

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

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

### **1. Basic Views**

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

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

“IDEC Corporate Governance Policy”: <https://us.idec.com/media/governancepolicy2021-EN.pdf>

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

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

### **[Disclosure Based on the Principles of the Corporate Governance Code]**

Update

#### **[Principle 1.4 Cross-Shareholdings]**

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

A rationale for cross-shareholding exists when the Board of Directors has decided that a particular case of cross-shareholding promises to increase the IDEC Group’s corporate value by realizing synergies and improving both sides’ competitive advantages in the market.

Such decisions must be based on a validation of the profitability of the cross-shareholding relationship that duly examines the risks, costs, and returns involved from a medium to long term perspective, and must comprehensively consider the intended aims, such as maintaining and strengthening a business relationship or establishing a capital or business alliance.

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

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

#### **[Principle 1.7 Related Party Transactions]**

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

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

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

##### **1. Ensuring diversity in the promotion for core human resources**

The Group will strive to create a work environment that promotes diversity, to allow every employee to work on a level playing field regardless of gender, nationality, race, social status, family origin, religion, disability, etc., so that each and every employee with various personalities and values can fully demonstrate their abilities, based on the concept of “Management with respect for humanity.”

##### **(1) Cultivation and promotion of female managers**

We promote the empowerment of women as part of our commitment to creating an environment and culture that enable diverse human resources to take on challenges. We have set a goal of having at least 15 female managers at IDEC unconsolidated by the end of FY2025. We also conduct awareness-raising training for senior managers—who are the key to promoting women’s empowerment—and career training for all female employees. The ratio of female managers on a consolidated basis was 23.2% in FY2023.

##### **(2) Recruitment and promotion of foreign nationals**

As of the end of FY2023, IDEC unconsolidated had 63 employees who were foreign nationals, including 2 executive officers and 2 department heads. IDEC hires personnel without regard to nationality, and foreign nationals are working in many different departments.

We are also making an effort to improve the environment for foreign nationals, such as translating the minutes of major meetings into multiple languages.

##### **(3) Recruitment and promotion of mid-career personnel**

Our recruitment of mid-career talent actively strives to hire people with highly specialized capabilities. In the three years from FY2021 through FY2023, IDEC unconsolidated hired a total of 57 mid-career individuals, of whom 16 were managerial hires.

Moreover, we actively promote the hiring and training of people experienced in DX and AI who can lead business innovation, as well as people with highly specialized knowledge who can be entrusted with engineering sales and new product development and so on and can propose ideal solutions to resolve customer issues.

We will continue to actively recruit mid-career personnel with the specialist capabilities and knowledge needed to strengthen our business.

##### **2. Policies for human resource development and internal environment improvement aimed at ensuring diversity, and their implementation status**

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

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

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

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

With regard to the pension assets of the defined-benefit corporate pension plan, we receive regular reports from investment institutions on the investment status and investment policies, etc., and monitor them, taking into account the need to ensure the future payment of benefits to members, i.e., employees and beneficiaries, and the impact on the Company's financial position. In addition, we are making efforts to assign and train personnel with appropriate qualities to ensure that such monitoring can be carried out properly.

We have confirmed that our investment institutions accept Japan's Stewardship Code (Principles for Responsible Institutional Investors), and by entrusting the selection of individual financial instruments and the exercise of voting rights to these institutions, we ensure that there is no conflict of interest between the beneficiaries of the corporate pension plan and the Company.

[Principle 3.1 Full Disclosure]

1. Management Philosophy, Management Strategy and Management Plan

The Company actively disseminates information by posting the Top Message, Management Philosophy, Medium-Term Management Plan and the Integrated Report (IDEC Report) on our website as follows:

Information for Shareholders and Investors: <https://us.idec.com/idec-us/en/USD/ir-en>

Medium-Term Management Plan (FY2023 to FY 2025): <https://us.idec.com/idec-us/en/USD/about-IDEC/ir/medium-term-management-plan>

Integrated Report (IDEC Report): <https://us.idec.com/idec-us/en/USD/about-IDEC/ir/library/annual-reports>

2. Basic Views and Policy on Corporate Governance

Please refer to "1. Basic Views" of "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" described above.

As of the date of submission of this report, the Company has 7 directors (excluding directors who are members of the Audit and Supervisory Committee), including 3 outside directors, and there are 3 outside directors who are members of the Audit and Supervisory Committee.

3. Policies for Determining the Remuneration of Directors

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

4. Policy and procedure for director appointment and dismissal

The process of selecting candidates for directorships is based on a skills matrix outlining the expected skills and other requirements. The Nominating Committee recommends candidates to the Board of Directors on the basis of the skills matrix review, and the nominations are made part of the agenda of the General Meeting of Shareholders through voting at a Board of Directors meeting attended by a majority of independent outside directors.

Directors who are deemed to no longer possess the expected skills and qualities of their position are considered for dismissal. Also, if a director is found to have violated laws, regulations, the articles of incorporation, or otherwise be unfit for the discharge of their duties, the Board of Directors, acting on a report by the Nominating Committee, votes on whether to include a proposal for the director's dismissal in the General Meeting of Shareholders agenda. This vote must be made at a meeting attended by a majority of independent outside directors.

5. Individual Reasons for Election of Directors

The reasons for the election and dismissal of individual directors of the Company are stated in the convocation notice of the General Shareholder Meeting.

Notice of the 76th Annual General Meeting of Shareholders: <https://jp.idec.com/media/S202303EN.pdf>

[Supplementary Principle 3.1.3 Sustainability etc.]

1. 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 challenges through our business activities. Our efforts toward sustainability are being spearheaded by the CSR Committee we launched in 2018.

Going forward, we will continue taking action under the Basic Sustainability Policy to resolve global challenges 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 through our support for the Task Force on Climate-related Financial Disclosures (TCFD); and 3) preparing to respond to future risks and opportunities.

2. Investment in human capital and intellectual property, etc.

As part of strengthening our business foundation, we conducted an employee engagement survey, extracted issues from the survey results, and have promoted measures to address these issues. They include strengthening of human resource management systems, promotion of diversity and inclusion, and workstyle innovation. Through the resolution of the issues that reflected the opinions of our employees, we will strengthen investment in human capital and seek to improve employee engagement. Please refer to the following our website:

Social: <https://us.idec.com/sustainability/social>

As of May 31, 2023, the Company holds 294 patents and 332 design rights. We recognize that intellectual property is an important corporate asset, make appropriate investments by filing applications and obtaining rights in order to secure advantages in our business and products, while respecting the intellectual property of other companies and working to prevent infringement.

