

# IDEC Corporate Governance Policy

## General rule

### 1. Basic Views about Corporate Governance and the Objective of this Policy CG Code 2-1, 3-1(i), 3-1(ii)

IDEC Group sees warranting management transparency and efficiency to stakeholders, including shareholders, as the basis of corporate governance. Based on this belief, we actively appoint outside directors, separate management supervision and execution, and always manage the group with a focus on transparency and efficiency.

With this approach, we designate IDEC Corporate Governance Policy (hereafter “this Policy”) to improve corporate value in accordance with “The IDEC Way<sup>1</sup>,” the new philosophy set forth in 2019 toward becoming a truly global company, to further enhance corporate governance.



### 2. Revision and termination

Any revision or termination of this Policy shall be determined based on the resolution of the Board of Directors.

## Section 1: Securing the Rights and Equal Treatment of Shareholders

### 1. Exercise of Shareholder Rights at General Shareholder Meetings

#### (1) General Meeting of Shareholders CG Code 1-1, 1-2

The General Meeting of Shareholders will be positioned as the decision-making organization of the highest order. It shall warrant shareholders sufficient duration of time and organize environments to exercise their rights.

#### (2) Securing the Rights of Shareholders CG Code 1-1③, 1-2⑤

A structure will be organized to enable all shareholders to be treated equally in proportion to their interest, and to take appropriate response to claims even from minor shareholders. It shall also evaluate responses for parties such as institutional investors who own shares in the name of trust banks and other such organizations in case they wish to act on behalf of trust banks and other such organizations at the General Meeting of Shareholders, such as exercising voting rights.

#### (3) Initiatives concerning exercise of shareholder rights CG Code 1-2, 1-2①, 1-2②, 1-2③, 1-2④

The General Meeting of Shareholders shall be held on a day that does not overlap with too many other companies' shareholder meetings, to enable many shareholders to participate. Documents related to the general meeting of shareholders including the invitation will be sent out to shareholders in an easy-to-understand manner, including by using visual materials.

<sup>1</sup> “The IDEC Way” [https://us.idec.com/about\\_IDEC/who\\_we\\_are](https://us.idec.com/about_IDEC/who_we_are)

The invitation will be sent out more than about three weeks before the date of the General Meeting of Shareholders, and released on our webpage and stock exchange webpages before being sent out to ensure sufficient time is set aside for exercise of shareholder rights.

In addition to the above, exercise of shareholder rights shall be made easier through introduction of means to exercise shareholder rights electronically on the Internet, use of an electronic platform for exercise of shareholder rights, and through releasing the invitation in English.

(4) Analysis of noes CG Code 1-1①

If noes about a certain matter exceed a certain percentage at the General Meeting of Shareholders, the Board of Directors shall analyze the cause, discuss measures to take, and evaluate appropriate disclosures, explanations, and dialogues with shareholders.

2. Direction for the Capital Policy CG Code 1-3, 1-6

IDEC shall promote efficient management with considerations to financial indicators such as return on equity (ROE), return on invested capital (ROIC), to improve corporate value. It will also aim for continuous and steady provision of dividends as part of maximizing shareholder interest, with considerations to capital ratio.

Capital procurements that could result in the change or significant dilution of control shall be carefully discussed and determined by the Board of Directors after thorough considerations to the potential impact to shareholders. The matters agreed to shall be appropriately disclosed and explained to shareholders.

3. Policy about Cross-Shareholdings CG Code 1-4, 1-4①, 1-4②

In the interest of maintaining its financial health, the IDEC Group does not, in principle, hold shares in other companies except when there is a rationale for doing so. A rationale for cross-shareholding exists when the Board of Directors has decided that a particular case of cross-shareholding promises to increase the IDEC Group's corporate value by realizing synergies and improving both sides' competitive advantages in the market. Such decisions must be based on a validation of the profitability of the cross-shareholding relationship that duly examines the risks, costs, and returns involved from a medium to long term perspective, and must comprehensively consider the intended aims, such as maintaining and strengthening a business relationship or establishing a capital or business alliance.

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

We will not continue or reduce inappropriate transactions or interfere with the sale of shares due to shareholdings with companies which hold the Company's shares as cross-shareholdings. In addition, we will provide opportunities for dialogue with investors as necessary regarding

the verification details in the Board of Directors. We exercise our voting rights by comprehensively judging whether the investee company has established an appropriate governance system, is making decisions that will lead to the enhancement of the Group's corporate value over the medium to long term and is contributing to the enhancement of our corporate value.

