



Think Automation and beyond...



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IDEC Report **2021**



Vegetable oil ink was used in the printing of this report in consideration of the environment.



Pioneer the new norm for a safer and sustainable world.

IDEC celebrated its 75th anniversary in November 2020. Since our founding in 1945, we have been engaged in development of HMI (Human-Machine Interface).

Leveraging the core technologies created and enhanced through development of industrial switches and other control devices for machines, we want to make safer, more pleasant points of contact between humans and machines in manufacturing sites and daily life scenes. This is how we desire to contribute to society.

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

We are determined to continue providing innovation and value as we enter a new era, sustaining our 75-year ceaseless commitment stated above, as we expand it on a global scale and stay on course toward our next milestone, the 100th anniversary.

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



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The IDEC Way

As a step towards becoming a truly global company, the IDEC Group has adopted a new philosophy. "The IDEC Way" encompasses the following:

Vision

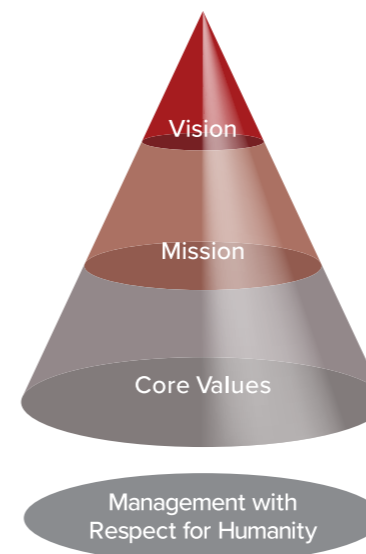
Pioneer the new norm for a safer and sustainable world.

Mission

To create the optimum environment for humans and machines.

Core Values

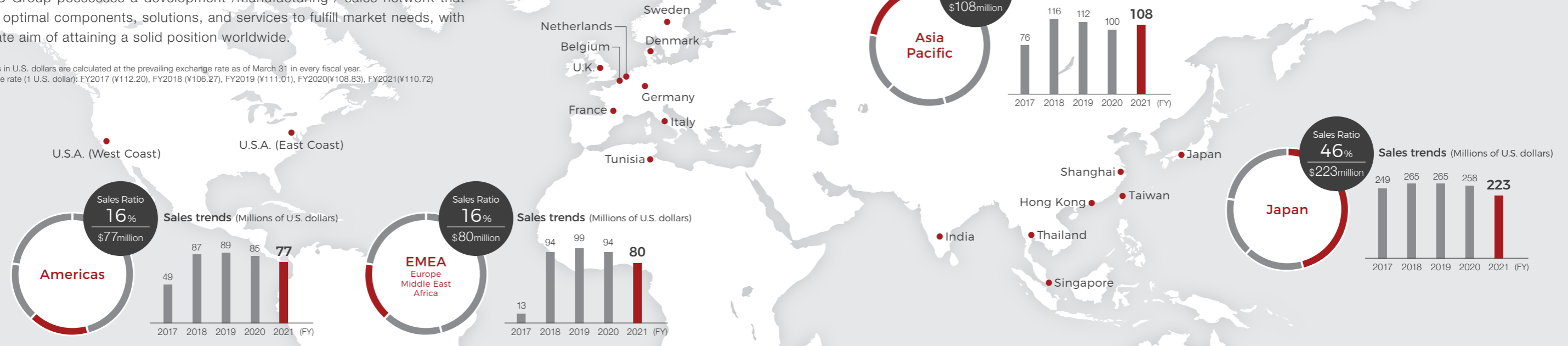
See details on page P36



Transforming to a truly global company.

The IDEC Group possesses a development /manufacturing / sales network that provides optimal components, solutions, and services to fulfill market needs, with an ultimate aim of attaining a solid position worldwide.

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



Check 01

Global Network (as of March 31, 2021)
 Global presence 15 countries
 Employees (consolidated) 3,780



Check 02

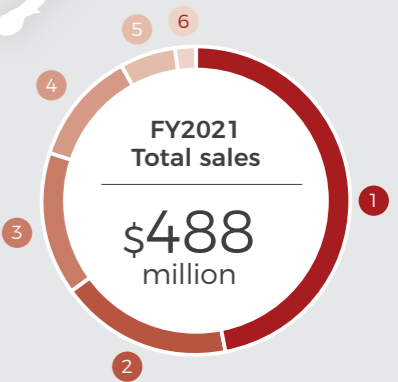
Nine major industry sectors

The IDEC Group focuses on nine industry sectors where its long-cultivated factory automation (FA) knowledge and know-how can be used and growth potential is high. While we provide a wide range of solutions aimed at flexibly responding to societal challenges and customer needs, such as dissemination of IoT, advance in automation, and ensuring safety in manufacturing sites. We try to expand our global business by focusing on selected industry sectors by each region.

Check 03

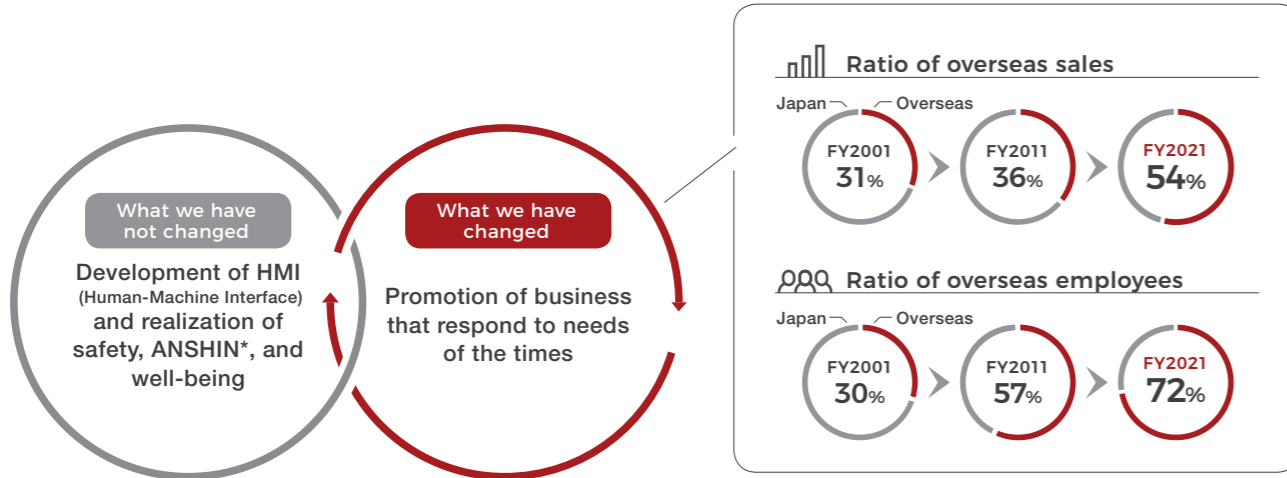
Sales breakdown by segment

As a leading company in HMI (Human-Machine Interface), the IDEC Group contributes to realizing safety, ANSHIN*, and well-being by providing diverse products and solutions.
 * ANSHIN: a sense of trust and assurance without any fear or stress



1 Industrial Switches	\$226million / 47%	P19	4 Safety & Explosion Protection	\$59million / 12%	P25
2 Industrial Relays & Components	\$89million / 18%	P21	5 System	\$29million / 6%	
3 Automation & Sensing	\$74million / 15%	P23	6 New Business	\$11million / 2%	P27

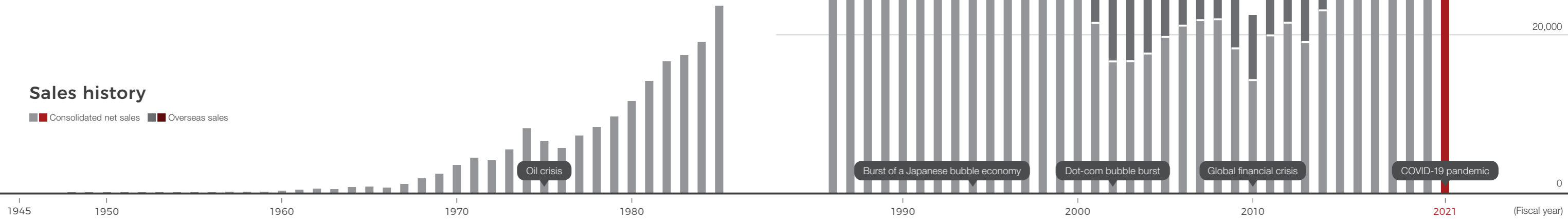
Responding to global societal challenges; thinking of our 100th anniversary and beyond.



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

Sales history

■ Consolidated net sales ■ Overseas sales



Supporting Japan's manufacturing in the postwar reconstruction period

When IDEC started to do business, it was initially engaged in the sale of electric appliances, including retail sales. Recognizing the shortage of switch boxes, that were essential for many machines, IDEC developed high-quality switch boxes, which became IDEC's long-selling products. The switch boxes as well as explosion protection products, which were widely used in textile and chemical plants and petrochemical complexes, helped support Japan's manufacturing in the postwar reconstruction period.



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

Propelled by rapid economic growth in Japan, IDEC was transformed into a comprehensive control device manufacturer. In tandem with the advance of automation and mechanization of factory equipment, IDEC expanded into the field of electronics and system products. Pursuing corporate scale expansion and responding to the trend for greater mass production, IDEC established overseas manufacturing and sales bases, and global business expansion led to further business growth and to a stock listing upgrade to the First Section of the Tokyo Stock Exchange in 1990.



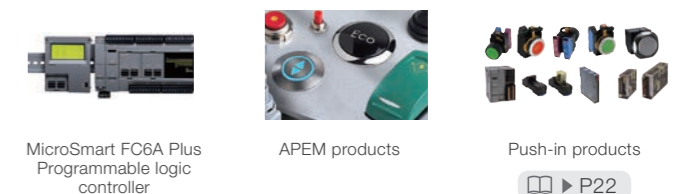
Creating an "optimum environment for humans and machines"

In manufacturing, environments in which humans and machines coexist have become common and increasingly vital for society. Appropriate to this, we have developed the first interlock switches and enabling switches in Japan to meet the needs for safety and productivity-conscious facilities. In addition, we have introduced a robot control cell production system that realizes multi-product and variable-volume production at our core factory, promoting automation and labor-saving.



Challenging global societal challenges

In its 60th anniversary year, 2005, the company changed its name to IDEC CORPORATION. In 2017, IDEC acquired APEM Group of France, as part of its global business expansion. IDEC strives to develop new businesses that contribute to solving societal challenges. We will thus continue to transform and stand up to challenges, so that our company becomes truly global and realizes sustainable growth.