In the process of acquiring rights, we do not simply try to increase the number of rights, but conduct thorough examinations and follow full procedures with the intention of utilizing the rights. Regarding the maintenance of the rights we hold, we re-examine all rights every year to keep up with changes in products and to forestall other companies from gaining advantage, and reevaluate them as our property.

3. Impact of risks and opportunities related to climate change on the Company's business activities and earnings, etc.

The Environmental Strategy Committee, which is a specialist committee of the CSR Committee chaired by the CEO, plays a key role in the effort to disclose climate-related financial information.

The Environmental Strategy Committee meets monthly under direction by the Senior Executive Officer in charge of the Environment. For striving activities further shifted to the environmental management, the Committee was changed its name from the Environment Management Committee to the Environmental Strategy Committee in December 2022 in order to incorporate responses to the environment into business plan strategically. Its activities include the audit of environmental items for eco-friendly products, calculation of product carbon footprint, encouragement of using internal carbon price, preparation for disclosing climate change-related information based on the TCFD recommendations, and planning and operation of the environmental events.

Decisions made by the Environmental Strategy Committee are determined through the CSR Committee or by the direct submission to the Top Management Meeting, where the policy is decided, and then reported to the Board of Directors.

The Company has published the details of the above items in our website as follows:

Environment: <https://us.idec.com/idec-us/en/USD/sustainability/environment>

[Supplementary Principle 4.1.1 Role and Responsibility of the Board of Directors]

We have established the Board of Directors Regulations, the Management Committee Regulations, and Administrative Authority Regulations, which stipulate matters to be resolved by the Board of Directors, matters to be resolved by the Management Committee, and matters that can be decided according to each position. Based on these regulations, the Board of Directors decides management policies and important matters, and based on these policies and decisions, business execution is carried out by the directors in charge of business execution and executive officers.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

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

[Supplementary Principle 4.10.1 Use of Voluntary Structure]

As of the date of submission of this report, the Board of Directors of the Company consists of 10 members, of which 4 are inside directors and 6 are independent outside directors, so the majority of the Board of Directors are independent outside directors.

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

[Supplementary Principle 4.11.1 Skill Matrix]

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

Notice of the 76th Annual General Meeting of Shareholders: <https://jp.idec.com/media/S202303EN.pdf>

Integrated Report (IDEC Report): <https://jp.idec.com/media/IDECReport2023-EN.pdf>

In addition, as of the date of submission of this report, 3 woman outside directors and 2 directors with management experience at other companies have been appointed.

For the policy and procedures for the appointment of directors, please refer to the section 4 of [Principle 3.1 Full Disclosure] above.

[Supplementary Principle 4.11.2 Status of Concurrent Position of Directors]

In case a director in charge of business execution concurrently serves as an officer of another company, the Board of Directors Regulations stipulate that the matter requires approval by the Board of Directors from the perspective of conflict of interest. In addition, if any director concurrently serves as an officer of another listed company, it is disclosed in the business report (the convocation notice of the General Shareholder Meeting).

Notice of the 76th Annual General Meeting of Shareholders: <https://jp.idec.com/media/S202303EN.pdf>

[Supplementary Principle 4.11.3 Evaluation of the Effectiveness of the Board of Directors]

1. Method of evaluation

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

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

2. Results of third-party evaluations in FY2023

The FY2023 evaluation found that the board's effectiveness had improved over the previous year with respect to discussion of the business portfolio, director involvement in remuneration system design and the successor training plan, and dialogue with shareholders, among other areas. On the whole, the board was judged to function effectively, but several issues were identified. The Company has published the action and improvement to address the key issues in Integrated Report (IDEC Report).

Integrated Report (IDEC Report): <https://jp.idec.com/media/IDECReport2023-EN.pdf>

[Supplementary Principle 4.14.2 Training for Directors]

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

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

We proactively engage with our shareholders and investors to gain their confidence in and fair evaluation of our management, with the aim of facilitating the IDEC Group's sustainable growth and improving its corporate value over the medium to long-term.

This includes diligently responding to requests for interviews from shareholders and individual and institutional investors. Information acquired from those interactions, including appraisals and opinions concerning markets, is regularly reported to the Board of Directors.

In FY2023, we received the opinions of shareholders and investors on matters such as the activities of outside directors, the efforts of the Nominating Committee and Remuneration Committee, training of next-generation executive candidates, and our environmental initiatives. These opinions were shared as feedback with the Board of Directors, and we are taking concrete action to address them, while working to further expand disclosure. We are also continuing to enhance investor relations tools such as our Shareholder Newsletter and website to better help shareholders and individual investors make informed investment decisions. At the same time, we proactively disclose our financial results, management strategy, and sustainability actions, and publish news and features on various topics.

[Actions to ensure management that is conscious of cost of capital and stock price]

We have set cost of equity at 8% and WACC at 6%. We have defined ROE and ROIC as indicators for actions aimed at increasing our corporate value through the creation of returns exceeding these costs. Our goal is to consistently maintain both at 10% or higher. Both ROE and ROIC exceeded the target value in the latest fiscal year. (The Company has published the details in Integrated Report (IDEC Report).)

Recognizing that further increases in ROE and ROIC required improvement of not only our profitability, but also our capital efficiency, we will consolidate certain product offerings, identified unprofitable products (portfolio management), optimized fixed assets related to the global realignment of our operating sites, proactively expanded investments that set the stage for future reforms, and aggressively managed our cash flows.

Going forward, we will continue working to improve the capital efficiency of working capital, production facilities, and so on to consistently exceed the expected capital cost (6%). We will also strive to further improve our profitability by reforming our global organization and creating an environment that enables us to radically cut costs.

The Company has published the Financial Capital including the above in Integrated Report (IDEC Report).

Integrated Report (IDEC Report): <https://jp.idec.com/media/IDECReport2023-EN.pdf>

[Status of the Dialogue with Shareholders]

The Company has published the status of the Dialogue with Shareholders in our website as follows:

Dialogs with Shareholders and Investors: <https://us.idec.com/idec-us/en/USD/about-IDEC/ir/shareholder-dialogue>

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Account in trust)	4,795,300	16.39
Custody Bank of Japan, Ltd. (account in trust)	3,379,700	11.55
JP MORGAN CHASE BANK 385632	1,334,877	4.56
Funaki Kosan Ltd.	1,041,000	3.56
THE BANK OF NEW YORK MELLON 140044	589,800	2.02
Kazutaka Fujita	408,000	1.40
Toshihiro Fujita	348,471	1.19
STATE STREET BANK WEST CLIENT-TREATY 505234	335,400	1.15
JP MORGAN CHASE BANK 385781	329,547	1.13
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	325,400	1.11

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

### Supplementary Explanation

The percentage is calculated after deducting treasury stock (3,966 thousand shares).