#### 4. Anti-Takeover Measures CG Code 1-5, 1-5①

We will not take anti-takeover measures. In case of a takeover bid, the Board of Directors will discuss the best approach to not compromise stakeholder interest including that of shareholders and disclose the results immediately.

#### 5. Related Party Transactions CG Code 1-7

We shall establish a monitoring system whereby we periodically confirm with our directors and whether or not there have been any related party transactions including with the directors' families, and when such transactions have occurred, the Board of Directors shall vote on them in accordance with the Company's Board of Directors Regulations, and the Audit and Supervisory Committee shall verify the details of such transactions.

### **Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders**

#### 1. Basic Views about relationships with stakeholders

The IDEC Group will respect the stance of all its stakeholders as it engages in its business activities. It will also maintain the integrity as a trusted company, aiming to live and thrive together with stakeholders.

#### 2. Code of conduct CG Code 2-2, 2-2①

We establish "IDEC Group Code of Conduct" stating the shared global code of conduct for us to remain a company of good faith, ensuring that the basic stance and the spirit of compliance with law will be spread and entrenched among all IDEC board members and employees, for our corporate activities.

Progress of initiatives for risk management and compliance will be periodically reported to the Board of Directors, to be revised as necessary so that "IDEC Group Code of Conduct" will further be put to practice. Compliance training shall also be provided for each job and job level.

#### 3. Response to sustainability CG code 3-1③

##### (1) Basic policy CG Code 2-3, 3-1③

Based on "The IDEC Way," our new philosophy for becoming a truly global company, the IDEC Group has designated the IDEC Group Code of Conduct<sup>2</sup>, the CSR Charter<sup>3</sup>, and the Ten Principles of the UN Global Compact as important guidelines, and shall work to achieve

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<sup>2</sup> "IDEC Group Code of Conduct" <https://us.idec.com/csr/governance/conduct.html>

<sup>3</sup> "the CSR Charter" <https://us.idec.com/sustainability/policy>

the “Sustainable Development Goals (SDGs)” by resolving social issues through our business activities.

Led by the Sustainability Committee, we shall promote sustainable CSR activities by setting Environment (E), Social (S), Governance (G), and our strengths in Safety (Sa) and Quality (Q) as priority areas.

Based on our “Basic Sustainability Policy<sup>4</sup>,” we pursue the “safety, health, and well-being” of all people, both inside and outside the Company, by supporting and registering with the Vision Zero campaign promoted by the International Social Security Association (ISSA), an organization under the ILO. In addition to supporting the Task Force on Climate-related Financial Disclosures (TCFD), the Company will promote information disclosure based on IFRS (International Financial Reporting Standards), take into consideration global environmental issues including climate change, and take future measures to address risks and opportunities, thereby advancing efforts toward realizing a sustainable society and contributing to solving global issues through its business activities.

## (2) The Environment CG Code 2-3①

With acknowledgment that in the relationship between the global environment and corporate management, thriving with the earth is a common wish of humankind, the IDEC Group designates the “Environmental Policy<sup>5</sup>”, working with the awareness that the conservation of the environment is the most important issue in all aspects of our corporate activities, aiming for sustainable growth.

## (3) Society CG Code 2-3①

The IDEC Group will promote human rights and labor initiatives in accordance with international rules, and provide in the “IDEC Group Code of Conduct” and “IDEC Group CSR Procurement Guidelines” that we will not allow discrimination, harassment, child labor, and forced labor, among others.

We will practice “Management with respect for humanity and designate “Human Rights Policy<sup>6</sup>” Policy for Developing Human Resources and Arranging Work Environments <sup>7</sup>” to illustrate our basic approach to not just respect for human rights but other aspects including skill development, personnel development, evaluations, remuneration, and support for developing personnel of the next generation.

We will promote work-life balance toward career advancement of all employees and organize a work environment in which employees in need of childcare and care for their family members are able to work comfortably.