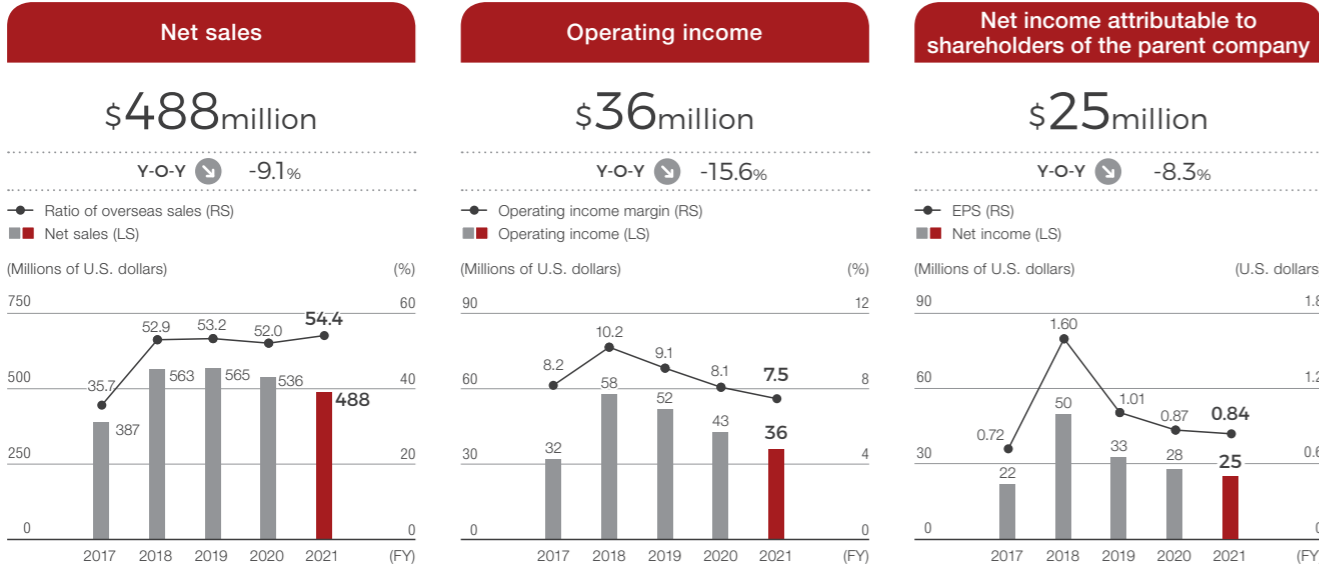
Value Creation Process

From its beginning, the IDEC Group has provided products and services to society by integrating with control and safety technology in products vital to society.

Contributions to the resolution of societal challenges through our business activities include, in particular, (1) promotion of automation, labor-saving, and higher efficiency; (2) realization of safety, ANSHIN, and well-being; and (3) reduction of environmental impact in manufacturing sites as well as people's lives around the world. We aim to help build a sustainable society.



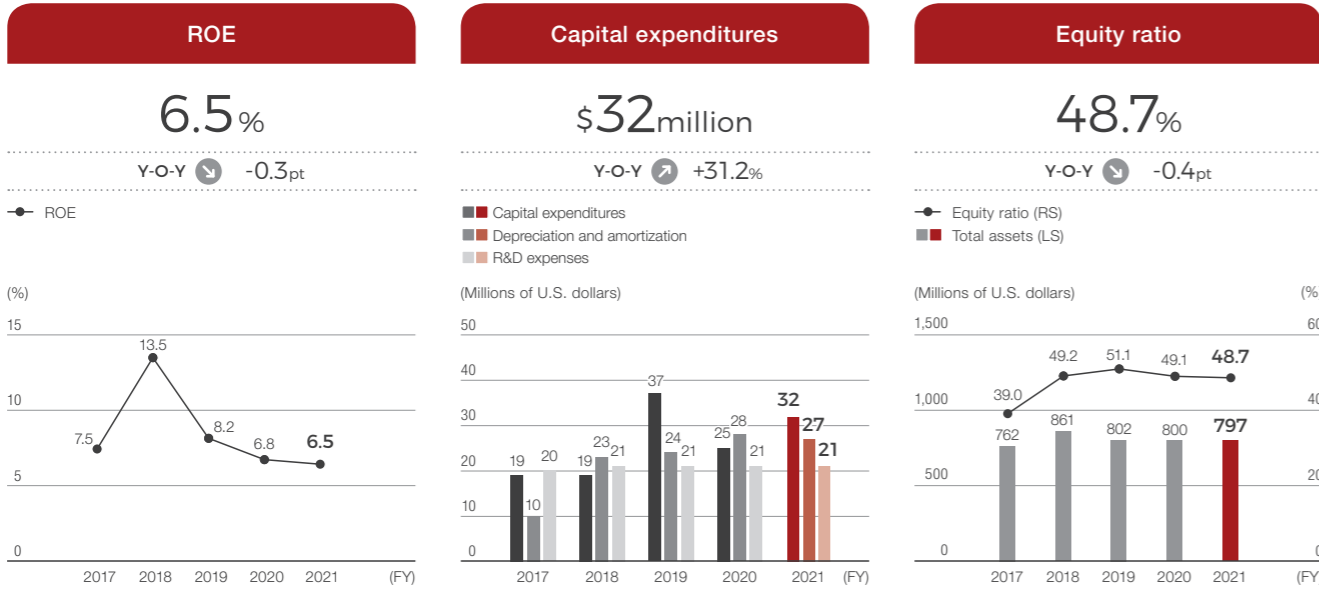
Financial Data Consolidated



Sales of various products, with the exception of the systems, decreased in all regions except China, due to the global spread of the COVID-19 infection. The ratio of overseas sales was 54.4%.

Despite the efforts to reduce selling, general and administrative expenses, the operating income margin was 7.5% in FY2021 mainly due to a drop in sales of industrial switches and other main products.

Mainly due to a decline in operating income, net income also decreased in FY2021.



Due to the harsh business environment, net income decreased in FY2021 and ROE was 6.5%.

Capital expenditures increased in FY2021 from FY2020 due to construction and relocation of factories by subsidiaries in Japan and overseas.

After dropping to less than 40% in FY2017 due to acquisition of APEM Group, the equity ratio has returned to around 50% since FY2018.

Non-financial Data IDEC unconsolidated

* Due to the review and change of the calculation method of basic units, the past data have been revised.

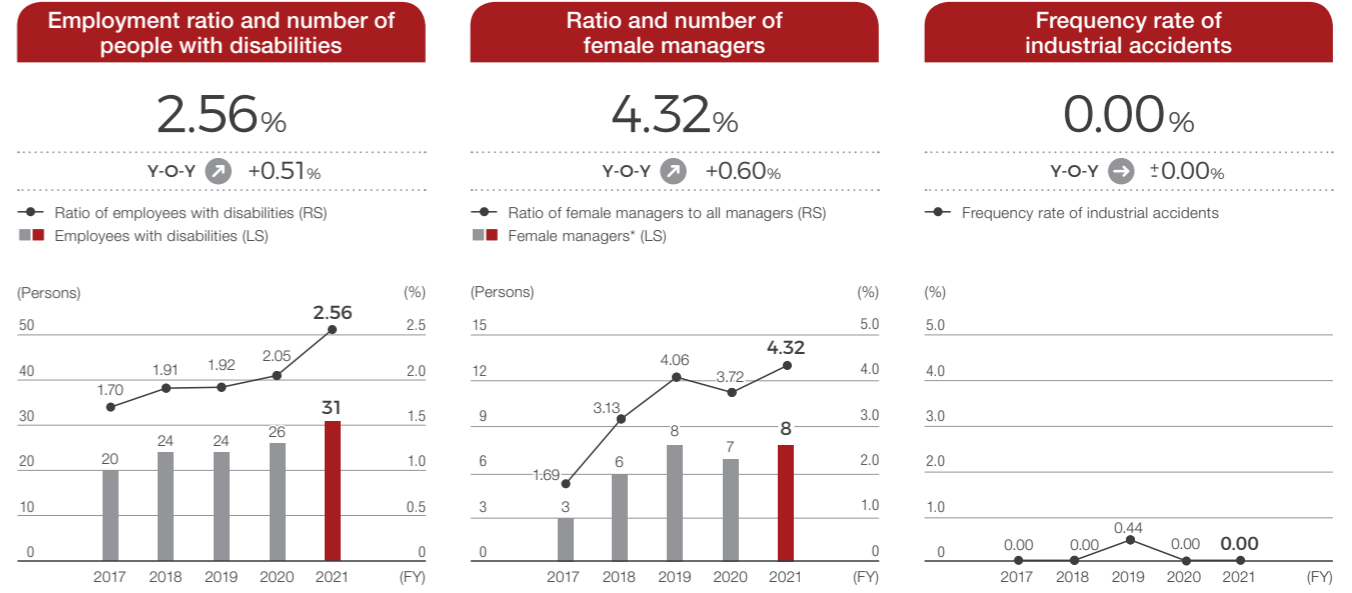


IDEC plans to develop the accounting standard of the Scope 3 (CO₂ emissions of the entire supply chain) and calculate quarterly data for IDEC and its group companies in Japan from FY2022. The aggregated data will be used in considering effective measures for CO₂ emission reduction.

* Due to the change of the CO₂ emission coefficient for FY2020, the CO₂ emission amount has been revised.

With the aim of reducing waste plastics, IDEC has enhanced in-house recycling efforts by thoroughly examining what can be recycled and seeking to raise the recycling ratio. The offering of plastic bottled beverages in vending machines has been suspended at the head office and other main offices in Japan.

In promoting paperless operations, IDEC has abolished paper-based applications for approval and has enabled applications and approvals by using electronic seals. The Assembly Center has replaced paper work instruction forms with rewritable cards, thereby saving paper and storage space.



IDEC provides opportunities for work experience and trial employment to people with disabilities so that they can check the work environment and their aptitude before starting to work. IDEC also makes use of the government's Job Coach Support Project and assists people with disabilities to smoothly fit into their assigned workplaces, such as by hosting a monthly get-together with those concerned.

In order to promote women's empowerment, IDEC has affirmatively selected women as next-generation executive candidates, and has worked on human resource development. In FY2022, IDEC will implement a management development program for female employees. The target is to reach 10% as the ratio of female managers to all managers by FY2026.

* Including female associates in the position of leader with subordinates

With the aim of risk reduction, IDEC carries out risk assessment of equipment and work processes at manufacturing bases and encourages its manufacturing employees to write "notice reports." The Takino Factory has translated the emergency evacuation guidelines and work manuals for foreign technical interns into Vietnamese.

CEO Message

By creating an optimum environment for humans and machines, we will contribute to solving diversified societal challenges and aim for sustainable growth.

Chairman and Chief Executive Officer

Toshi K. Funaki



In addition to realizing safety and ANSHIN society, we are implementing measures to improve the well-being of all people.



We are making innovative changes toward sustainable growth and a high-profit structure by contributing to solving societal challenges through our business activities.



Efforts to improve safety, ANSHIN*1, and well-being*2

Since its establishment in 1945, IDEC has been providing a wide range of products and services to society. The IDEC Way, a new philosophy that was established in 2019, advocates the Vision “Pioneer the new norm for a safer and sustainable world.” This envisioned ideal incorporates our determination to become a pioneer of tomorrow’s new standards through our role in helping shape the future of manufacturing and its potential, and our aim at realizing a safer, sustainable society that brings happiness and ANSHIN for all.

We are making various efforts to achieve the Sustainable Development Goals (SDGs) by solving societal challenges through our business activities. We joined the United Nations Global Compact in 2009, started undertaking activities based on its Ten Principles, and established a CSR Committee in April 2018. We are promoting continuous CSR activities that focus not only on the areas of Environment (E), Social (S), and Governance (G), but also IDEC Group’s two core elements – Safety (Sa) and Quality (Q).



