,349
Ratio of female employees	Unconsolidated	42.3%
Ratio of female employees	Unconsolidated	19.9%
Number of managers		
Male	Consolidated	401
Female	Consolidated	308
Ratio of female managers	Consolidated	93
Ratio of female managers	Unconsolidated	23.2%
Ratio of female managers	Unconsolidated	7.6%
Ratio of employees with disabilities	Japan	3.0%
Gender pay gap (full-time employees)	Unconsolidated	79.0%
Average length of service (full-time employees)		
Male (years)	Unconsolidated	17.1
Female (years)	Unconsolidated	18.0
Female (years)	Unconsolidated	12.3
Utilization of childcare leave (full-time employees)		
Male	Unconsolidated	68.8%
Female	Unconsolidated	58.3%
Female	Unconsolidated	100%
Occupational health & safety		
Frequency rate of industrial accidents	Unconsolidated	0.58
Fatalities due to occupational accidents	Consolidated	0
Health		
Health checkup rate	Unconsolidated	100%
Stress check participation	Unconsolidated	95.9%
Supply Chain Management		
Ratio of supplier assessment coverage*	Unconsolidated	32.8%

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

Governance

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

11-Year Key Financial Data

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2024
Operating results											(Million yen)	(Thousands of U.S. dollars) 1US\$=151.4 yen
Net sales	36,319	42,173	43,468	43,426	59,783	62,757	58,355	53,983	70,789	83,869	72,711	480,258
Gross profit	15,406	17,117	18,017	18,027	26,022	26,973	25,040	22,783	30,310	37,376	31,019	204,881
Selling, general and administrative expenses	13,063	14,207	14,841	14,479	19,909	21,244	20,336	18,742	20,638	23,315	24,743	163,428
Operating profit	2,342	2,910	3,176	3,547	6,112	5,728	4,704	4,041	9,672	14,060	6,276	41,453
Profit attributable to owners of parent	1,456	2,096	1,708	2,440	5,296	3,700	3,006	2,803	7,896	10,144	4,407	29,108
Cash flows												
Cash flows from operating activities	4,633	1,925	5,690	2,644	4,926	6,119	6,928	7,443	9,652	7,009	5,504	36,354
Cash flows from investing activities	(2,493)	(1,169)	(18)	(21,190)	(858)	(2,665)	(2,037)	(3,147)	(1,386)	(3,110)	(1,922)	(12,695)
Free cash flows	2,139	756	5,671	(18,545)	4,067	3,453	4,890	4,295	8,265	3,899	3,581	23,653
Cash flows from financing activities	(1,929)	(891)	(2,611)	19,929	(3,926)	(2,878)	(3,605)	(3,672)	(8,578)	(4,403)	(4,462)	(29,472)
Financial position												
Total assets	45,778	49,378	49,328	85,441	91,530	89,032	87,025	88,252	94,960	104,235	107,138	707,649
Shareholders' equity	28,801	32,121	31,976	33,355	45,005	45,509	42,725	42,963	48,660	58,465	65,551	432,966
Information per share											(Yen)	(U.S. dollars)
Earnings per share (EPS)	49.14	69.45	56.50	80.68	170.37	112.53	95.19	92.83	264.12	348.37	150.10	0.99
Book-value per share (BPS)	959.56	1,062.53	1,057.28	1,102.20	1,370.01	1,383.18	1,365.73	1,432.43	1,677.51	1,998.30	2,226.99	14.71
Annual cash dividends (yen)	30.00	35.00	36.00	40.00	50.00	50.00	50.00	50.00	100.00	130.00	130.00	0.86
Other financial data												
Operating profit margin	6.4%	6.9%	7.3%	8.2%	10.2%	9.1%	8.1%	7.5%	13.7%	16.8%	8.6%	
Return on equity (ROE)	5.2%	6.9%	5.3%	7.5%	13.5%	8.2%	6.8%	6.5%	17.2%	18.9%	7.1%	
Return on assets (ROA)	3.3%	4.4%	3.5%	3.6%	6.0%	4.1%	3.4%	3.2%	8.6%	14.5%	6.5%	
Equity-to-asset ratio	62.9%	65.1%	64.8%	39.0%	49.2%	51.1%	49.1%	48.7%	51.2%	56.1%	61.2%	
Capital expenditure	2,277	1,761	1,500	2,103	1,991	4,122	2,673	3,567	2,503	4,088	2,960	19,551
(portion spent on right-of-use assets etc.)	—	—	—	—	—	—	143	171	497	1,166	391	2,583
Depreciation and amortization expense	1,699	1,677	1,519	1,141	2,398	2,701	3,016	2,981	3,264	3,544	3,917	25,872
R&D expense	1,857	2,110	2,328	2,242	2,202	2,359	2,325	2,343	2,593	2,958	2,796	18,468