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<sup>4</sup> “Basic Sustainability Policy” <https://us.idec.com/sustainability/policy>

<sup>5</sup> “Environmental Policy” <https://us.idec.com/csr/environment/policynew>

<sup>6</sup> “Human Rights Policy” <https://us.idec.com/social/human-rights>

<sup>7</sup> “Policy for Developing Human Resources and Arranging Work Environments”  
<https://us.idec.com/idec-us/en/USD/social/education>

(4) Relationships with customers and business partners CG code 2-3①

We will work with customers and business partners earnestly and strive to provide optimized products and solutions for market needs and social issues through fair and appropriate business transactions.

(5) Human capital investment CG code 3-1③

In order to support the growth and success of diverse human resources and increase our global competitiveness, we will introduce a talent management system to visualize employees' skills and aptitudes and promote optimal placement. In addition to recruiting and developing personnel who can drive business innovation and who have the specialized knowledge to propose optimal solutions to customer issues, the Company will also promote the growth and engagement of its employees by increasing training and education expenses for each employee.

(6) Intellectual Capital investment CG code 3-1③

We recognize that intellectual property is an important company asset and will make appropriate investments in applications and acquisition of rights to ensure the superiority of our businesses and products. We will also respect the intellectual property of other companies and strive to prevent infringement.

When acquiring rights, we do not simply increase the number of cases, but rather conduct thorough scrutiny and procedures in consideration of continuous utilization of the rights. In addition, to maintain the rights we hold, we reexamine all rights every year from the perspective of changes in products and the ability to deter other companies, and reevaluate them as assets held by our company.

Additionally, we are involved in forming social rules by actively participating in international standardization activities, which we define in three categories and are promoting a range of activities. Of the three, the company is particularly focused on "creative" and "pioneering" international standardization activities, which it advocates to the world through Japanese leadership, and aims to further grow its business by continually developing human resources through on-the-job training.

4. Diversity CG code 2-4, 2-4①, 4-11

The IDEC Group shall accept different individuality and character of each employee, and promote diversity for its directors, officers, and employees, toward an environment in which each person can exercise their talent to the full. We will also designate a policy to illustrate our views for warranting diversity in employment and promotion, our human resource development policy to warrant diversity, and a policy to organize internal environments, disclosing their targets and progress.

## 5. Whistleblowing CG Code 2-5, 2-5①

We will install internal and external contact desks to accept consultations and reports on violation of laws and internal rules, and other socially unacceptable behavior. Our rules for treatment of Whistleblowing provide that the privacy of employees who make such consultations and reporting shall be protected, and that they will not be put to disadvantage. The state of the contact desk operations will be reported to the Board of Directors as needed. Whistleblowing shall be operated and managed by legal representatives and the Risk Management Committee, warranting independence from the management through means such as collaboration with external lawyers.

## 6. Roles as an asset owner CG code 2-6

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

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

## **Section 3: Ensuring Appropriate Information Disclosure and Transparency**

### 1. Full Disclosure CG Code 3-1①, 3-1②, 3-1③

We shall disclose information appropriately and in a timely manner in accordance with the Companies Act, the Financial Instruments and Exchange Act and stock exchange rules. On non-legal matters, we will strive to fully disclose information on our ESG, other sustainability initiatives and such, in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS Sustainability Disclosure Standards, actively disclosing financial and non-financial information to our stakeholders including shareholders. We will also promote information disclosure in English in documents on financial results, data books and integrated report (IDEC Report), ensuring other disclosed details carry added value.

### 2. Accounting auditor

#### (1) Roles CG Code 3-2

Accounting auditor shall take on the important role of warranting the reliability of disclosed information, having such responsibility to shareholders and investors.

(2) Independence and expertise CG Code 3-2① i ii

Accounting auditors must remain independent and must have expertise. The Audit and Supervisory Committee shall devise evaluation and nominating criteria to confirm accounting auditors' independence and expertise.

(3) Warranting appropriate audits CG Code 3-2② i ii iii iv

The Board of Directors and Audit and Supervisory Committee will secure hours needed to enable quality audits by accounting auditors and organize an opportunity for accounting auditors to receive information from the management as needed. They will also organize a structure to enable accounting auditors to collaborate fully with directors who are members of Audit and Supervisory Committee, Internal Auditing Department and independent outside directors, as well as a structure to respond when accounting auditors identify unlawful conduct.