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From 10 billion to less than 100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

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

### 1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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#### [Directors]

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

#### Outside Directors' Relationship with the Company (1)

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

※ Categories for "Relationship with the Company"

※ "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

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

"▲" when a close relative of the director fell under the category in the past

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

## Outside Directors' Relationship with the Company (2)

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

## [Audit and Supervisory Committee]

### Committee's Composition and Attributes of Chairperson

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

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed				
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### Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

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

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

#### [Cooperation Between Audit and Supervisory Committee and Accounting Auditors]

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

#### [Cooperation Between Audit and Supervisory Committee and Internal Auditing Departments]

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

## [Voluntary Establishment of Nominating/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nominating Committee or Remuneration Committee	Established				
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### Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nominating Committee	Nominating Committee	4	0	1	3	0	0	Inside Director
Committee Corresponding to Remuneration Committee	Remuneration Committee	5	0	1	4	0	0	Inside Director

## &lt; Nominating Committee &gt;

The Company established a voluntary Nominating Committee in 2021 as an advisory body to the Board of Directors for objective, independent decision-making on director nominations and plans for developing next-generation executive candidates. The Nominating Committee consists of directors selected by the Board of Directors, and the majority of the members are outside directors. The Committee includes Director Chairman as an internal director. The Committee currently consists of the following members:

- Representative Director Chairman Toshiyuki Funaki (Chairman)
- Outside Director Hiroshi Kobayashi
- Outside Director Yasuo Himeiwa
- Outside Director Michiko Kanai

## &lt; Remuneration Committee &gt;

The Company established a voluntary Remuneration Committee on October 1, 2022 as an advisory body to the Board of Directors for increasing objectivity and transparency in the remuneration decision making process. The Remuneration Committee consists of directors selected by the Board of Directors, and the majority of the members are outside directors. The Committee includes Director Chairman as an internal director. The Committee currently consists of the following members:

- Representative Director Chairman Toshiyuki Funaki (Chairman)
- Outside Director Hiroshi Kobayashi
- Outside Director Ohkubo Hideyuki
- Outside Director Yasuo Himeiwa
- Outside Director Michiko Kanai

## [Independent Directors]

Number of Independent Directors

6

## Matters relating to Independent Directors

The Company considers an outside director to be independent if he/she falls under none of the items listed as possible problems in determining independence as defined by the stock exchanges, and meets all of the criteria below. As all of the outside directors meet the qualifications, the Company has designated them as independent directors.

- (1) He/she is not an executive of the Company (including the Group companies, hereinafter the same).
- (2) He/she is not a party that has the Company as a major business partner or an executive of such a party.
- (3) He/she is not a major business partner of the Company or its executive.
- (4) He/she is not a consultant, accountant or legal professional (or a person belonging to an organization of the same kind including corporation and partnership) who receives a large amount of monetary consideration or other property from the Company besides compensation as an officer.
- (5) He/she does not receive donations or grants of more than a certain amount from the Company.
- (6) He/she is not a major shareholder of the Company or an executive of such a shareholder.
- (7) He/she did not fall under any of (1) through (6) above during the five years prior to his/her appointment as a director.
- (8) He/she is not the spouse or a relative within the second degree of relationship of a person who falls under any of (1) through (6) above.

## [Incentives]

Incentive Policies for Directors

Performance-linked Remuneration

## Supplementary Explanation

## &lt; Overview of Remuneration system &gt;

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

## &lt; Framework of Remuneration &gt;

## ■ Basic remuneration

Fixed monthly amount determined by comprehensively taking into account the director's position/duties and the Company's performance.

## ■ Performance-based remuneration (bonus)

Performance-based cash remuneration whose amount reflects the relevant KPIs. The amount is paid in 12 equal monthly installments, together with the monthly basic remuneration. Specifically, the amount is calculated by multiplying the standard bonus set for the position by a payout coefficient (0–200%) indicative of the director's performance for the fiscal year.

## ■ Non-monetary (share-based) remuneration

Comprises performance share units as a medium-term incentive, and restricted stocks as a long-term incentive.

Performance share units are provided in the form of the Company's common stock, subject to restrictions on transfer. The amount is based on a finalized number of share units calculated by multiplying the number of share units provided to each position by a payout coefficient reflecting the degree of achievement of financial KPIs and nonfinancial KPIs (e.g., CO2 reduction rate) that are focuses of the medium-term management plan.

Restricted stocks are provided in the form of the Company's common stock, subject to restrictions on transfer. The amount is equivalent to a standard amount determined by taking into account the Company's performance, the scope of the director's duties, and various circumstances. In cases where the director is not a resident of Japan as of the provision of share-based remuneration, an equivalent amount of phantom shares is provided in lieu of performance share units and restricted stocks.

In cases where a director is guilty of serious misconduct, violations, etc., the Board of Directors will, based on the report made by the Remuneration Committee, demand forfeiture or repayment of the director's bonus and share-based remuneration, partially or in full.



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

Recipients of Stock Options

Inside Directors/Employee/Subsidiaries' Directors/Subsidiaries' Employee

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#### Supplementary Explanation

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

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation

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

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Basic policy

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

Outside directors and directors who are Audit and Supervisory Committee Members receive only base remuneration as fixed remuneration because they are responsible for supervising the management of the Company from an independent perspective.

2. Policy for determining the amount of basic remuneration (monetary remuneration) for each individual (including policy for determining the timing and conditions for granting remuneration)

The basic remuneration for the Company's directors is fixed monthly remuneration, which is determined by comprehensively taking into account the position, responsibilities and financial situation of the Company.

3. Policy for determining the details of performance-linked remuneration, etc., and non-monetary remuneration, as well as the number or calculation method (including policy for determining the timing and conditions for granting remuneration)

(1) Performance-linked remuneration (bonus)

In addition to the monthly basic remuneration, bonuses are paid monthly in 12 equal installments as performance-linked cash remuneration that reflects Key Performance Indicators (KPI), in order to raise awareness of improving performance each fiscal year and to clarify commitments to stakeholders on these matters. The Company shall calculate bonuses by multiplying the base amount for bonus calculation specified for each officer based on the Company performance payment factor (0% to 200%). The KPIs used for the calculation of bonuses shall be the consolidated operating profit ratio for each fiscal year and personnel evaluations related to performance, etc., for the departments they are in charge of (excl. executive directors).