In January 2018, IDEC became the first company in Japan to register with Vision Zero, a global campaign launched by the International Social Security Association (ISSA), an ILO (International Labor Organization) organization and also, a specialized organization of the United Nations. The Vision Zero campaign, spearheaded by top management, is described as an approach to pursue corporate safety, health, and well-being.

Since IDEC’s founding, as a company that develops and provides products that protect the lives of people, we have promoted safety and ANSHIN aimed at the creation of a safe and comfortable environment in the global community. At the same time, we have been making efforts to improve the well-being of all people both inside and outside our company.

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

*2 Well-being is a concept that means that individuals are ensured of their rights and self-realization and are in good physical, mental, and social condition. (Source: Ministry of Health, Labor and Welfare Website)



A Company of
VISION ZERO
Safety.Health.Wellbeing.

Business overview in FY2021

The global business environment was harsh in FY2021 (April 2020 – March 2021) due to the impact of the spread of the novel coronavirus (COVID-19). While sales in China remained strong throughout the year, sales decreased in Japan, the Americas, and EMEA, due to the economic downturn. In addition, orders in the machine tools and automotive industries, which are key industries, decreased due to sluggish demand and the postponement of capital expenditures.

In the second half of FY2021, however, both sales and orders showed a gradual recovery trend. Consolidated net sales in FY2021 amounted to \$488 million (down 9.1% from the previous year). In terms of earnings, operating income was \$36 million (down 15.6%) with an operating income margin of 7.5%, mainly due to a decrease in sales of core products such as the industrial switches business. In the meantime, we have promoted digital marketing and the reorganization of our Japanese and overseas business bases as part of efforts to achieve sustainable growth. [▶ P15](#)

TOPIC

Aiming to improve the well-being of all people

Committed to “Management with respect for humanity,” IDEC has been working on the life-work balance and health-oriented management, as well as providing society with a wide range of products that realize safety and ANSHIN. Since our founding, we have been making efforts to improve “safety, ANSHIN, and well-being” in order to realize a society in which everyone can live healthily, happily and vigorously.

For our employees, we have established an IDEC Healthcare Center and a fitness gym to help them maintain their physical and mental health. For society, we seek to improve the well-being of all people by creating an optimum environment for humans and machines, which is our Mission, through “Collaborative Safety / Safety2.0,” where humans and machines coexist.

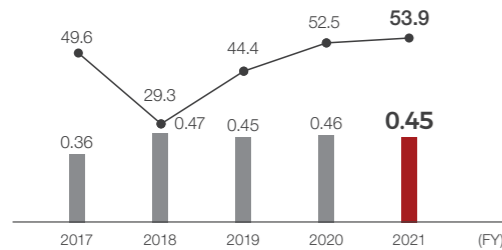


Return to shareholders

Stable dividend payment and appropriate return of profit to shareholders are one of our main priorities, along with the enhancement of our financial position and operational base. We paid an annual dividend of \$0.45 per share in FY2021.

Cash dividends per share and dividend payout ratio

■ Cash dividends per share (U.S. dollars)
● Dividend payout ratio (%)



Measures to take in FY2022

Although the outlook for the global economy is uncertain, changes in the industrial structure, which stem from the Internet of things (IoT), digital transformation (DX), and emerging needs of anti-infection measures, have made it essential for us to establish a business structure that accommodates the changing times. With this background in mind, we are taking specific measures in line with our four basic strategies: promotion of our growth strategy;

improvement in profitability; enhancement of the management base; and enhancement of ESG initiatives, in order to achieve the IDEC Group's Vision and Mission. Through these measures we will make innovative changes toward sustainable growth and a high-profit structure. In FY2022 (April 2021 – March 2022) we are aiming to achieve consolidated net sales of \$566 million, record-high operating income of \$58 million, and operating income margin of 10.3%. As part of this strategy, we are accelerating efforts to increase sales in growth markets, such as India and China. We established a sales base in India in January 2020, and are engaged in sales activities aimed at full-scale sales expansion. In China, we aim to further expand business by optimizing our manufacturing and logistics systems, strengthening sales of safety-related products, which is growing in demand, and developing digital infrastructure, including e-commerce. In addition, we will reorganize our global bases as a way to promote local production and local consumption, and develop products that meet the needs of each region and industry, in order to increase sales and improve profitability.

With regard to profit improvement, we will continue to integrate materials and products and reduce SKUs* in order to reduce costs, increase production efficiency, and transform our business into a high-profit structure. In terms of strengthening the management base, we are promoting efficiency by consolidating the administrative operations of group companies, and developing a communications platform to accommodate flexible working practices.

*SKUs: Number of items Note: Exchange rate (1 U.S. dollar): FY2022 (¥106)

Addressing societal challenges

In order to address global societal challenges, we are working to strengthen our ESG initiatives. The main initiatives are as follows:

<p>Promote efforts to reduce environmental impact</p>	<ul style="list-style-type: none"> Reduce CO₂ emissions by actively using renewable energy Promote development of eco-friendly products and consider eco-friendly materials
<p>Promote diversity</p>	<ul style="list-style-type: none"> Plan and implement various kinds of training and programs, such as those regarding the empowerment of women and LGBT education Aim to achieve "decent work" that allows employees to balance their private life and work life, by implementing measures to increase the rate of employees taking various types of leave to maintain and improve their health
<p>Improve management transparency and efficiency</p>	<ul style="list-style-type: none"> Implement measures based on the results of the effectiveness assessment Establish a Nomination Committee to promote the development of candidates for next-generation executives Establish a risk management system for the IDEC Group

Prompted by the spread of COVID-19, "non-contact," "remote monitoring and operation," "automation," and "labor saving" are attracting renewed attention as key words. The IDEC Group has a number of products that best meet these needs, and is therefore providing optimal solutions needed by society and promoting workplace problem solving.

For example, the smart RFID reader, launched in 2020, is a contactless product that reads IC cards, etc. Our products can be used in a safe and secure way not only in our mainstay factory automation (FA) industry, but also in non-FA industries, such as medical care. We are therefore actively developing new sales channels. We are reviewing our sales organization, mainly in Japan. In addition to strengthening the components business by using existing sales networks, we are also working to develop a system to provide a variety of solutions that solve customer problems via collaboration among our development department, manufacturing technology department, and group companies.



KW2D smart RFID readers

The global COVID-19 pandemic has significantly changed people's consciousness, lifestyles, and social needs. We believe that change is a great opportunity for our subsequent growth. As a truly global company, we will thereby aim for sustainable growth by contributing to solving diverse societal challenges through our various products and solutions based on control and safety technologies.



Vision | Pioneer the new norm for a safer and sustainable world.

Mission | To create the optimum environment for humans and machines.

Present and future approaches to the basic strategy

Basic strategy	What we achieved in FY2021	What we will do in FY2022
<p>Promotion of growth strategy</p> <ul style="list-style-type: none"> Launch new products which are linked to growth potential Strengthen sales that help solve customers' technical problems Restructure and strengthen sales channels Expand business areas 	<ul style="list-style-type: none"> Expanded the line-up of push-in products Launched products that materialized Safety2.0 and made them known in the market Grew sales of IoT solutions Expanded business in Asia Pacific Accelerated sales of collaborative safety robot systems 	<ul style="list-style-type: none"> Strengthen competitiveness in global markets by responding to regional and industry needs Accelerate IoT solutions Create innovative products that are oriented to safety and ANSHIN Expand business in growth markets, such as China and India Expand business areas, including the non-FA industry
<p>Improvement in profitability</p> <ul style="list-style-type: none"> Consolidate materials and products, reduce SKUs Reduce inventory and shorten delivery times Accelerate cost reduction Select and concentrate businesses 	<ul style="list-style-type: none"> Optimized the global manufacturing and sales bases Automated production Reviewed work process and raised efficiency 	<ul style="list-style-type: none"> Promote product consolidation to improve productivity Reduce inventory and shorten delivery times by reviewing the global supply chain Structural reform unprofitable products and businesses
<p>Enhancement of management base</p> <ul style="list-style-type: none"> Promote workstyle reform Promote structural reform Facilitate active communication Promote Post Merger Integration (PMI) process to strengthen the foundation 	<ul style="list-style-type: none"> Further disseminated "The IDEC Way" Considered a personnel system reform based on the results of the employee engagement survey result, etc. Adopted a global IT infrastructure and raised efficiency Secured personnel and enhanced their training in accordance with the management environment 	<ul style="list-style-type: none"> Promote personnel system reform Promote efficiency by standardizing operations, digitizing operations, and reviewing IT and office infrastructure Strengthen the system by securing and developing human resources and placing them strategically Pursue synergies with APEM
<p>Enhancement of initiatives for ESG</p>	See "Addressing societal challenges" on the top of this page.	



Toward Sustainable Growth

In order to achieve sustainable growth, the IDEC Group is implementing various global reforms, reexamining the way we work, and taking steps toward a new era.

1 Reorganization of Japanese and overseas bases

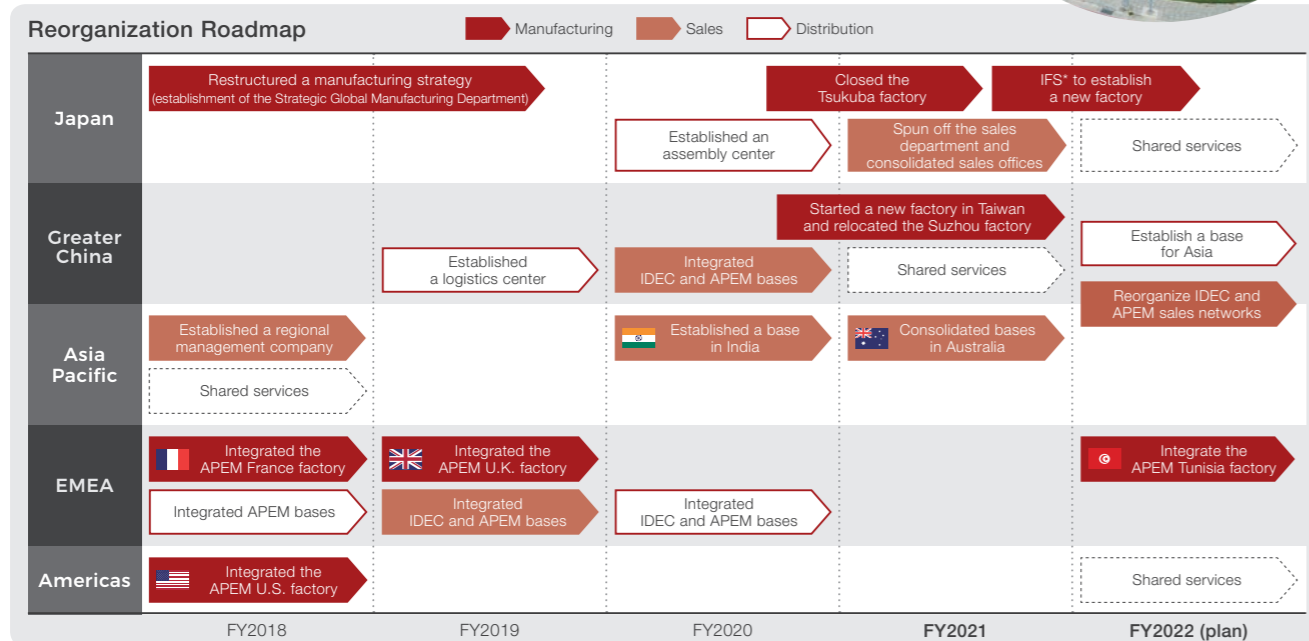
We are reorganizing our Japanese and overseas bases to optimize our manufacturing, sales, and distribution bases.