Consolidated Income Statement and Consolidated Comprehensive Income Statement

	FY2023 (Million yen)	FY2024 (Million yen)	FY2024 (Thousands of U.S. dollars) 1US\$=151.4 yen
Net sales	83,869	72,711	480,258
Cost of sales	46,492	41,692	275,376
Gross profit	37,376	31,019	204,881
Selling, general and administrative expenses	23,315	24,743	163,428
Operating profit	14,060	6,276	41,453
Non-operating income			
Interest and dividends income	100	157	1,037
Share of profit of entities accounted for using equity method	45	102	674
Foreign exchange gains	467	917	6,057
Other	326	336	2,219
Total non-operating income	938	1,514	10,000
Non-operating expenses			
Interest expenses	107	126	832
Derivative losses	170	336	2,219
Loss on valuation of derivatives	—	177	1,169
Other	318	229	1,513
Total non-operating expenses	596	869	5,740
Ordinary profit	14,403	6,920	45,707
Extraordinary income			
Gain on sale of non-current assets	32	21	139
Gain on sale of investment securities	119	62	410
Gain on reversal of stock acquisition rights	31	6	40
Total extraordinary income	183	90	594
Extraordinary losses			
Loss on sale of fixed assets	5	4	26
Loss on disposal of fixed assets	50	29	192
Loss on subsidiary restructuring	129	—	—
Loss on liquidation of business	—	142	938
Information security expenses	—	131	865
Total extraordinary losses	185	307	2,028
Net income before income taxes	14,401	6,702	44,267
Income taxes - current	4,480	2,133	14,089
Income taxes - deferred	(186)	162	1,070
Total income taxes	4,293	2,295	15,159
Profit	10,107	4,407	29,108
Loss attributable to non-controlling interests	(37)	—	—
Profit attributable to owners of parent	10,144	4,407	29,108

	FY2023 (Million yen)	FY2024 (Million yen)	FY2024 (Thousands of U.S. dollars) 1US\$=151.4 yen
Profit	10,107	4,407	29,108
Other comprehensive income			
Valuation difference on available-for-sale securities	(17)	(40)	(264)
Foreign currency translation adjustment	2,725	6,014	39,723
Remeasurements of defined benefit plans, net of tax	(39)	64	423
Total other comprehensive income	2,669	6,037	39,875
Comprehensive income	12,776	10,444	68,983
(Breakdown)			
Comprehensive income attributable to owners of parent	12,813	10,444	68,983
Comprehensive income attributable to non-controlling interests	(37)	—	—

Consolidated Balance Sheet

	FY2023 (Million yen)	FY2024 (Million yen)	FY2024 (Thousands of U.S. dollars) 1US\$=151.4 yen
Assets			
Current assets			
Cash and deposits	18,408	17,628	116,433
Notes and accounts receivable - trade, and contract assets	12,987	12,716	83,989
Electronically recorded monetary claims - operating	1,022	928	6,129
Merchandise and manufactured goods	11,777	13,000	85,865
Work in progress	2,323	1,919	12,675
Raw materials and supplies	6,555	6,559	43,322
Other	1,466	2,203	14,551
Allowance for doubtful accounts	(23)	(35)	(231)
Total current assets	54,518	54,921	362,754
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	9,843	9,668	63,857
Machinery, equipment and vehicles, net	3,513	3,932	25,971
Tools, furniture and fixtures, net	1,727	1,798	11,876
Land	5,848	5,958	39,353
Lease assets, net	190	142	938
Right-of-use assets, net	1,754	1,749	11,552
Construction in progress	887	752	4,967
Total property, plant and equipment	23,766	24,000	158,520
Intangible assets			
Trademark right	2,411	2,534	16,737
Customer-related assets	7,634	7,965	52,609
Software	1,138	1,602	10,581
Goodwill	11,636	12,284	81,136
Other	63	1,123	7,417
Total intangible assets	22,885	25,511	168,501
Investments and other assets			
Investment securities	601	489	3,230
Long-term loans receivable	49	—	—
Retirement benefit asset	318	399	2,635
Deferred tax assets	1,490	1,201	7,933
Other	641	646	4,267
Allowance for doubtful accounts	(36)	(31)	(205)
Total investments and other assets	3,065	2,704	17,860
Total non-current assets	49,717	52,217	344,894
Total assets	104,235	107,138	707,649