(2) Non-monetary remuneration (stock-based remuneration)

(2)-1 Details of stock-based remuneration

Stock-based remuneration consists of performance share units (hereinafter, PSU) as a medium-term incentive and restricted stock (hereinafter, RS) as a long-term incentive. Share units and ordinary shares (with restrictions on transfer) calculated in accordance with the position shall be allotted annually at a fixed time.

If a director is a non-resident at the time of granting stock-based remuneration, an equivalent amount of phantom stock shall be granted instead of PSU and RS.

(2)-2 Policy for determining the calculation method for numbers

(2)-2-1 PSU

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

(2)-2-2 RS

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

4. Policy for determining the ratio of monetary remuneration, performance-linked remuneration, etc., or non-monetary remuneration, etc., to the amount of remuneration, etc., for an individual director

The ratio of each type of remuneration for the Company's directors (excl. outside directors and directors who are Audit and Supervisory Committee Members) shall be set at base remuneration, bonus, PSU and RS = 60:25:10:5, with reference to other companies in the same industry and of the same scale, and in consideration of the level of salaries, social conditions, etc., of the Company's employees (This shall be the standard that serves as a guideline for achieving 100% of the performance targets).

The level of remuneration and the proportion of remuneration shall be reviewed based on a report from the Remuneration Committee, as appropriate, taking into consideration the Company's business environment, social conditions and other circumstances.

5. Matters concerning determining the details of remunerations, etc., for each director individually

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

6. Malus and clawback of remuneration, etc.

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

### [Supporting System for Outside Directors]

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

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

### 1 Business execution functions

#### ■Board of Directors

The Board of Directors, consisting of 10 directors (including 6 outside directors), makes decisions on management policies and other important matters, and supervises the execution of duties by directors. The Board of Directors deliberates in accordance with management policies to prevent violations of laws and regulations as well as the Articles of Incorporation. In FY2023, the Board of Directors met a total of 7 times.

#### ■Management Committee

The President serves as the chairperson and the Committee formulates management strategies and important policies. The meeting details are promptly reported to other directors, and information is shared with executive officers and others as appropriate, which contributes to strengthening the functions of the Board of Directors and enhancing management efficiency. In FY2023, the Management Committee met a total of 8 times.

#### ■Executive Officers Committee

At the Executive Officers Committee meetings executive officers who are also responsible for the respective functions report on the progress and issues as appropriate. In FY2023, the Executive Officers Committee met a total of 12 times.

#### ■Nominating Committee

The Company established a voluntary Nominating Committee in 2021 as an advisory body to the Board of Directors for objective, independent decision-making on director nominations and plans for developing next-generation executive candidates. The committee is made up of a majority of outside directors and frankly communicates its objective opinions on candidate selection and training to the management.

Our succession planning program seeks to continually cultivate talent who can help lead our sustainable growth worldwide. Candidates for representative director and other executive positions are provided with general management training tailored to their future duties, and with opportunities to participate in important meetings, including the Top Management Meeting and the Executive Officers' Meeting.

The Nominating Committee receives reports on the progress of development of candidates, and expresses opinions on succession planning to the Board of Directors.

In FY2023, the Nominating Committee met a total of 3 times, and all members attended all committee.

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

#### ■Remuneration Committee

As was indicated by the results of the survey on the effectiveness of the Board of Directors and by other observations, there were issues in the design of our system of remuneration for directors, and a need to establish a Remuneration Committee. The Company launched a voluntary Remuneration Committee with a majority of outside directors on October 1, 2022 as a body for reviewing and deliberating on the director remuneration system. Since then, the committee has been examining remuneration system proposals.

Through this committee, we are working to increase objectivity and transparency in not only next-generation executive training and selection, but also the remuneration decision making process.

In FY2023, the committee reviewed and discussed our officer remuneration system with the input of outside experts. Using the insights gained, the committee developed a new grand design for remuneration.

In FY2023, the Remuneration Committee met a total of 3 times, and all members attended all committee.

#### ■CSR Committee

In April 2018, the Company established the "CSR Committee," chaired by the President, to fulfill its corporate social responsibility (CSR) toward the realization of a sustainable society. The Committee deliberates on the Group's medium-term and annual CSR plans, systems, and progress, and reports to the Board of Directors.

With the three areas of Environment, Social, and Governance, which have recently become increasingly important as corporate value standards, we have combined additional two areas of Safety (Sa) and Quality (Q), which are the cornerstones of the Company as a manufacturer that "makes safety." We have established specialized committees for each of these five priority areas to study and promote company-wide measures tailored to each theme.

### 2. Audit functions

#### ■Audits by the Audit and Supervisory Committee

With respect to audits by the Audit and Supervisory Committee, Audit and Supervisory Committee members attend all meetings of the Board of Directors and conduct field audits of internal departments, thereby having sufficiently monitored and supervised the execution of duties by directors (excluding directors who are members of the Audit and Supervisory Committee) and executive officers. In addition, the Audit and Supervisory Committee, which consists of 3 directors, regularly meets to monitor business execution in terms of legality, etc. In FY2023, the Audits by the Audit and Supervisory Committee met a total of 9 times.

#### ■Internal Audits

As for internal audits, the Internal Auditing Department, under the administrative authority of the Representative Director Chairman and President as well as the Audit and Supervisory Committee, consists of 3 employees. The Internal Auditing Department regularly conducts the internal audit with respect to business in each department including headquarter functions, accounting, compliance and business risks etc., monitors the execution of duties and timely and appropriately advise on improvement in efficiency of business. The Internal Auditing Department directly reports the results of internal audit to the Audit and Supervisory Committee as well as Representative Director Chairman and President to ensure the effectiveness of internal audit.

#### ■Accounting Audits

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

In FY2023, the Company was audited by two certified public accountants, Takashi Iwabuchi and Keiko Hishimoto, both of whom have been auditing the Company for less than seven years. The number of assistants involved in the Company's accounting audit operation is 12 certified public accountants and 15 others. Apart from that, our major overseas subsidiaries are audited by local auditing firms.

