

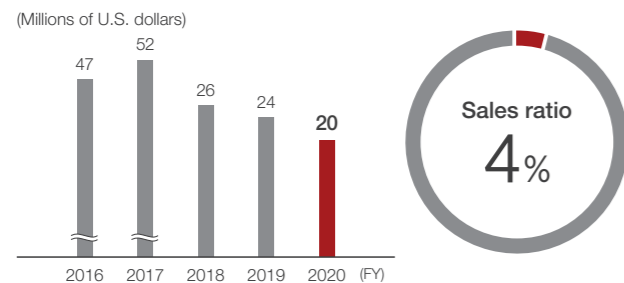


## New Business

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

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

#### Sales trends



Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.  
 Note: Exchange rate (1 U.S. dollar): FY2016 (¥112.69), FY2017 (¥112.20), FY2018 (¥106.27), FY2019 (¥111.01), FY2020 (¥108.83)

#### Business overview for FY2020

The environmental energy-related business recorded a decline in sales from FY2019, but achieved record-highs in operating income and operating income margin. Sales of the collaborative safety robot system business were robust, partly due to an increase in adoption of systems targeted at diverse companies, including medium-sized ones.

### Business Strategy

#### Collaborative safety robot system business

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



Collaborative safety robot systems



Operation of the collaborative safety robot website

#### Environmental energy-related business

By leveraging our long-cultivated control technologies and environmental technologies, we contribute to resolving globally-ongoing diverse societal challenges. Specific examples include self-consumption solar power generation and other renewable energy; supply of electric power as part of business continuity plan (BCP) measures; next-generation agricultural solutions; and store solutions that have integrated some of these and may even encompass the entire supply chain from production to logistics and stores.



Renewable energy



Next-generation agricultural solutions

## Corporate Social Responsibility (CSR) Activities Integrated with Management



The IDEC Group positions our founding principle, "Management with respect for humanity", as our most important base and are committed to maximizing the happiness of all stakeholders.

In order to promote this, we are engaged in CSR activities that are based on "The IDEC Way", the IDEC Group CSR Charter, and the Ten Principles of the United Nations Global Compact. CSR activities are identified as one of our managerial priorities and the CSR management system has been established.

#### CSR Promotion System

In April 2018 the IDEC Group established the CSR Committee, chaired by the CEO, to fulfill its corporate social responsibility in realizing a sustainable society. Under the CSR Committee, "ESG+Sa+Q" five specialized committees – Environment, Social, Governance, plus two areas of our strengths, Safety and Quality – were established, each in charge of promoting a particular area of CSR activities. Each specialized committee, chaired by an executive officer, consists of individuals with expertise and experience, and tackles measures according to their respective themes.

The CSR Committee, meeting twice a year (April and October in FY2020), reviews and approves overall CSR activities and the initiatives of each specialized committee. These initiatives are disseminated to all employees via the CSR Leaders Meeting and the CSR Workshop Training.



#### CSR throughout the supply chain

The IDEC Group promotes CSR procurement in cooperation with suppliers, with the aim of contributing to the sustainable development of society. At one of IDEC's major factories in Suzhou, China, the suppliers exchange meeting has been held each year since 2017 and a CSR Procurement Briefing was held in 2019. We presented the importance of CSR procurement throughout the supply chain, asking for suppliers' understanding and cooperation in the promotion of responsible procurement, according to the IDEC Group CSR Procurement Guidelines.



CSR Procurement Briefing held in Suzhou, China (November 18, 2019)

#### IDEC Group CSR Procurement Promotion Plan

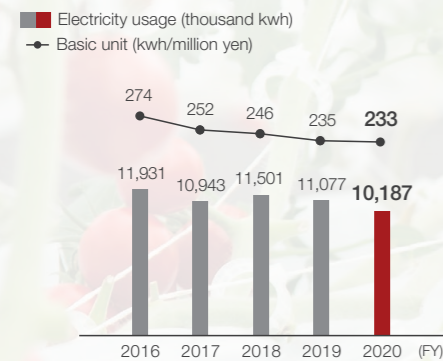


ESG+Sa+Q

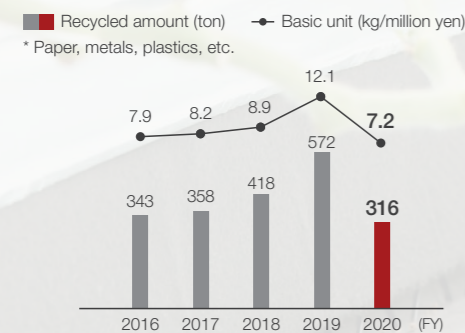


The IDEC Group makes environmental conservation a top priority in all aspects of its business activities, thereby aiming to achieve sustainable growth. The entire group promotes acquisition of ISO 14001, an international standard for environmental management systems.