	FY2023 (Million yen)	FY2024 (Million yen)	FY2024 (Thousands of U.S. dollars) 1US\$=151.4 yen
Liabilities			
Current liabilities			
Notes and accounts payable - trade	4,916	3,792	25,046
Electronically recorded obligations - operating	1,948	537	3,547
Short-term borrowings	5,000	7,000	46,235
Current portion of long-term borrowings	11,935	6,073	40,112
Lease liabilities	497	566	3,738
Accounts payable - other	1,040	852	5,627
Accrued expenses	2,969	2,430	16,050
Income taxes payable	1,911	505	3,336
Contract liabilities	686	477	3,151
Deposits received	156	165	1,090
Provision for product warranties	37	40	264
Other	959	1,388	9,168
Total current liabilities	32,059	23,830	157,398
Non-current liabilities			
Long-term borrowings	6,525	10,183	67,259
Lease liabilities	1,530	1,418	9,366
Deferred tax liabilities	3,007	3,026	19,987
Provision for retirement benefits for directors (and other officers)	50	56	370
Retirement benefit liability	1,557	1,485	9,808
Asset retirement obligations	120	116	766
Other	571	1,014	6,697
Total long-term liabilities	13,362	17,301	114,273
Total liabilities	45,422	41,132	271,678
Net assets			
Shareholders' equity			
Share capital	10,056	10,056	66,420
Capital surplus	9,397	9,571	63,217
Retained earnings	40,532	41,077	271,314
Treasury shares	(7,299)	(6,970)	(46,037)
Total shareholders' equity	52,687	53,735	354,921
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	24	(16)	(106)
Foreign currency translation adjustment	5,787	11,801	77,946
Remeasurements of defined benefit plans	(33)	30	198
Total accumulated other comprehensive income	5,778	11,815	78,038
Stock acquisition rights	347	455	3,005
Total net assets	58,813	66,006	435,971
Total liabilities and net assets	104,235	107,138	707,649

Consolidated Cash Flow Statement

	FY2023 (Million yen)	FY2024 (Million yen)	FY2024 (Thousands of U.S. dollars) 1US\$=151.4 yen
Cash flows from operating activities			
Profit before income taxes	14,401	6,702	44,267
Depreciation	3,544	3,917	25,872
Loss on liquidation of business	—	142	938
Loss on subsidiary restructuring	129	—	—
Information security expenses	—	131	865
Loss (gain) on sale of investment securities	(119)	(62)	(410)
Amortization of goodwill	887	977	6,453
Increase (decrease) in allowance for doubtful accounts	2	3	20
Increase (decrease) in net defined benefit asset and liability	(87)	(98)	(647)
Interest and dividend income	(100)	(157)	(1,037)
Interest expenses	107	126	832
Foreign exchange loss (gain)	(403)	(802)	(5,297)
Share of loss (profit) of entities accounted for using equity method	(45)	(102)	(674)
Increase (decrease) in provision for product warranties	(4)	(3)	(20)
Loss (gain) of derivatives	103	476	3,144
Loss (gain) on sale of non-current assets	(26)	(16)	(106)
Loss on abandonment of non-current assets	50	29	192
Decrease (increase) in accounts receivable - trade, and contract assets	(1,477)	1,660	10,964
Decrease (increase) in inventories	(4,471)	927	6,123
Increase (decrease) in contract liabilities	73	(259)	(1,711)
Decrease (increase) in receivable - other	4	15	99
Increase (decrease) in trade payables	(554)	(3,151)	(20,812)
Increase (decrease) in accounts payable - other	22	(105)	(694)
Increase (decrease) in accrued expenses	77	(585)	(3,864)
Increase (decrease) in consumption taxes payable/ consumption taxes refund receivable	45	103	680
Increase (decrease) in deposits received	(50)	8	53
Other, net	84	(201)	(1,328)
Subtotal	12,191	9,677	63,917
Interest and dividends received	118	166	1,096
Interest paid	(107)	(127)	(839)
Income taxes paid	(5,193)	(4,211)	(27,814)
Net cash provided by (used in) operating activities	7,009	5,504	36,354