In 2020, we closed the manufacturing base in Tsukuba and consolidated our Japanese manufacturing bases, while overseas, the Suzhou Factory in China was relocated and a new factory in Taiwan started operation.

In EMEA and the Americas, IDEC and APEM are integrating their bases to generate further synergies. In Japan, we have spun off our sales department to facilitate speedy decision-making, and have consolidated 18 sales offices into two offices in Tokyo and Osaka, thereby creating a sales organization that does not rely on the offices.



A new factory in Taiwan



* IFS: IDEC FACTORY SOLUTIONS CORPORATION



A new studio in the head office

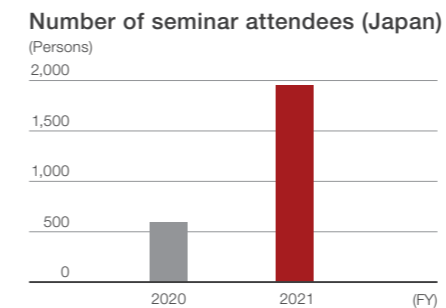
3 Promotion of digitalization

We established a dedicated studio in 2020 to serve as the information distribution base for the IDEC Group. This is because video demand has increased in recent years, and distribution-based video footage is becoming a key factor in future business growth.

With the launch of this studio that utilizes the latest equipment, we are delivering a wide range of video content, including product promotions, business information via webinars, and information sharing internally and externally. In fact, the number of seminar attendees more than tripled from the previous year in FY2021.

In addition, we are promoting digital marketing using digital technology as an effort to conduct efficient marketing and sales activities. By opening new, regional-specific websites that enable customer analytics and increase the success of approaches to potential customers, and by providing timely information tailored to each

customer's needs, we are seeking to expand the customer base, improve efficiency in marketing and sales, and improve services.



New website



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

4 Expansion of collaborative safety robot system business

Collaborative robots that can work in the same workplace with humans have been introduced in a variety of fields, in response to demand for automation and human resource saving on the manufacturing sites. Since 2020, due to the rising need for anti-infection measures, demand for robots has expanded further.

In order to expand the collaborative safety robot system business, which is expected to grow globally, IDEC FACTORY SOLUTIONS CORPORATION's new factory started operation in April 2021. It's new head office is also scheduled to be completed in March 2022. After its completion, the Collaborative Safety Robot Technical Center will be relocated to the head office, and the production capacity of robot systems will be three times higher than before.

In the meantime, we obtained the UL508A international standard in the United States, with an eye on the global development of our control systems. We will be engaged in operations ranging from consulting, regarding control systems, to their design and manufacturing in order to expand business.



Collaborative Safety Robot Technical Center



New factory (start-up in April 2021)



New head office (scheduled to be completed in March 2022)

2 Realization of a "factory that is resilient to infectious diseases"



Contactless automatic temperature-measurement system

Concerned about occupational safety and health at manufacturing sites, we are working to create factories that is resilient to infectious diseases. New concepts, such as a response to infectious diseases and other extraneous risks, are needed. We have built a contactless automatic temperature-measurement system that combines IDEC's products, such as the KW2D smart RFID reader, with a commercial thermography camera, and installed it at all of our manufacturing and distribution bases in Japan. By reading employees' IDs prior to entry, the measured results can be automatically stored in the cloud for remote review and management. In addition, the assembly center has begun to use IDEC wearable terminals to perform picking, and RFID cards and tablets to perform assembly, in order to prevent infection via hand-based contact and to increase efficiency and productivity.

The picking process at the Assembly Center

Providing optimal products and solutions that meet the needs of the times.

To respond to diverse and changing customer needs, IDEC provides a broad range of products and solutions centered on its control technology. We are committed to supporting the future of manufacturing and daily life by continuously providing new value through the use of core technologies we have innovated over many years.

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): FY2021(110.72)

Industrial Switches

Industrial Switches Business P19

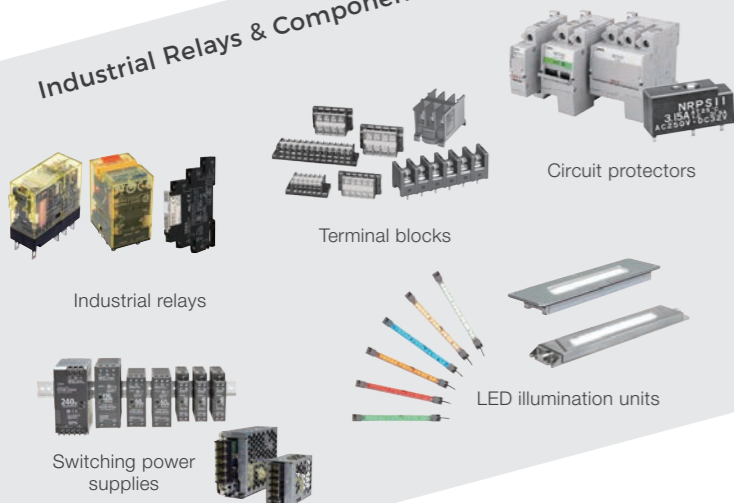


Sales ratio
47%
\$226 million



Industrial Relays & Components

Industrial Relays & Components Business P21



Sales ratio
18%
\$89 million

Automation & Sensing

Automation Business P23



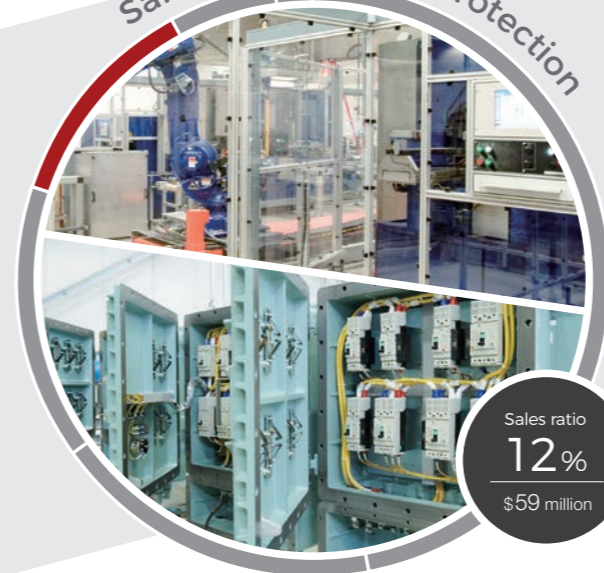
Sensing Business P23



Sales ratio
15%
\$74 million



Safety & Explosion Protection



Sales ratio
12%
\$59 million

Safety & Explosion Protection Business P25



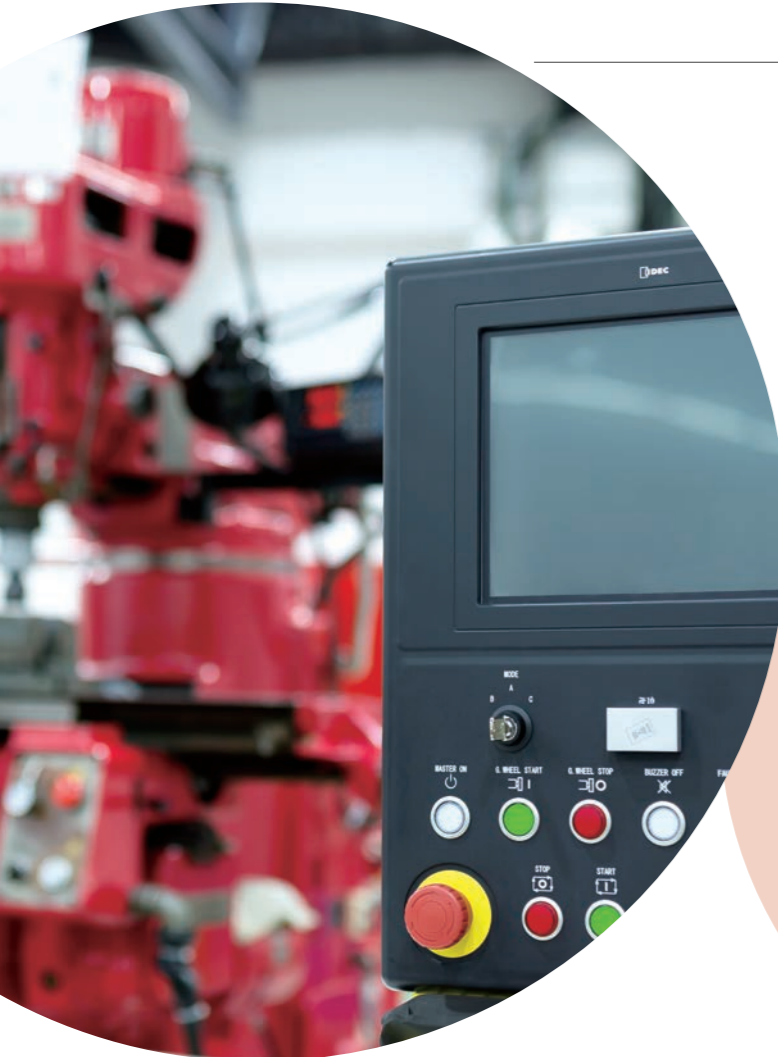
New Business

New Business P27



Sales ratio
2%
\$11 million

Industrial Switches



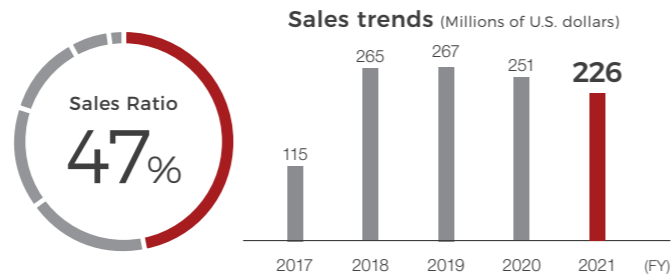
Creating an optimum environment for humans and machines as a leading company of industrial switches.

Leveraging our long-accumulated control technologies since foundation, the IDEC Group contributes to realizing safety, ANSHIN*, and well-being by providing innovative solutions worldwide, not only for the factory automation (FA) industry but also for familiar daily-life situations. With the aim of becoming the number one global company in industrial switches, the IDEC Group provides diverse solutions that bring together humans and machines. We do this through dedicated pursuit of quality, durability, and safety in our products, and through offering a product line-up that boasts versatility in design and ease of use.

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

Business overview for FY2021

In Asia Pacific, sales were firm due to a recovery in demand in China. In Japan, the Americas, and Europe, sales in each of these regions decreased as they were affected by the deterioration in business confidence and other factors. Since the second half of FY2021, however, market conditions has been on a gradual recovery trend.