(4) Dismissal or no re-appointment CG Code 3-2① i ii

If any accounting auditor is deemed unable to carry out appropriate audits due to matters arising compromising the auditor's eligibility and independence, the Audit and Supervisory Committee shall submit an agenda to the General Meeting of Shareholders concerning the dismissal or no reappointment of the auditor. If any accounting auditor satisfies any of the items in Article 340, Paragraph (1) of the Companies Act, the Audit and Supervisory Committee shall dismiss the auditor upon approval by all directors who are members of the Audit and Supervisory Committee.

## **Section 4: Responsibilities of the Board**

### **1. Designing the organization**

We will employ a Company with Audit and Supervisory Committee to advance separation of supervision and execution of our management, to ensure that the Board of Directors supervise management effectively, delegating part of our important business decision making to the executive directors for faster decision making. Various arbitrary committees will also be established to offer consultations to the Board of Directors to supplement the latter's independence and objectivity.

### **2. Board of Directors**

(1) Roles and Responsibilities of the Board CG Code 4-1, 4-2, 4-3

The Board of Directors will monitor important management strategy and job execution decisions, as well as directors' job executions.

The Board of Directors will evaluate proposals from the management fully and from various angles to warrant accountability, maintaining an independent and objective stance. In executing the proposals, the Board of Directors shall support the management's fast and bold decision making.

(2) Scope of delegation CG Code 1-1②, 4-1①

The Board of Directors shall designate Board of Directors Regulations, Management Committee Regulations, and Administrative Authority Regulations to separate management supervision and execution to always manage the company with a focus on transparency and efficiency, designating items to be resolved by the Board of Directors, by the Management Committee, and by each job level.

If submitting some of the resolutions at the General Meeting of Shareholders to the Board of Directors is deemed desirable to warrant the dynamism and expertise of management decisions, the Board of Directors shall make such suggestions to the General Meeting of Shareholders after confirming that a structure to fulfill corporate governance roles and responsibilities fully has been organized.

(3) Medium-term management plan CG Code 4-1②, 5-2, 5-2①

In devising and disclosing a medium-term management plan, the Board of Directors will establish concrete policies for business plans and so forth with considerations including to product and business portfolios, disclosing such details, including on webpages and in business reports. Factors such as the plan's progress, results, and causes of it not being met, will be fully analyzed internally and reported including in business reports and at the General Meeting of Shareholders. The Board of Directors shall reflect the detail in the next year's plan onward.

(4) Succession plans CG Code 4-1③

In the development of successors to executives, including representative directors, with the objective to continually produce personnel who contribute to the sustainable and global development of the IDEC Group, the Board of Directors will provide training to candidates in subjects of general management knowledge according to their job level, and provide them with the opportunity to participate in important meetings, including the Management Committee and the Executive Officers Committee. The Board of Directors will also establish Nominating Committee responsible for developing candidates for executives and request reports on the progress of their development.

(5) Determining remuneration system for directors CG Code 3-1 iii, 4-2, 4-2①

The Board of Directors shall establish a remuneration system for directors<sup>8</sup> (excluding independent outside directors) so that the system will function as a healthy incentive for the company's sustainable growth. The decision is made after deliberation by the Remuneration Committee, where the majority is independent outside directors, and then submitted to the Board of Directors, where the majority is independent outside directors, and then passed by the Board of Directors. In addition, if necessary, a resolution will be obtained at the General Meeting of Shareholders.

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<sup>8</sup> "Remuneration Policy for Directors" <https://us.idec.com/governance/compensation>

Pursuant to the remuneration system above, remunerations for directors will consist of basic remunerations as fixed salary and performance-based pay. Outside directors and directors who are members of the Audit and Supervisory Committee receive only basic remunerations as fixed salary because they are responsible for supervising the management of the Company from an independent perspective.

(6) Response to sustainability CG code 4-2②

Based on the state of the IDEC Group's sustainability initiatives, the Board of Directors will designate the Basic Policy on Sustainability to improve the Group's corporate value over the medium to long term, and effectively monitor that the group's business activities will contribute to the company's sustainable growth in accordance with the policy.