Electricity usage (IDEC unconsolidated)



Recycled amount (IDEC unconsolidated)



No plastic bottle challenge

With the aim of reducing the negative impact of plastic bottles on the global environment, including marine contamination, IDEC's head office and major offices in Japan comply with the following "No plastic bottle challenge" measures.

- Stop the sale of plastic bottled beverages and limit to sale of beverages to cans, glass bottles, and cartons from vending machines on company property.
- Encourage employees to bring their own thermos bottle or cup with beverages from home.
- Offer beverages, other than those in plastic bottles, to visitors and at meetings.

Internal initiatives

Based on the IDEC Group Green Procurement Guidelines, we make efforts at preferential procurement of materials, components and equipment with less environmental impact. In addition, we promote preferential purchasing of office supplies, consumables, equipment, and fixtures which have less environmental impact, based on the Green Purchasing Procedure Manual.

Posters for encouraging the use of staircases are displayed on walls. Desktop stands for encouraging energy-saving use of air conditioners are also displayed in the office.



Top : A poster for encouraging use of staircase displayed near the elevator  
Bottom: A desktop stand with the recommended temperature for heating in a meeting room

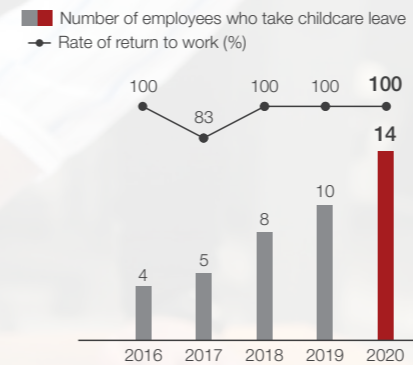
Eco-friendly product development

We identify issues for reducing environmental impact from the stage of product development and planning. We have our own standards for environmental considerations, such as for improved energy-saving, resource-saving, space-saving, and longer product life. Each product is evaluated according to the standards, and ranked as to the level of environmental consideration. We have also designed an environmental label as a symbol of eco-friendly products and services. This label is to be displayed on our website and in catalogs so that customers can easily identify the environmental friendliness of our products.



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

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



Rate of paid leave taken (IDEC unconsolidated)



Respect for human rights

The IDEC Group respects humanity and promotes diversity with no discrimination in workplaces by race, gender, nationality, religion, or disability. With the aim of enhancing education on human rights, we began a training course on human rights and harassment in 2019 as a means to promote understanding of harassment and LGBT. In France, APEM participated in the French Government's "La France, une chance." movement to support employment of people who have a hard time finding jobs. APEM is involved in the movement, sharing information with others



Those engaged in the "La France, une chance." activities at APEM

Health initiatives

Since keeping employees and their family members healthy both physically and mentally is a vital part of the foundation for the IDEC Group. We adopted the IDEC Group Health Declaration and are practicing health-oriented management. Besides annual medical checkups for employees, we offer stress checks and meetings with a health nurse (staying full-time at the head office) or a doctor, as part of our efforts to understand and help improve the health condition of our employees.



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

IDEC was certified as an Excellent Enterprise of Health and Productivity Management Organization 2020 by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi., a health program promotion organization.

Life-work balance

In July and August 2019, we invited employees' children to the head office in Osaka, the Takino Factory in Hyogo Prefecture, and IDEC IZUMI SUZHOU CO., LTD. in China. Their visit to the workplace leads to a heightened sense of unity with the company, families, and colleagues, and a more pleasant work environment for employees. We received the Toyo Keizai Award of the 2nd Platinum Career Award. This award commends enterprises that promote human resource development and strive to provide their employees with opportunities to demonstrate their best performance in a society with substantially changing employment and work style.

We intend to continue building pleasant work environments and helping employees realize a good life-work balance so that they can energetically work with ease of mind.

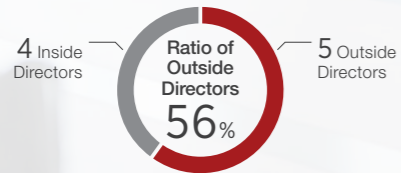


Children's visit day at the head office



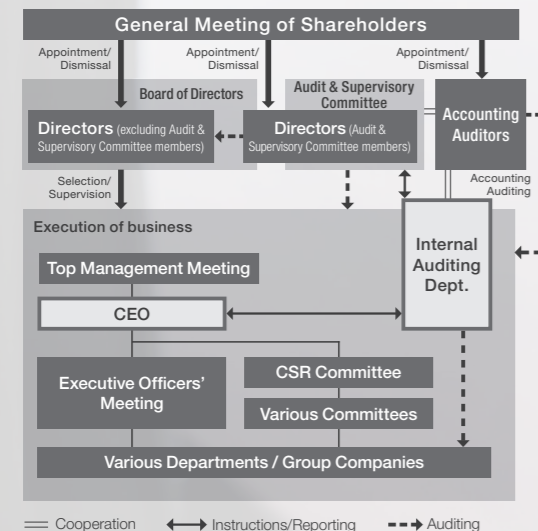
The IDEC Group is promoting further enhancement of its governance system to ensure management transparency and efficiency on behalf of its shareholders and other stakeholders.