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TOPIC

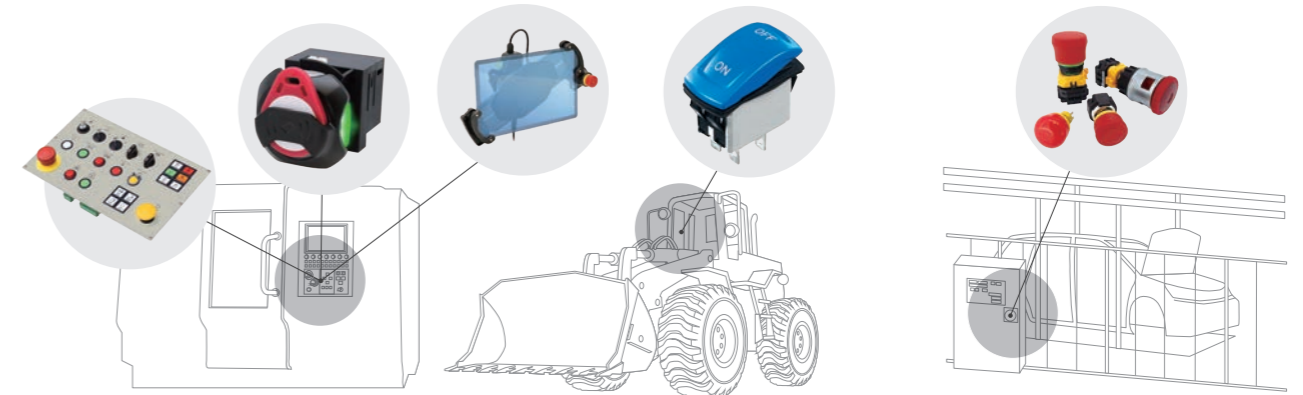
KW2D smart RFID reader lets users manage user authority for machines and control traceability

Manufacturing sites nowadays face challenges of insufficient management of an increasingly diverse workforce and occurrence of troubles, such as workplace accidents, malfunctions of machines, and increase of defective products. There are heightened needs for establishing user authority for machines by individual authentication and for traceability of inspection history. We therefore launched the KW2D smart RFID reader in the global market in 2020. This device is capable to read not only existing employee ID cards and various other IC cards, as well as key fob tags, which are broadly used in Europe as a substitute for keys. It also manages user authority for machines and equipment, and tracks entry/exit at work areas, and controls traceability of manufacturing lines.



KW2D smart RFID reader

Main application venues



Stylish control panels for a variety of devices and special vehicles, and handy-type control devices that can attach a tablet

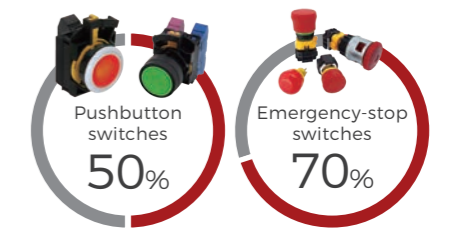
Emergency-stop switches for installation in manufacturing lines, which require high safety

Business strategy

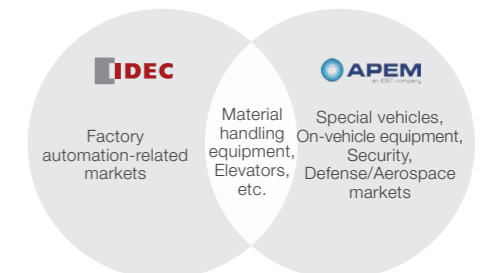
Advancing as a global leader in industrial switches

Since 1958 when we began sales of industrial switches, we have developed diverse product line-up and continuously carried out design reviews and quality improvement. Such efforts have enabled us to acquire high market shares in Japan. In recent years, society's requirement for environments that assure safe, simple and smart work for a diversity of people has become stronger. Responding to this requirement, IDEC is engaged in enhancing a line-up of products that feature a push-in connection style — a wiring method that requires less wiring, less space, and provides greater reliability.

In 2017, the APEM Group of France joined the IDEC Group. This has enabled us to achieve a more optimal geographical portfolio. We are now promoting business expansion as both the IDEC Group and the APEM Group strive to complement each other in industries and regions of their strengths to expand sales, generate synergies in technology, and develop next-generation HMI (Human-Machine Interface) products. As a leading company in industrial switches, the IDEC Group is determined to create new products and solutions that respond to the needs of society and innovate the HMI environment for improvement in productivity of customers.



Major products market share in Japan(As of March 31, 2021)
 *Internal survey



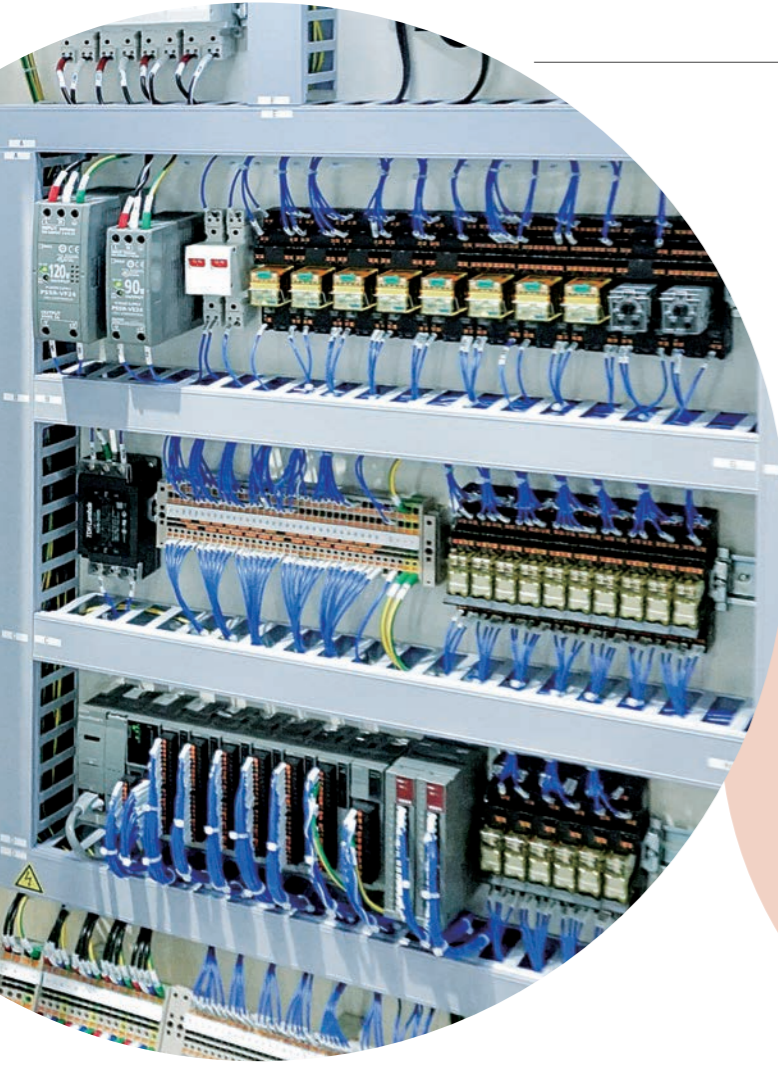
Major sales markets of IDEC and APEM

Add safety features to tablets on the manufacturing sites

High-function but cheap off-the-shelf tablets are now often used as control terminals or teaching pendants at manufacturing sites. From the standpoint of ISO/IEC safety standards, however, the tablets or other operation devices, which are used near sources of danger from machinery, need to be equipped with safety devices, such as an enabling switch and an emergency-stop switch. This has been an obstacle for further introduction of tablets at these sites. IDEC has therefore released the HT3P safety commander in the global market. This device can be easily attached to various off-the-shelf tablets. The tablets then can be used for control of manufacturing lines and equipment, robot teaching, and other applications, contributing to greater safety and convenience and cost reduction.



HT3P safety commander



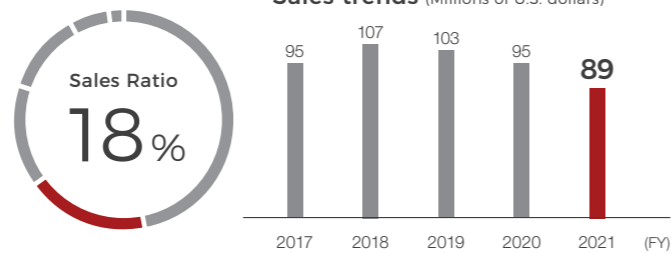
Industrial Relays & Components

Using a full line-up of products to help customers overcome challenges.

Industrial relays and components is a collective term for various electronic devices incorporated inside control panels and control boxes that are used in the operation and control of machinery and manufacturing lines. They are in use in a wide variety of settings, such as manufacturing sites, elevator controls and other equipment control of systems in buildings, automated warehouses, industrial machinery, and semiconductor manufacturing equipment. Responding to ever-growing needs for “smarter” facilities and equipment, space-saving, and quality stabilization, IDEC adds new technologies to various devices installed inside control panels, thereby providing more-efficient, highly-convenient, operator-friendly production environments, and assisting customers find solutions to various challenges.

Business overview for FY2021

Sales decreased, particularly in the Japan and Americas, because demand for capital investment decreased due to the spread of COVID-19. Meanwhile, sales of control relays in China remained firm.

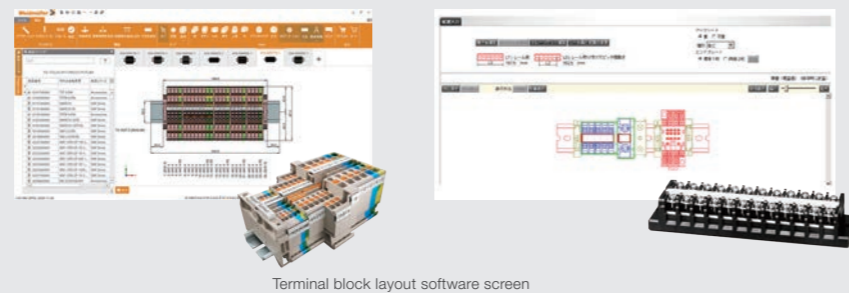


Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.
 Note: Exchange rate (1 U.S. dollar): FY2017 (¥112.20), FY2018 (¥106.27), FY2019 (¥111.01), FY2020(¥108.83), FY2021(¥110.72)

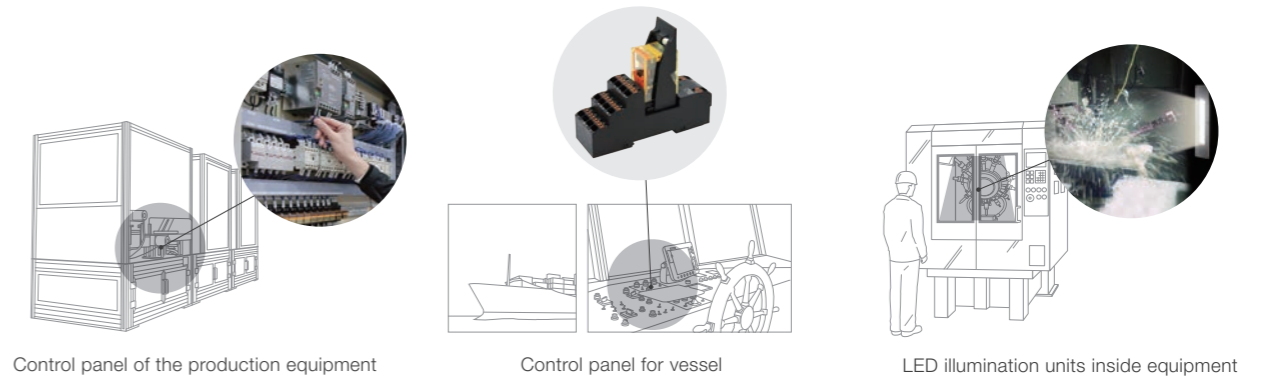
TOPIC

Expanded sales by strengthening combination terminal services

The BN series and other terminal blocks are delivered in a “combination terminal” attached to a DIN rail to improve on-site work efficiency. We will expand our sales by developing our range of products, including the push-in terminal block “A Series” and the fixed terminal block “BTB Series,” and delivering the product in a short delivery time.