### 3. Agreement Limiting Liability

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

### **3. Reasons for Adoption of Current Corporate Governance System**

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

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

## /// Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Notification of General Shareholder Meeting	We generally send out convocation notices three weeks prior to the date of the General Shareholder Meeting.
Scheduling AGMs Avoiding the Peak Day	The 76th Ordinary General Shareholder Meeting was decided to be held on Friday, June 16, 2023, at 10AM.
Allowing Electronic Exercise of Voting Rights	Since the 59th Ordinary General Shareholder Meeting held in 2006, we have introduced an online system for exercising voting rights.
Participation in Electronic Voting Platform and Other Efforts to Facilitate the Exercise of Voting Rights by Institutional Investors	Since the 76th Ordinary General Shareholder Meeting to be held in 2023, we have used "Sharely", virtual shareholder meeting support system, operated by Coincheck, Inc., in which voting rights may be exercised.
Providing Convocation Notice in English	An English version of the convocation notice is prepared and made available on the Tokyo Stock Exchange website, and the Company's website with Japanese version.
Others	<p>We have positioned the General Shareholder Meeting as a valuable opportunity for direct dialogue with shareholders, and have created a video presentation of the business report, which is an item to be reported at the General Shareholder Meeting, for easier understanding of our corporate activities, and we streamed the meeting live so that more shareholders could see it.</p> <p>In addition, for the purpose of deepening shareholders' understanding of the Company's initiatives for the relevant fiscal year when they exercise their voting rights, the Company has taken measures such as using more visuals in the convocation notice and posting it on its website.</p>

### 2. IR Activities

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

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>The Company has established the "IDEC Group Code of Conduct" for compliance matters and ensures that all officers and employees of the Company are fully aware of and comply with its contents.</p> <p>In addition, the IDEC Group Code of Conduct stipulates that we shall treat all individuals, companies, and organizations that are our stakeholders in a fair and equitable manner, and that we shall respond to and deal with them appropriately.</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>The IDEC Group has formulated its long-term vision for 2050 and interim vision for 2030. As a global corporation, the Group aims to achieve sustainable growth while tackling societal challenges that include measures to deal with global warming and climate change.</p> <p>Actions to ensure sustainability, in particular initiatives for climate change, are essential for companies from the standpoint of both responding to increased social needs and preserving the global environment. Moreover, in the effort to achieve sustainable growth, environmental strategies are an important part of the Group's business strategy, and therefore an environmental response is viewed as a transition opportunity. We will implement strategies for helping to achieve our Group's main purpose of ensuring safety, ANSHIN, and well-being for people around the world, through the development of eco-friendly products, environmental energy business, and other activities.</p> <p>Specifically, "Promotion of initiatives to reduce environmental impact" are included as one item in the basic strategy outlined in the medium-term management plan. We have established sustainability KPIs and are pursuing an action plan that reflects our transition opportunities toward the achievement of the goal.</p> <p>Beginning with what can be achieved right now, we are addressing to achieve carbon neutrality in order to realize our vision for 2050.</p> <p>The IDEC Group CSR Charter declares our commitment to maximizing the well-being of all stakeholders of the IDEC Group, including our employees, customers, shareholders, investors, business associates, and global and local communities. The IDEC Group CSR Charter is as follows:</p> <p>&lt;The IDEC Group CSR Charter&gt;</p> <ul style="list-style-type: none"> <li>■ To Employees IDEC Group is committed to creating safe, friendly and motivating workplaces for employees while building Group companies where they feel proud to work.</li> <li>■ To Customers IDEC Group assures that customers receive safe and reliable products of high quality and high performance backed by its development, production and sales capabilities. IDEC Group continues to increase public trust by providing excellent services and appropriate information disclosures.</li> <li>■ To Shareholders and Investors IDEC Group fulfills its global obligations by enforcing corporate accountability and having its records available regularly to shareholders through extensive investor relations (IR) activities. The Group also strives to maintain profits that meet shareholder expectation and to increase the value of the Group.</li> <li>■ To Business Associates IDEC Group is committed to building strong partnerships for mutual success, growth and trust with its business associates by establishing fair and rational trade standards.</li> <li>■ To Global and Local Communities IDEC Group aims to contribute to global and local communities by forging partnerships with deep understanding and respect for the culture and history of each local communities. We also aim to develop a green society and a green economy through environmental activities.</li> </ul> <p>As mentioned above, for the information on our efforts on sustainability, please refer to the following our website: Sustainability: <a href="https://us.idec.com/idec-us/en/USD/sustainability">https://us.idec.com/idec-us/en/USD/sustainability</a></p>
Development of Policies on Information Provision to Stakeholders	<p>The IDEC Group Code of Conduct states that, as part of our corporate activities, we will strive to provide our stakeholders with the information they need about our overall management in a timely, appropriate, and effective manner. At the same time, we aim to be a highly transparent and "open company" by gathering information from society at large and using it to improve our management policies and the activities of each department.</p>
Others	<p>IDEC has established "Business foundation: Establish a management structure that promotes value creation, foster an organizational climate and develop human resources" as one of its four materiality goals. Corporate revitalization and strengthening human capital will be indispensable in order to achieve sustainable growth and increase our corporate value. Accordingly, we are carrying out various initiatives to this end based on the vision we established for 2030, and in coordination with the policies in the medium-term management plan and the sustainability KPIs.</p> <p>We have conducted an employee engagement survey since 2019, and have made the resulting "Engagement score" one of our sustainability KPIs. We are working to improve engagement by determining the current situation and the issues to be resolved and then implementing measures centering on priority issues. In addition, initiatives to promote decent work as well as diversity &amp; inclusion will be essential to further expand our business activities globally. We will focus our efforts on hiring global talent and increasing</p>

the proportion of female managers to ensure human resource diversity.

We have defined filling important positions and conducting leadership training as medium to long-term human resource strategies. We will systematically select and train candidates to become the next-generation of managers as part of our efforts to achieve sustainable growth for all Group companies.



## **IV Matters Related to the Internal Control System**

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

1. Systems to ensure that the execution of duties by directors and employees of the Company and the Group companies complies with laws and regulations and the Articles of Incorporation

[Corporate Governance]

(1) The Company shall actively appoint outside directors to strengthen the supervisory function of the Board of Directors with regard to the execution of duties by directors.

(2) In order to realize the enhancement of corporate value based on corporate goals and management philosophy, the Company shall establish the "IDEC Corporate Governance Policy" and promote the strengthening of corporate governance accordingly.

[Compliance]

(1) The Company shall establish the "IDEC Group Code of Conduct," which sets forth the Company's basic stance on corporate ethics and compliance, and shall make it known to all directors and employees so that they will comply with the Code.

(2) The Company shall establish corporate ethics consultation desks and internal reporting desks inside and outside the Company, and widely accept requests for consultation and reports from employees concerning violations of laws and regulations, violations of internal regulations, violations of corporate ethics, and harassment in the workplace. The contents of consultations and reports shall be deliberated by the "Risk Management Committee" under the "CSR Committee" chaired by the President of the Company, and measures shall be taken to resolve the issues in accordance with laws, regulations, the Articles of Incorporation, and corporate ethics.