	FY2023 (Million yen)	FY2024 (Million yen)	FY2024 (Thousands of U.S. dollars) 1US\$=151.4 yen
Cash flows from investing activities			
Payments into time deposits	(3,523)	(2,762)	(18,243)
Proceeds from withdrawal of time deposits	3,116	3,903	25,779
Purchase of property, plant and equipment	(2,586)	(1,806)	(11,929)
Proceeds from sale of property, plant and equipment	42	24	159
Purchase of intangible assets	(338)	(763)	(5,040)
Purchase of investment securities	(144)	(61)	(403)
Proceeds from sale of investment securities	182	85	561
Proceeds from collection of long-term loans receivable	63	63	416
Purchase of shares of subsidiaries	—	(106)	(700)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(438)	(2,893)
Other, net	76	(62)	(410)
Net cash provided by (used in) investing activities	(3,110)	(1,922)	(12,695)
Cash flows from financing activities			
Proceeds from short-term borrowings	26,100	36,000	237,781
Repayment of short-term borrowings	(24,900)	(34,000)	(224,571)
Proceeds from long-term borrowings	200	9,995	66,017
Repayments of long-term borrowings	(2,105)	(12,385)	(81,803)
Purchase of treasury shares	(1)	(0)	(0)
Dividends paid	(3,628)	(3,802)	(25,112)
Repayments of lease liabilities	(523)	(611)	(4,036)
Other, net	454	342	2,259
Net cash provided by (used in) financing activities	(4,403)	(4,462)	(29,472)
Effect of exchange rate changes on cash and cash equivalents	369	790	5,218
Net increase (decrease) in cash and cash equivalents	(133)	(90)	(594)
Cash and cash equivalents at beginning of period	15,203	15,070	99,538
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	—	61	403
Cash and cash equivalents at end of period	15,070	15,040	99,339

Company Overview

Corporate Data

Corporate Name	IDEC CORPORATION
Established	March 26, 1947
Capital Stock	¥10,056,605,173
Number of Employees	3,087 (consolidated; as of March 31, 2024) * Excluding contract and temporary employees
Stock Listing	Prime Market, Tokyo Stock Exchange
Head Office	2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan Phone: +81-6-6398-2500 (Main number)
Tokyo Sales Branch	1-16-1, Kaigan, Minato-ku, Tokyo 105-0022 Japan Phone: +81-3-6625-5180 (Main number)
Factories	Amagasaki, Fukusaki, Takino
Sales Branches	Tokyo, Osaka

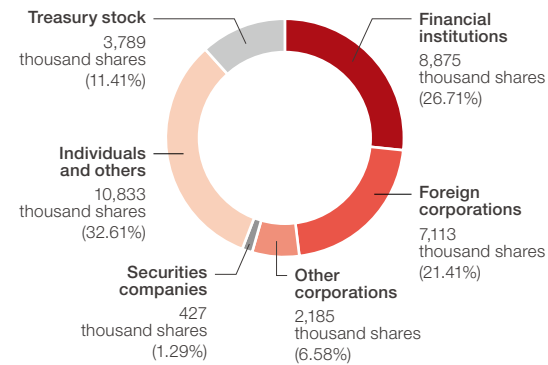
Shares of the Company

As of March 31, 2024

Number of shares authorized	150,000,000
Number of shares issued	33,224,485
Number of shareholders	11,719

Distribution of Shareholders

As of March 31, 2024



Major Shareholders (Top 10)

As of March 31, 2024

Shareholders	Number of shares (Thousands of shares)	Holdings (%)
The Master Trust Bank of Japan, Ltd. (Account in trust)	4,913	16.69
Custody Bank of Japan, Ltd. (account in trust)	3,024	10.28
JP MORGAN CHASE BANK 385632	1,392	4.73
Funaki Kosan Ltd.	1,041	3.54
THE BANK OF NEW YORK MELLON 140044	442	1.50
Kazutaka Fujita	408	1.39
Toshihiro Fujita	350	1.19
JP MORGAN CHASE BANK 385781	347	1.18
INTERACTIVE BROKERS LLC	338	1.15
STATE STREET BANK WEST CLIENT - TREATY 505234	326	1.11

Note: The description of major shareholders above conforms to the content disclosed in the Annual Securities Report.

Evaluation by Society (Inclusion in Indices)

FTSE Russell (U.K.)

FTSE Blossom Japan Index



FTSE Blossom Japan Index

FTSE Russell (U.K.)

FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

Morningstar

Japan ex-REIT Gender Diversity Tilt Index



SOMPO Asset Management

SOMPO Sustainability Index



JPX Group

JPX-Nikkei Mid and Small Cap Index



JPX Group

S&P/JPX Carbon Efficient Index



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