Main application venues



Control panel of the production equipment

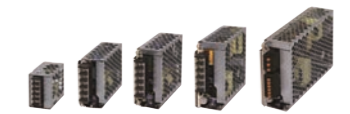
Control panel for vessel

LED illumination units inside equipment

Business strategy

Small-size switching power supplies, best for the growing power supply market

Every device requires power. This includes a variety of new equipment and devices that help create a new, normal environment in the COVID-19 era, and IoT devices that enable plant monitoring and visibility of security of a remote location. We launched the “PS3V” switching power supply, which is ideal for being mounted in these equipment and devices, because of high thermal and noise resistance, high efficiency, and high degree of freedom in mounting locations. As this power supply meets various safety standards, we will expand sales by targeting FA applications in Japan and overseas, as well as freezers and refrigerators, and office equipment.



Application examples



Food storage equipment



Safety equipment at station platform

Expansion of push-in products and services

As well as expanding sales of the push-in products that realize the challenges of control panels to make it smaller and require less wiring and less man-hours, we are working to build a comprehensive support system. The system includes rental services of products, such as Ferrule automatic crimping machines, tool calibration services, and services that facilitate the introduction of push-in products using trial starter kits. In addition to conventional push-in products, the new smart RFID reader, safety relay module, and switching power supply are added. They contribute to society by reducing wiring work process, achieving stable wiring quality, and providing convenience without need of a more tightening work.

	FY2020	FY2021
Panel front Over 10,000 SKUs	HW Series, CW/YW Series	Smart RFID reader
Inside panel Over 3,000 SKUs	PLC, Relay sockets	Safety relay modules, Switching power supplies
Panel terminal blocks and peripheral devices Over 5,000 SKUs	Terminal blocks	Rental service; calibration service, Tools & ferrules

Expanding market share of LED illumination units that meet customer needs

We have developed the LF3D series of LED illumination units that are ideal for machine tools, by satisfying needs to reduce multiple shadows and reflections of lighting sources, improving visibility at hand. IDEC’s proprietary optical design, combined with optimal LED distribution, reduces multiple shadows and reflections, enabling checking for flaws or fine irregularities of what is being processed. In addition, contrast of luminance distribution light on the emitting surface has been improved by 85% from the previous model. The LF3D design provides equally brilliant light at the center or edges of the units and the glare saving mode that reduces glare to an operator is equipped as a standard feature. IDEC’s advanced technology has thus developed a product of high market importance.

LF3D Series					
Surface mounting type	Recessed mounting type				
<table border="1"> <thead> <tr> <th>IDEC's previous model</th> <th>LF3D</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	IDEC's previous model	LF3D			Reduce reflections of light source and multi shadows (patent pending)
IDEC's previous model	LF3D				

Automation & Sensing



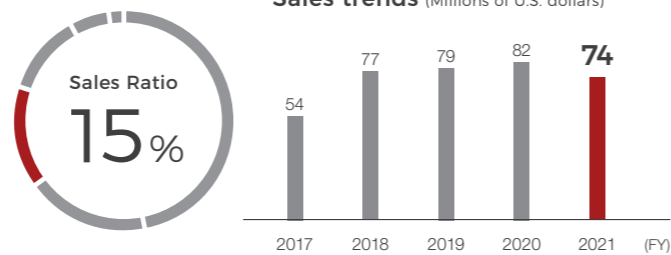
Offering optimum solutions matching the era of IoT and Industry 4.0.

Along with a decline in Japan's working population and permeation of IoT, we see an increase in need to support remote monitoring and operations, and an increase in demand for key devices that promote work efficiency and automation. We have a diverse product line-up precisely related to that need and demand. IDEC solutions contribute to higher levels of automation and efficiency in manufacturing. These solutions include automation products, such as programmable logic controllers that control machinery, equipment, and assembly lines as well as operator interfaces that create more comfortable operating environments; and sensing products such as sensors that detect physical objects and changes in conditions, code readers and RFIDs with potential growth in demand for traceability application.

Business overview for FY2021

In Japan, in addition to a decrease in sales of the operator interfaces and programmable logic controllers, sales of automatic identification products such as barcode readers, which had increased demand before the consumption tax rate hike in 2019, decreased compared to the previous year. In the meantime, mainly due to the increase in demand for programmable logic controllers in Europe, overall sales in the automation business was strong.

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



TOPIC

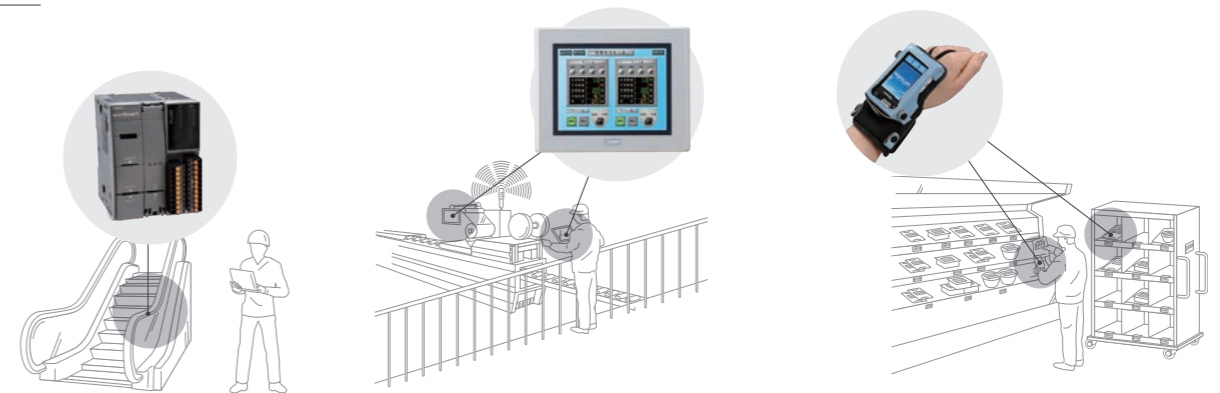
SA2E series miniature photoelectric switches enable detection of high-speed transmitted objects

Permeation of IoT has boosted demand for sensors in various industries but the conventional sensors could not detect high-speed transmitted small objects, unless suitably spaced apart from each other. The SA2E miniature photoelectric switches with built-in amplifiers, released in 2021, detect high-speed consecutively-transmitted small objects and halve a response time to 0.5ms maximum, compared to the previous model. The SA2E series also offer a line-up of products with different detection distance and detection methods, responding to diverse needs of customers, who can choose an optimal model for their application.



SA2E miniature photoelectric switches

Main application venues



Programmable logic controllers and operator interfaces that enable remote monitoring and operation

Wearable terminals that improve worker efficiency

Business strategy

Addition of MQTT support enables direct transmission of data to a cloud server

We released an upgrade that enables existing MicroSmart FC6A Plus CPUs to support the industry-standard MQTT (Message Queuing Telemetry Transport) protocol in 2020. This is in response to users' needs to save collective data from various devices in a server for analysis and other use. MQTT has emerged as the preferred IoT communications protocol, but due to a limited number of the corresponding industrial controllers, communication devices or gateways that convert data to the MQTT protocol have been required for data transmission. As the FC6A Plus CPUs support the MQTT protocol, the programmable logic controller can directly communicate with a data collection server, enabling one unit to serve for control, sensing, and communication and easily responding to IoT needs.



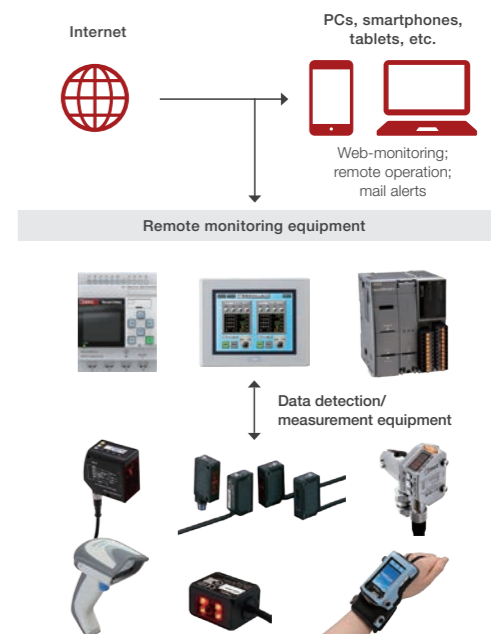
MicroSmart FC6A Plus CPUs Programmable logic controller

IDEC solutions that make IoT real

We are enhancing optimum functions that are so important in our new all-connected era, facilitating use of IoT for programmable logic controllers, operator interfaces, sensors, code readers, etc. This is another way our solutions contribute to solving diverse challenges that our customers face.

Concept of IDEC's remote monitoring and operation system

Store data	Detect/measure data in need at the scene.
Transmit data	Transmit data to a server over the Internet.
Display data	See the status of the site on a PC or tablet in a remote location.
Send e-mail	Send an alert message in case of trouble.
Operate from a remote location	Change the settings of the site from a remote location. Parameters of sensors with IO-Link function can be changed.





Safety & Explosion Protection

As a company that pursues and realizes world-class safety, ANSHIN*, and well-being, we provide solutions that enhance safety and productivity.

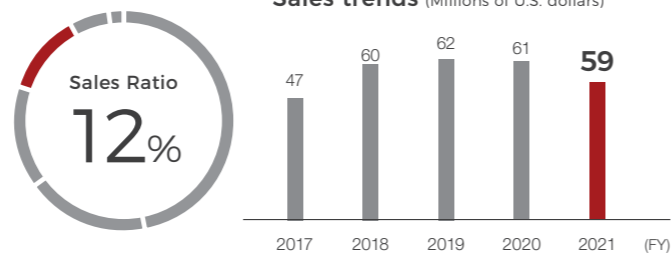
From the day the company was founded in 1945, we have strived to create safe environments for humans in their interaction with machines, and to that end we have developed many kinds of safety-related products and explosion protection products. We have spread and expanded Safety1.0 products that ensured safety by separation and operation pauses of machines. We have recently developed a next-generation safety philosophy "Collaborative Safety / Safety2.0" aimed at coordinating safety between humans and machines. In addition to proposing new safety equipment applications that use machine-origin information to keep humans out of harm's way, and to prevent dangerous control of machines by use of human-origin information, we promote safety in ways including creation of new standards and consulting.