Ratio of Outside Directors (As of June 2020)



The Board of Directors consists of nine Directors: four Directors (including one Outside Director) and five Directors who also serve as Audit & Supervisory Committee members (including four Outside Director). Appointment of many Outside Directors helps ensure management transparency.

Corporate Governance System



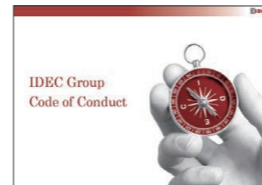
Outside Directors' Exchange session

Outside Directors' Exchange session is held as an event for Outside Directors to communicate more with each other apart from the Board of Directors meetings, with the aim of deepening their understanding on managerial topics and themes and of exchanging opinions. In FY2020, we held an exchange session on the theme on global management and it was also attended by six Executive Officers.



Compliance

Given the establishment of "The IDEC Way", we are reviewing our basic action guidelines for conducting our duties as the "IDEC Group Code of Conduct," and are preparing them as global code of conduct. We also include a compliance training session within the employees' training program separately held and organized in accordance with their length of service and job responsibility/position. We thereby strive to nurture consciousness of compliance so as to promote awareness of employees during work. Moreover, we have a system including the IDEC Hotline, a contact for internal whistle-blowing, to detect and handle suspected compliance violations early.



Risk Management

The Risk Management Committee has established a risk map by assuming potential risks in operation and estimating their impact and frequency of occurrence. Each year, a target risk is selected among these potential risks and the entire company, as well as each department, undertake measures to reduce the target risk.

Major target risks	Main countermeasures
Measures to take in case of earthquake and other disasters	Identified persons in charge and an emergency response system. Set the standard for coming to and leaving the office.
Prevention of product-related accident	Put in place QMS manuals and business forms.
Prevention of IT system trouble	24-hour monitoring and system trouble response. Planning of a cloud back-up system adopt.
Measures to prevent harassment	Conducted training sessions. Made known contacts for consultation.
Legal compliance	Conducted study meetings on relevant laws and regulations.

Directors and Executive Officers

Directors



**Toshi K. Funaki**  
Chairman and CEO



**Mikio Funaki**  
Senior Executive Vice President, COO



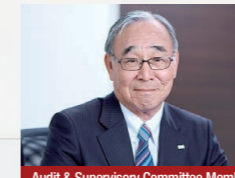
**Takuji Yamamoto**  
Managing Director



**Hiroshi Kobayashi**  
Outside Director



**Keijiro Fujita**  
Director



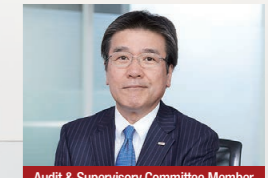
**Masataka Kawahito**  
Outside Director



**Michiko Kanai**  
Outside Director

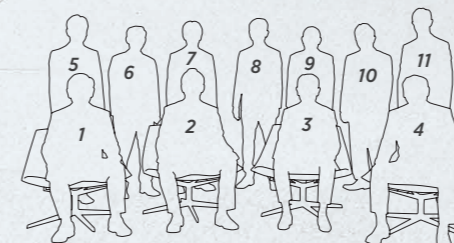


**Nobuo Hatta**  
Outside Director



**Yasuo Himeiwa**  
Newly-appointed Outside Director

Executive Officers



- 1 Koji Akamatsu**  
Senior Executive Officer  
Manufacturing & SCM
- 2 Toshihiro Fujita**  
Senior Executive Officer  
Chief Technology Officer
- 3 Arnaud Mondy**  
Senior Executive Officer  
Marketing & Strategy
- 4 Yasuharu Kawanaka**  
Senior Executive Officer  
Japan Sales & Greater China
- 5 Masaki Tsuru**  
Executive Officer  
Quality Assurance
- 6 Yoshihiko Nishiyama**  
Executive Officer  
Corporate Business Planning & Administration
- 7 Shinichi Yoshimi**  
Executive Officer  
Strategic Planning
- 8 Atsushi Matsumoto**  
Executive Officer  
Research & Development
- 9 Tomonori Nishiki**  
Executive Officer  
Technology Development
- 10 Hirotsugu Harada**  
Executive Officer  
New Business Development
- 11 Marc Enjalbert**  
Executive Officer  
APEM

ESG+Sa+Q

Information disclosure on the website  
[https://us.idec.com/idec-us/en/USD/corporate\\_social\\_responsibility](https://us.idec.com/idec-us/en/USD/corporate_social_responsibility)  
 The IDEC Group's CSR information in detail is available at its website.