(3) The legal departments shall provide information on compliance and laws and regulations to directors and employees on a regular basis, and education and enlightenment activities on compliance shall also be conducted on a regular basis.

(4) In addition to the above, the Company shall periodically review and improve internal regulations and their operations concerning systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation.

2. Systems for the storage and management of information related to the execution of duties by directors

[Information Storage and Management Systems]

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

3. Regulations and other systems for managing the risk of loss of the Company and the Group companies

[Risk Management Systems]

(1) The Company shall establish and operate the "Crisis Management Regulations" for the purpose of avoiding crises at the Company and the Group companies in advance and minimizing damage if a crisis should materialize.

(2) In accordance with the Crisis Management Regulations, the "Risk Management Committee" shall be established under the "CSR Committee" chaired by the President of the Company with the approval of the Board of Directors to manage risks at the Company and the Group companies during normal times and to respond when a crisis materializes.

(3) In addition to responding to crises, the Risk Management Committee identifies and evaluates risks for the entire IDEC Group during normal times, and implements measures to reduce risks. In addition, the "Hotline Section," established within the Committee, shall handle internal reporting and implement measures to strengthen compliance. The details of these efforts are reported to the "CSR Committee" that meets periodically, and the Committee reports to the Board of Directors.

[Safety Confirmation and Recovery Systems]

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

4. Systems to ensure that the efficient execution of duties by directors of the Company and the Group companies

[Separation of Execution and Supervision]

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

[Administrative Authority and Audits]

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

5. Systems to ensure the appropriateness of operations in our corporate group

[Group Company Management and Reporting Systems]

(1) The Company shall establish and implement the "Affiliated Company Management Regulations" which stipulate the matters necessary for the mutual cooperation and prosperity of the Company and the Group companies, as well as the basic matters for the management, guidance and development of the affiliated companies.

(2) In accordance with the Affiliated Company Management Regulations, the Company shall have the Group companies report to the Company on a regular and continual basis on the status of their business performance and financial results.

(3) In order to ensure that officers and employees of our overseas Group companies understand our basic stance on compliance, the Company shall disseminate the philosophy of the "IDEC Group Code of Conduct" on a global basis by translating it into major languages.

#### [Group Company Audits]

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

#### 6. Systems to ensure the reliability of financial reporting

##### [Reliability of Financial Reporting]

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

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

##### [Audit and Supervisory Committee Staff]

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

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

##### [Reporting Systems]

(1) Directors (excluding directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies shall periodically report to the Audit and Supervisory Committee on the status of execution of their duties, and shall report as needed on important corporate matters in particular. In addition, the Audit and Supervisory Committee may request reports from the directors (excluding directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies as necessary, and the Company shall improve the cooperation system of related departments so that audits can be conducted more effectively in the future.

(2) The Company shall not give any disadvantageous treatment to directors (excluding directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies who have reported to the Audit and Supervisory Committee in accordance with the preceding item.

(3) Executive Directors shall establish an environment in which Directors who are members of the Audit and Supervisory Committee can periodically exchange opinions with Directors (excluding Directors who are members of the Audit and Supervisory Committee) of the Company and the Group companies and can attend important meetings such as Management Committee meetings.

##### [Cooperation with Internal Auditing Department]

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

##### [Expenses, etc.]

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

#### <Operational Status>

The Group is developing and operating an internal control system, and the operation status for the last consolidated fiscal year under review is as follows.

##### (1) Systems for corporate governance

- The Company has actively appointed Outside Directors. As of the end of the consolidated fiscal year under review, the Company has appointed six Outside Directors out of nine Directors. Of those, the number of female Directors has increased by two from last year to three. These Outside Directors with diverse backgrounds and expertise supervise the management and actively provide advice at meetings of the Board of Directors, thereby enhancing the transparency of the Board of Directors and further strengthening the supervisory function.

- As an opportunity to enhance communication among Outside Directors, the Company has continuously held "Outside Directors' Exchange Sessions." During the consolidated fiscal year under review, Outside Directors visited production offices to deepen their understanding of production sites and exchange views on improving production functions, which is one of our priority issues.

- With the aim of further strengthening its corporate governance system, the Company continued to outsource the evaluation of the effectiveness of the Board of Directors to third-party organizations during the consolidated fiscal year under review, identifying issues from an objective perspective and developing improvement measures.

- The voluntary Nominating Committee, a majority of whose members are Outside Directors, met three times during the consolidated fiscal year under review. As the Nominating Committee, the Committee reviewed the status of training for the candidates for the next generation of executives and made recommendations to the Board of Directors on the selection of all candidates for Directors, including new ones.

- On October 1, 2022, the Company established a voluntary Remuneration Committee, a majority of whose members are Outside Directors. The Committee met three times during the consolidated fiscal year under review to discuss the re-examination of the remuneration system for Directors.

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

## (2) Systems for compliance

- In order to publicize the Group's stance on corruption, including bribery and profiteering, both internally and externally, we have developed the "Anti-corruption Policy" and declared that the entire Group will work to prevent corruption.
- In the Group, we held training sessions on compliance at each level, as well as harassment-prevention training for managers by the corporate lawyer.
- The Company has established the "Hotline" as a point of contact for consultation and reporting on violations of laws and regulations and internal rules, and on other inappropriate misconduct under normal social conventions. We have also been expanding the "Global Hotline" where our overseas Group companies can directly report to the point of contact at the head office, and during the consolidated fiscal year under review, have established one for overseas production sites in China.

## (3) Systems for information storage and management

- The Group continued to hold training sessions on information management to raise awareness of information management, and worked on the enhancement of information management at departments handling critical information and Group companies.

## (4) Systems for risk management

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

## (5) Systems to ensure efficient performance of duties

- The Board of Directors actively exchanges opinions involving Outside Directors, and held meetings seven times during the consolidated fiscal year under review. We have strengthened cooperation with the Executive Officers Committee and the Top Management Meeting, and established a system that enables efficient discussion and decision-making according to each role.
- The Company has established the "Administrative Authority Regulations," the "Affiliated Company Management Regulations" and the "Ringi Approval Regulations" which stipulate the responsibilities, authority, etc. of Directors, executive officers, and employees of the Company and the Group companies, examined the necessity of revising the respective regulations based on the organizational structure, and partially revised them in the consolidated fiscal year under review.

## (6) Systems to ensure the appropriateness of operations in the Group

- The Company has established the "Affiliated Company Management Regulations" for the mutual cooperation and prosperity of the Company and the Group companies, and the Group companies have reported on their performance, etc. to the Company based on the Regulations. In addition, the related departments including the Company's Internal Auditing Department, etc. monitored and audited the Group companies as appropriate.
- We have published the "IDEC Group Code of Conduct" on the Company intranet after adding the languages used, to further raise awareness on a global basis.
- We have established a risk map that includes these Group companies, and are sequentially expanding the scope of the companies subject to risk monitoring activities in the Group.