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

Business overview for FY2021

Sales of some products, such as safety laser scanners, decreased due to a decline in global capital investment demand and the worsened business confidence. However, sales of safety-related products remained virtually flat, partly due to strong sales in China. Sales of explosion protection products decreased mainly in Japan.

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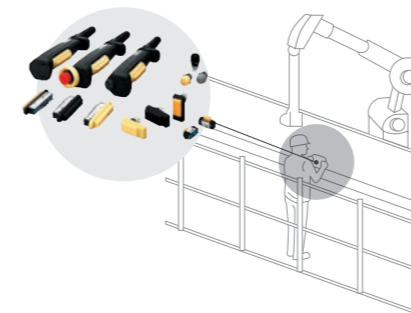
TOPIC

Expanding a portfolio of explosion protection products

Explosion protection products, rather than ordinary control products, are indispensable to ensure safety in hazardous locations using flammable gas or liquid. By combining our strengths and knowledge in the development process, in 2019 the IDEC Group started supplying customers with explosion protection mat switches that are capable of presence detection and in 2020 added to that new product the HLL series explosion protection LED illumination units. They are highly environmentally resistant and well-suited for use where protection from explosion by gas, steam, or dust is desired. With the aim of further expanding business shares, we are promoting sales expansion of the EU2B series explosion protection control units, which obtained an international standard certification, IEC-Ex certification, and working at global development of our explosion protection products.



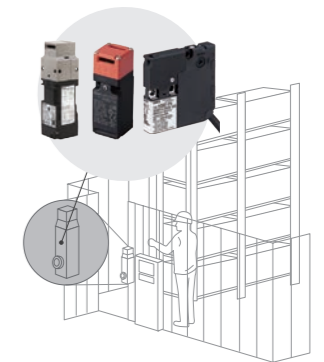
Main application venues



Enabling switches that ensure safety of manufacturing lines, etc.



Safety laser scanners that can detect the presence of humans and objects within an area



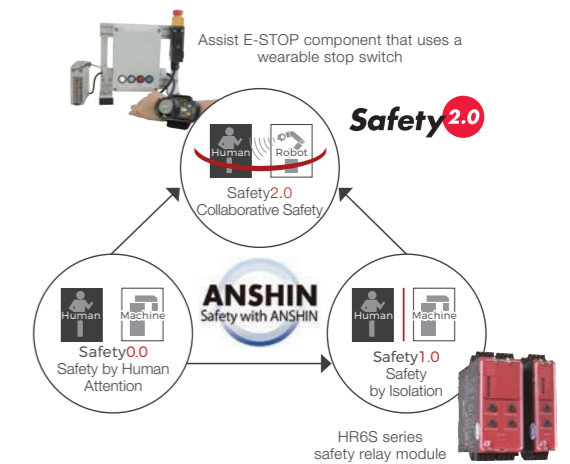
Interlock switches that can detect whether doors or safety fence gates are opened or closed

Business strategy

As a leading company in practicing "Collaborative Safety / Safety2.0"

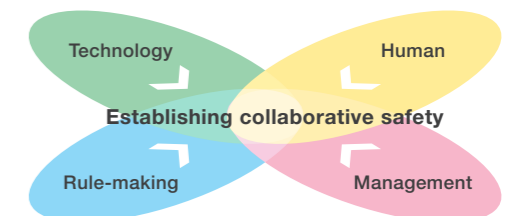
Our definition of underlying concept of safety began with Safety0.0 that ensured safety by attentiveness and judgment of humans. Subsequently, Safety1.0 focused on applying safety measures to machines and ensuring safety by separation and operation suspension of machines. More recently, a collaborative concept of humans and machines in realizing both safety and productivity, Safety2.0, is being defined.

We aim at expanding business shares in safety-related products used in a wide range of applications: from interlock switches and enabling switches to safety laser scanners and safety relay modules. We strive to expand sale of Safety1.0 products that currently support workplaces. At the same time, for pursuit and realization of the next-generation safety philosophy "Collaborative Safety / Safety2.0", we are dedicated to development of innovative Safety2.0 products, such as wearable stop switches that enable the person to easily and swiftly operate equipment and to remotely stop the machine in an emergency.



Becoming a company that pursues and realizes world-class safety, ANSHIN, and well-being

"Collaborative Safety / Safety2.0" is a comprehensive approach that intended to improve safety and productivity from four aspects: technology development; human resources development; management; and social rule-making. Through collaborative technology development with other companies, development of Robot Safety Assessors and other professionals specializing in safety, participation in the "Vision Zero" campaign to improve "Safety, Health, Well-being" at work, and development of an international-standard handbook "Safety in the Future", we are creating and globally expanding a new trend in safety, ANSHIN, and well-being, overcoming barriers of different industries. We are also promoting initiatives aimed at business expansion in China, a market of huge potential demand. Since 2017, we have held technology exchange meetings with the Standardization Administration of China (SAC) and in 2020 we held safety seminars throughout China in the form of a webinar. We plan to develop safety-related products dedicated for demand in China.



Safety seminars held in Shanghai



New Business

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

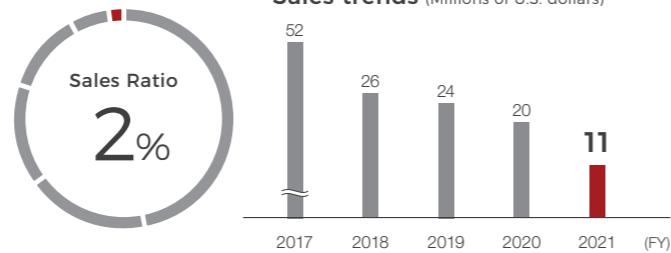
The IDEC Group's new business segment is growing mainly by growth of two business lines: the collaborative safety robot system business led by IDEC FACTORY SOLUTIONS CORPORATION; and the environmental energy-related business led by IDEC SYSTEMS & CONTROLS CORPORATION.

Through these we are making group-wide efforts to tackle societal challenges, such as a labor shortage for industrial sites and climate change.

Business overview for FY2021

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

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Business strategy

Collaborative safety robot system business

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



Collaborative safety robot systems

Environmental energy-related business

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



Renewable energy



Corporate Social Responsibility (CSR) Activities

Integrated with Management

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



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

Information disclosure on the website

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



CSR Promotion System

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



Each IDEC employee is involved in CSR activities

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



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

TOPIC

CSR procurement activities, together with suppliers

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

Safety

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

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

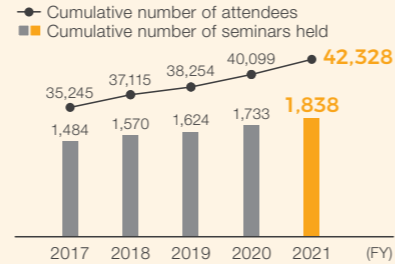
Number of employees holding Safety Officer/Safety Assessor/Safety Basic Assessor Certificates (As of April 2021)

565 +154 Up 154 from April 2020

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

122 +4 Up 4 from April 2020

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



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

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



Quality

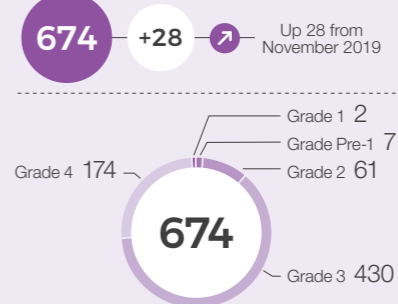
With the aim of delivering safety, ANSHIN products and services to customers, the IDEC Group has established a quality assurance system that realizes "IDEC - excellence in quality". We are thus engaged in development, manufacturing, sales and service provision.

Employees holding QM/QC Examination Certificates



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

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



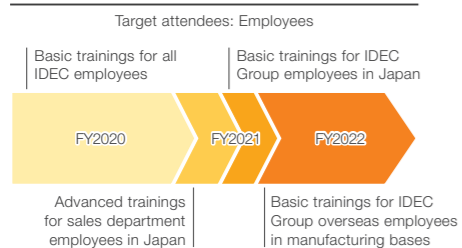
Continual QC Circle activities and quality management trainings by grade were conducted in FY2021; the number of the most difficult Grade 1 holders increased by one.



Enhanced safety knowledge in personnel development

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

Three-year Safety Education Plan



Acquisition of ISO 45001 certification

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



Four IDEC bases acquired ISO 45001 certification in March 2021

Publication of our "Safety Concept Book" in China

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



Safety Concept Book (Chinese version)

Quality education

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



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

Monthly Corporate-wide quality conferences

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



The corporate-wide quality meeting held in March 2021

ISO 9001 certification

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



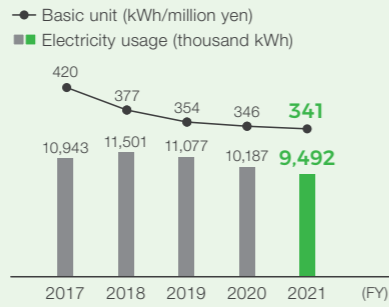
IDEC Group companies with ISO 9001 certification

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

Environment

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

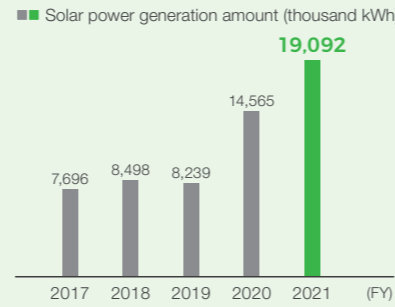
Electricity usage (IDEC unconsolidated)



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

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

Solar power generation amount (IDEC unconsolidated)



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



Renewable energy

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



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

Eco-friendly product development

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



IDEC's original eco label

Green procurement

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

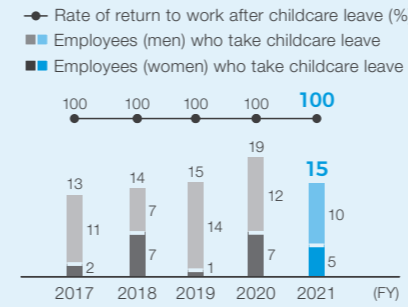
Acquisition of ISO 14001 certification

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

Social

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

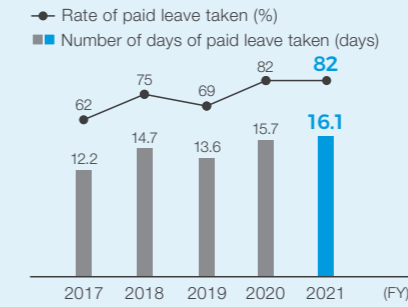
Rate of return to work after childcare leave (IDEC unconsolidated)



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

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

Rate of paid leave taken (IDEC unconsolidated)



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



Respect for human rights

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

Corruption prevention

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

Health initiatives

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



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

Life-work balance

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



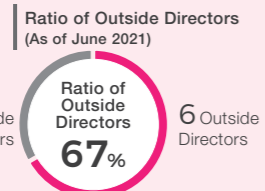
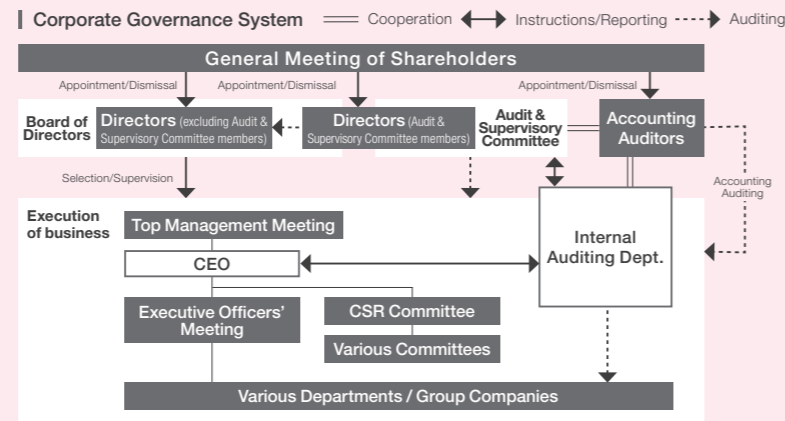
Obtained "Kurumin" mark certification from Japan's Ministry of Health, Labour and Welfare as a childcare supporting company in July 2017, as IDEC helps employees achieve a healthy life-work balance, through means such as the short-term work time system for child care, that can be used until a child graduates from the elementary school.