Sa

Safety

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

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

**Number of employees holding Safety Officer/ Safety Assessor/Safety Basic Assessor Certificates** (As of April 2020)

411 | Up 49 from April 2019

**Number of employees certified as Robot Safety Assessor** (As of April 2020)

118 | Up 22 from April 2019

**Cumulative numbers of safety seminars and explosion protection seminars, and of attendees** (IDEC unconsolidated)

FY	Cumulative number of seminars held	Cumulative number of attendees
2016	1,421	34,195
2017	1,484	35,245
2018	1,570	37,115
2019	1,624	38,254
2020	1,733	40,099

**Safety education**

Safety seminars are conducted for all employees, with the aim of developing staff who can promote the concept of safety and ANSHIN for the benefit of society. As safety evangelists, employees with safety-related assignments serve as lecturers and explain the latest trends, including “Collaborative Safety / Safety2.0” topics, in addition to the IDEC Group’s history and thoughts on safety and safety products.



Safety seminar

**Development of certified safety assessors**

The IDEC Group has encouraged employees to acquire Safety Assessor Certification since its system was founded, as part of efforts to create safer manufacturing environments and provide safety consulting services for customers, based on international safety standards. As a result, IDEC is Japan’s top company in the number of employees who possess Safety Lead Assessor Certification, the highest level in this certification. We also encourage employees to acquire Robot Safety Assessor Certification that covers basic safety knowledge of the robot area (newly established in 2018) and to focus on strengthening the human resources in the robot safety area.

\* The Safety Assessor Certification System was developed by the Nippon Electric Control Equipment Industries Association (NECA) and is implemented by the Japan Certification Corporation, under the standards and accreditation program of the Ministry of Economy, Trade and Industry (METI). The certification aims to develop globally-competent safety engineers and managers for machinery, and control and explosion protection device.

**Publication of “Collaborative Safety / Safety2.0” guidebook**

We have published a guidebook to introduce the latest trend in “Collaborative Safety / Safety2.0” – a concept to achieve safety and productivity through the collaboration of humans and machines – as well as the initiatives of the IDEC Group. As a company that pursues and realizes world-class safety and ANSHIN, we are engaged in safety awareness activities on “Collaborative Safety / Safety2.0” as an innovative safety concept.



The guidebook is utilized for awareness on collaborative safety in and outside the company

**Acquisition of ISO 45001 certification**

IDEC’s three factories in Takino, Fukusaki, and Amagasaki, in Hyogo Prefecture have obtained ISO 45001, an international standard for occupational health and safety management system. The Tatsuno Distribution Center aims at obtaining ISO 45001 in FY2021.

Q

Quality

“Excellence in quality is the core value of our product” is a basic policy of the IDEC Group. We have steadfastly adhered to this policy while engaged in development, manufacturing, sales and service provision, so as to deliver secure, safe products and services to customers.

**Number of employees holding QM/QC Examination Certificates** (FY2016-2020)

FY	Number of employees holding QM/QC Examination Certificates
2016	493
2017	542
2018	555
2019	614
2020	646

**Number of employees holding QM/QC Examination Certificates** (As of November 2019)

646 | Up 32 from November 2018

Grade	Number of employees
Grade 1	1
Grade Pre-1	7
Grade 2	64
Grade 3	426
Grade 4	148

**Quality education**

We encourage employees to take the Quality Management and Quality Control Examination (QM/QC Examination) to raise their knowledge and awareness of quality. In addition, quality management training is provided continuously.



The circle from China made concerted efforts to develop a measure for more stable operation and won prizes for the second year in a row.

In order to apply what they learned in their daily work, employees can join a local QC Circle, a voluntary improvement activity group, which makes proposals and efforts for quality improvement and work efficiency enhancement. In the Fifth QC Circle Presentation Conference in November 2019, 11 circles from Japan, China, Taiwan, and Thailand presented their activities.

**Global Quality Conference**

Since 2017 an annual global quality conference has been held: in China in 2017, in Taiwan in 2018, and in Thailand in 2019. The objective is to globally promote consciousness on quality, encourage cooperation among manufacturing bases, and improve quality management systems. Employees engaged in quality management in various countries gather to present their quality-related activities, have a discussion, hold a group workshop on related matters, and share their issues and know-how.



Third IDEC Global Quality Conference, held in Thailand (December 12-13, 2019)

**Acquisition of ISO 9001 certification**

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



**IDEC Group companies with ISO 9001 certificate**

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