## (7) Systems to ensure the reliability of financial reporting

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

## (8) Systems to ensure an effective audit by Audit and Supervisory Committee Members

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

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

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

The Company has a basic policy to eliminate all involvement, including business relationships, with anti-social forces and groups that threaten the order and safety of civil society when fulfilling its social responsibility in corporate activities, and declares in the "IDEC Code of Conduct" that it shall strive to continue as a law-abiding and fair company.

In addition, the Company has clearly defined antisocial forces as a "crisis" in its "Crisis Management Regulations" to prevent crises from occurring and to respond promptly when they occur, as well as gather information on a daily basis and formulate a "Manual for Dealing with Illegal Forces" to prepare for unreasonable demands in cooperation with police authorities and lawyers.

#### <Operational Status>

##### Systems to eliminate anti-social forces

- The Company has declared that it will continue to be a fair company and regularly informed its employees about this declaration through training sessions, etc.

- The entire company has collected information on the trends of anti-social forces on a daily basis and secured a system to prepare for unreasonable demands.

## 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not adopted

Supplementary Explanation

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## 2. Other Matters Concerning Corporate Governance System

### ■Outline of Timely Disclosure

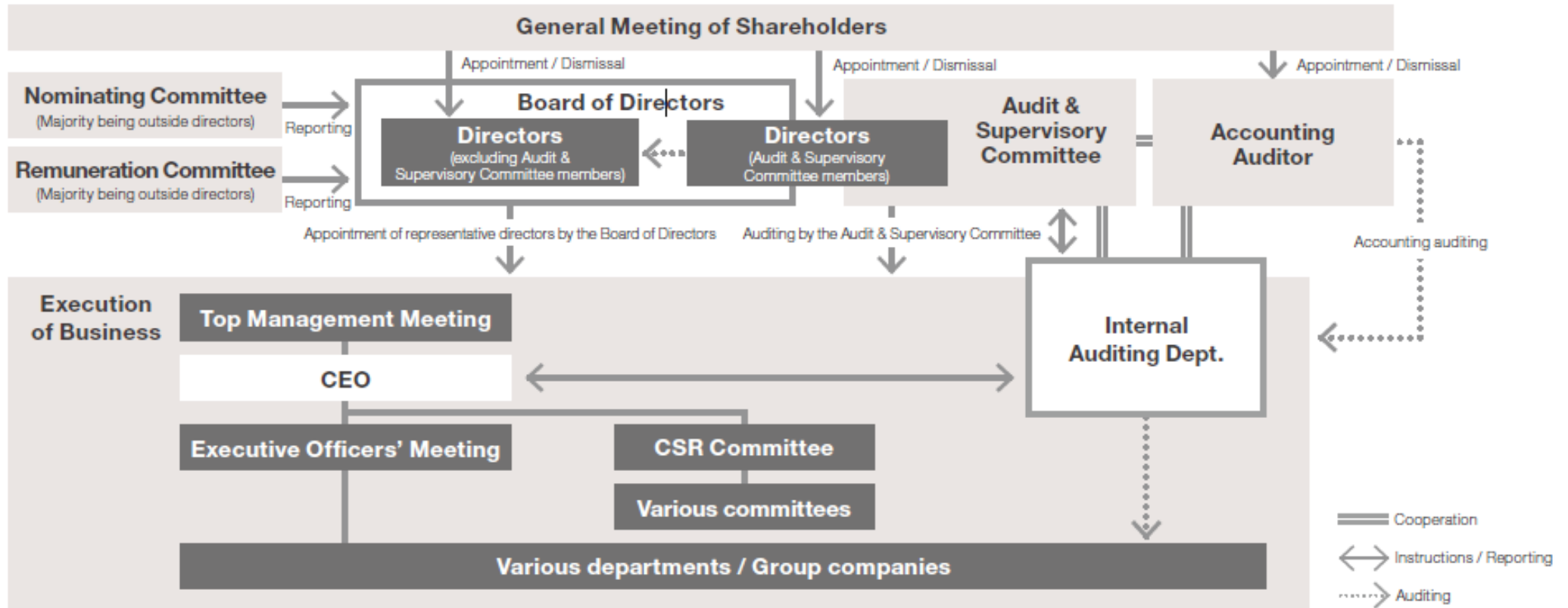
#### 1. Basic Views

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

#### 2. Internal Systems

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

# <Corporate Governance Structure>



Item	CG Code	Corresponding CG Policy
<b>Section 1: Securing the Rights and Equal Treatment of Shareholders</b>		
<b>Securing the Rights of Shareholders</b>	Principle 1.1	Section 1, 1 (1)
Opposing vote analysis	Supplementary Principle 1.1.1	Section 1, 1 (4)
<b>Delegation of certain powers of the general shareholder meeting to the Board of Directors</b>	Supplementary Principle 1.1.2	Section 4, 2 (2); Section 4, 4
Consideration for minority shareholder rights	Supplementary Principle 1.1.3	Section 1, 1 (2)
<b>Exercise of Shareholder Rights at General Shareholder Meetings</b>	Principle 1.2	Section 1, 1 (1), (3)
Provision of information on general shareholders meetings	Supplementary Principle 1.2.1	Section 1, 1 (3)
Early mailing of convocation notice, etc.	Supplementary Principle 1.2.2	Section 1, 1 (3)
Date of general shareholders meeting	Supplementary Principle 1.2.3	Section 1, 1 (3)
Adoption of electronic voting, etc., and use of voting rights exercise platform	Supplementary Principle 1.2.4	Section 1, 1 (3)
Consultation with trust banks, etc.	Supplementary Principle 1.2.5	Section 1, 1 (2)
<b>Capital Policy</b>	Principle 1.3	Section 1, 2
Cross-Shareholdings	Principle 1.4	Section 1, 3
Reduction of transactions after a cross-shareholder divests the company's share	Supplementary Principle 1.4.1	Section 1, 3
Transactions with cross-shareholders	Supplementary Principle 1.4.2	Section 1, 3
<b>Anti-Takeover Measures</b>	Principle 1.5	Section 1, 4
Tender offer	Supplementary Principle 1.5.1	Section 1, 4
Examining and explaining capital policies	Principle 1.6	Section 1, 2
Related Party Transactions	Principle 1.7	Section 1, 5
<b>Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders</b>		
<b>Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term</b>	Principle 2.1	General rule 1
Code of Conduct	Principle 2.2	Section 2, 2
Code of conduct review	Supplementary Principle 2.2.1	Section 2, 2
Addressing Sustainability	Principle 2.3	Section 2, 3 (1)
Addressing sustainability, consideration of global environmental issues, respect for human rights, health, and crisis management	Supplementary Principle 2.3.1	Section 2, 3 (2), (3)
Diversity	Principle 2.4	Section 2, 4
Promotion of empowerment of women, etc.	Supplementary Principle 2.4.1	Section 2, 4
Whistleblowing	Principle 2.5	Section 2, 5
Point of contact	Supplementary Principle 2.5.1	Section 2, 5
Asset owners	Principle 2.6	Section 2 6
<b>Section 3: Ensuring Appropriate Information Disclosure and Transparency</b>		
Full Disclosure	Principle 3.1 body text	
	Principle 3.1 (i)	General rule 1
	(ii)	General rule 1