Three-year retention rate of new employees

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

Governance

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



Corporate Governance

Governance system

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

Voluntary nominating committee and remuneration policy

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

Outside Directors' exchange session

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

Compliance

Code of Conduct

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

Internal whistleblower system

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



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

Risk Management

Risk management system

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

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

Directors

Directors



Toshi K. Funaki
Chairman and CEO



Mikio Funaki
Senior Executive Vice President, COO



Takuji Yamamoto
Managing Director



Hiroshi Kobayashi
Outside Director



Hideyuki Okubo
Newly-appointed Outside Director

Directors

(Audit & Supervisory Committee Member)



Masataka Kawahito
Outside Director



Michiko Kanai
Outside Director



Nobuo Hatta
Outside Director



Yasuo Himeiwa
Outside Director

Board skill matrix

Toshi K. Funaki	Mikio Funaki	Takuji Yamamoto	Hiroshi Kobayashi	Hideyuki Okubo	Expected contributing areas*	Masataka Kawahito	Michiko Kanai	Nobuo Hatta	Yasuo Himeiwa
●	●	●	●	●	Corporate management and management strategy			●	
●	●				Legal affairs and risk management	●	●	●	●
●	●	●	●	●	Personnel affairs and development				
●	●				Financing and accounting	●		●	●
●	●	●		●	R&D and manufacturing				
●	●	●	●	●	Sales and marketing			●	
●	●	●	●	●	International business		●	●	●
●	●	●		●	Industry knowledge			●	●

*● indicates contributing areas with particularly high expectations

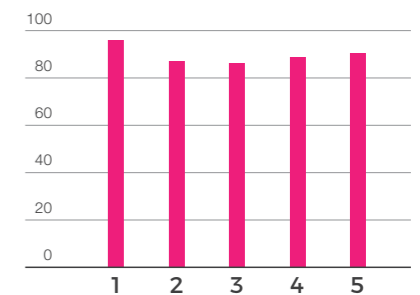
Evaluation of the Board of Directors' effectiveness

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

Questionnaire items and results

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

Evaluation results of FY2020



Evaluation results

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

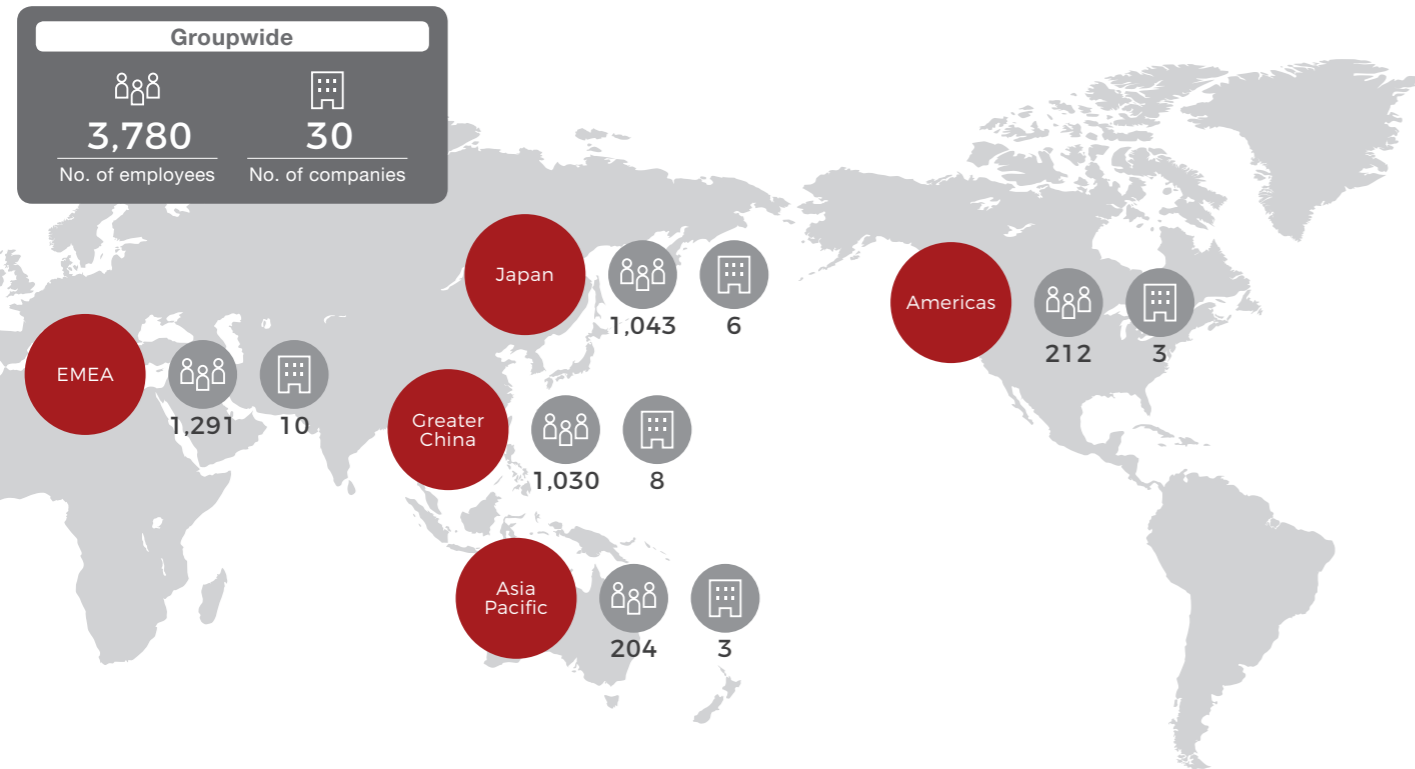
Future challenges and improvements

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

Corporate Data

Corporate Name	IDEC CORPORATION	Head Office	2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan Phone: +81-6-6398-2500 (Main number)
Established	March 26, 1947	Tokyo Sales Branch	1-16-1, Kaigan, Minato-ku, Tokyo 105-0022 Japan Phone: +81-3-6625-5180 (Main number)
Capital Stock	¥10,056,605,173	Factories	Amagasaki, Fukusaki, Takino, Kiba
No. of Employees	3,780 (consolidated; as of March 31, 2021) * Excluding contract and temporary employees	Sales Branches	Tokyo, Osaka
Stock Listing	First Section, Tokyo Stock Exchange	Distribution Center	Tatsuno

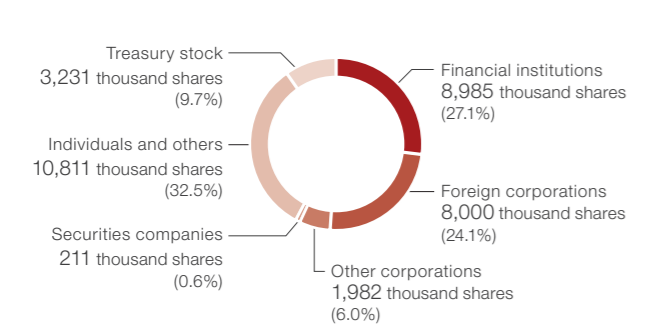
IDEC Group's Global Footprint



Shares of the Company

Number of shares authorized	150,000,000
Number of shares issued	33,224,485
Number of shareholders	8,113

Distribution of Shareholders



Major Shareholders (Top 10)

Shareholders	Number of shares (Thousands of shares)	Holdings (%)
Custody Bank of Japan, Ltd.	5,022	16.75
JP MORGAN CHASE BANK	3,006	10.02
The Master Trust Bank of Japan, Ltd.	2,575	8.59
STATE STREET BANK AND TRUST COMPANY	1,122	3.74
Funaki Kosan Ltd.	1,041	3.47
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED	817	2.73
BBH FOR GLOBAL X ROBOTICS AND ARTIFICIAL INTELLIGENCE ETF	740	2.47
Keijiro Fujita	652	2.18
CLEARSTREAM BANKING S.A.	477	1.59
Mizuho Bank, Ltd.	412	1.38

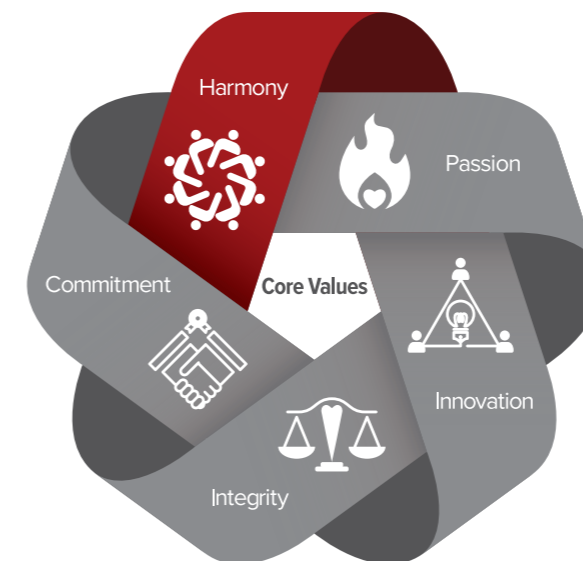
Note: The description of major shareholders above conforms to the content disclosed in the Annual Securities Report.

Executive Officers



- Koji Akamatsu**
Senior Executive Officer
Manufacturing & SCM
- Toshihiro Fujita**
Senior Executive Officer
Management of Technology
- Arnaud Mondy**
Senior Executive Officer
Marketing & Strategy
- Yasuharu Kawanaka**
Senior Executive Officer
Japan Sales & Greater China
- Masaki Tsuru**
Executive Officer
Quality Assurance
- Yoshihiko Nishiyama**
Executive Officer
Corporate Business Planning & Administration
- Shinichi Yoshimi**
Executive Officer
Strategic Planning
- Atsushi Matsumoto**
Executive Officer
Research & Development
- Tomonori Nishiki**
Senior Executive Officer
Technology Development & Environment
- Hirotsugu Harada**
Executive Officer
New Business Development
- Marc Enjalbert**
Executive Officer
APEM

Core Values



- Harmony**
In Harmony with our co-workers, our customers and society.
- Passion**
Joy in fulfilling our mission.
- Innovation**
Take on new challenges and embrace change.
- Integrity**
Exhibit honesty, fairness and respect at all times.
- Commitment**
Be the person everyone can count on.