	(iii)	Section 4, 2 (5)
	(iv)	Section 4, 1 (7); Section 4, 6 (2)
Value-added disclosure	(v)	Section 4, 6 (3)
	Supplementary Principle 3.1.1	Section 3, 1; Section 4, 6 (3)
	Supplementary Principle 3.1.2	Section 3, 1; Section 4, 6 (3)
	Supplementary Principle 3.1.3	Section 2, 3; Section 3, 1
	Principle 3-2	Section 3, 2 (1)
External Auditors	Supplementary Principle 3.2.1 (i)	Section 3, 1 (2), (4)
	(ii)	Section 3, 1 (2), (4)
	Supplementary Principle 3.2.2 (i)	Section 3, 1 (3)
	(ii)	Section 3, 1 (3)
	(iii)	Section 3, 1 (3)
(iv)	Section 3, 1 (3)	
<b>Section 4: Responsibilities of the Board</b>		
<b>Roles and Responsibilities of the Board (1)</b>	Principle 4.1	Section 4, 2 (1)
Scope of delegation	Supplementary Principle 4.1.1	Section 4, 2 (2)
Medium-term management plan	Supplementary Principle 4.1.2	Section 4, 2 (3)
Succession plans	Supplementary Principle 4.1.3	Section 4, 2 (4)
<b>Roles and Responsibilities of the Board (2)</b>	Principle 4.2	Section 4, 2 (5), 10
Remuneration	Supplementary Principle 4.2.1	Section 4, 2 (5)
Responsibility for setting sustainability policies and supervising the business portfolio	Supplementary Principle 4.2.2	Section 4, 2 (6)
<b>Roles and Responsibilities of the Board (3)</b>	Principle 4.3	Section 4, 2 (8)
Election and dismissal of senior management	Supplementary Principle 4.3.1	Section 4, 2 (7)
Appointment of CEO	Supplementary Principle 4.3.2	Section 4, 2 (7)
Dismissal of CEO	Supplementary Principle 4.3.3	Section 4, 2 (7)
Supervision of compliance, group compliance using internal audits	Supplementary Principle 4.3.4	Section 4, 2 (8)
<b>Roles and Responsibilities of Kansayaku and the Kansayaku Board</b>	Principle 4.4	Section 4, 3
Effectiveness of the Kansayaku Board	Supplementary Principle 4.4.1	Section 4, 3
<b>Fiduciary Responsibilities of Directors and Kansayaku</b>	Principle 4.5	Section 4, 4
Business Execution and Oversight of the Management	Principle 4.6	Section 4, 5
Roles and Responsibilities of Independent Directors	Principle 4.7 (i)	Section 4, 5
	(ii)	Section 4, 5
	(iii)	Section 4, 5
	(iv)	Section 4, 5
<b>Effective Use of Independent Directors, Outside Directors Accounting for 1/3 to Majority in Prime Market</b>	Principle 4.8	Section 4, 6 (1)
Meeting of independent outside directors	Supplementary Principle 4.8.1	Section 4, 5
Lead independent outside director	Supplementary Principle 4.8.2	Section 4, 5
Independent outside directors who are independent of the controlling shareholder	Supplementary Principle 4.8.3	Section 4, 6 (1)
<b>Independence Standards and Qualification for Independent Directors</b>	Principle 4.9	Section 4, 5 (2)
Use of Optional Approach	Principle 4.10	Section 4, 7
Advisory committees with the majority of the members being outside directors in the Prime Market	Supplementary Principle 4.10.1	Section 4, 7
<b>Preconditions for Board and Kansayaku Board Effectiveness</b>	Principle 4.11	Section 2, 4; Section 4, 9; Section 4, 6 (2)
Balance of directors, skills matrix	Supplementary Principle 4.11.1	Section 4, 6 (1), (2)
Concurrent positions	Supplementary Principle 4.11.2	Section 4, 8
Effectiveness evaluation	Supplementary Principle 4.11.3	Section 4, 9
<b>Active Board Deliberations</b>	Principle 4.12	Section 4, 10
Measures for active deliberations	Supplementary Principle 4.12.1 (i)	Section 4, 10
	(ii)	Section 4, 10
	(iii)	Section 4, 10
	(iv)	Section 4, 10
	(v)	Section 4, 10
<b>Information Gathering and Support Structure</b>	Principle 4.13	Section 4, 10
Request for Information	Supplementary Principle 4.13.1	Section 4, 10
Expert advice	Supplementary Principle 4.13.2	Section 4, 10
Cooperation with the internal auditing department and fulfillment of the functions of the board of directors and Kansayaku	Supplementary Principle 4.13.3	Section 4, 10
Director and Kansayaku Training	Principle 4.14	Section 4, 11
Continual training	Supplementary Principle 4.14.1	Section 4, 11
Disclosure of training policies	Supplementary Principle 4.14.2	Section 4, 11
<b>Section 5: Dialogue with Shareholders</b>		
<b>Policy for Constructive Dialogue with Shareholders</b>	Principle 5.1	Section 5, 1
Persons handling dialogue (directors including outside directors)	Supplementary Principle 5.1.1	Section 5, 1
Measures for dialogue	Supplementary Principle 5.1.2 (i)	Section 5, 1
	(ii)	Section 5, 1
	(iii)	Section 5, 1
	(iv)	Section 5, 1
	(v)	Section 5, 1
Understanding the shareholder structure	Supplementary Principle 5.1.3	Section 5, 1
<b>Establishing and Disclosing Business Strategies and Business Plans</b>	Principle 5.2	Section 4, 2 (3)
Business portfolio	Supplementary Principle 5.2.1	Section 4, 2 (3)