(7) Nomination and dismissal of the management CG Code 3-1 iv, 4-3①, 4-3②, 4-3③

Based on the fact that nomination and dismissal of the management, especially of executive directors such as representative director are important decisions for the company, the Board of Directors will, following objective, timely, and transparent procedures, and with advise from the Nominating Committee, make such decisions through resolution at the Board of Directors, where the majority is independent outside directors. When selecting new executive officers, the Nominating Committee is reported on the information about the candidates in advance, and after deliberation of candidates at the top management meeting, the decision is made by a resolution of the Board of Directors, where the majority is independent outside directors.

(8) Development of internal control system and monitoring of its operations CG Code 4-3, 4-3④

The Board of Directors shall organize an internal control system for the entire IDEC Group, including by developing compliance and risk management systems, and collaborate with the Internal Auditing Department to monitor that they are operated effectively.

3. Audit and Supervisory Committee CG Code 4-4, 4-4①

(1) Roles

The Audit and Supervisory Committee will state its opinions in its capacity to actively and voluntarily exercise its rights, such as auditing business execution by directors (excluding directors who are members of Audit and Supervisory Committee) and by executive officers, nomination and dismissal of accounting auditors, and exercising rights for audit remuneration and make appropriate decisions from an independent and objective standpoint. The committee will also have directors and other officers report on items required for audits, as needed, and collaborate with independent outside directors to share necessary information.

(2) Composition

The Audit and Supervisory Committee is composed of up to five directors who are members of Audit and Supervisory Committee, the majority of whom must be outside directors, pursuant to our Articles of incorporation.

(3) Collaboration with accounting auditors

The Audit and Supervisory Committee and accounting auditors must maintain respective independence and mutual trust, based on securing a structure in which they can cooperate to perform appropriate audits. At the same time, they shall periodically hold briefings and other meetings based on the annual plan and organize a cooperative structure as needed so that they can mutually report to each other on matters related to accounting audits.

(4) Cooperation with Internal Auditing Department

To support the Audit and Supervisory Committee to perform smooth audits, the committee will cooperate with Internal Auditing Department and shall retain direct command and instruction rights.

(5) Stating opinions

The Audit and Supervisory Committee shall determine which views will be presented as the committee's opinions on the nomination, remunerations, and so forth of directors (excluding members of the Audit and Supervisory Committee), including matters to be explained at the General Meeting of Shareholders.

(6) Attending important meetings

Directors who are members of Audit and Supervisory Committee are allowed to attend important meetings such as Management Committee and must strive to understand and monitor management situations in a timely manner.

4. Fiduciary duty CG code 1-1②, 4-5

Directors and executive officers shall acknowledge their fiduciary duty to shareholders and act to improve sustainable corporate value.

5. Independent Outside Directors

(1) Roles and responsibilities CG Code 4-6, 4-7 i ii iii iv, 4-8①, 4-8②

Independent outside director will give advice about management policy and improvement based on their knowledge, and monitor management including monitoring trade with a conflict of interest, from a standpoint of improving corporate value in the medium and long term for the company's sustainable growth. They shall also strive to reflect to the Board of Directors the views of stakeholders including minor shareholders.

Independent outside directors will periodically hold meetings to sophisticate knowledge and exchange opinions about various themes such as business activities, social affairs, market trends and laws and regulations and share information and perceptions, so that they can actively contribute to discussions at the Board of Directors meetings. Through the administrative office of the Board of Directors, independent outside directors will correspond with executive directors and executive officers, and cooperate with the Audit and Supervisory Committee.

(2) Criteria for independence CG Code 4-9

We shall designate “Our view on the independence of outside directors” and nominate independent outside directors in accordance with the criteria.

6. Composition of the Board of Directors and the criteria for selecting the members

(1) Composition of the Board of Directors CG Code 4-8, 4-8③, 4-11

The Board of Directors consists of up to seven directors (excluding members of the Audit and Supervisory Committee) and up to five directors who are members of the Audit and Supervisory Committee, pursuant to our corporate rules. To keep management supervision and execution separate, the number of independent outside directors on the Board of Directors must be over one-third and should be over half in principle, of the total number of the board members. The Board of Directors is also comprised of directors with diverse backgrounds in terms of gender and areas of expertise.

(2) Nomination criteria CG Code 3-1 iv, 4-11, 4-11①

\*Directors (excluding members of the Audit and Supervisory Committee)

For directors overseeing business execution, candidates to contribute to the IDEC Group’s sustainable growth will be selected based on their experience and past performance. Independent outside director candidates must satisfy all criteria as provided in “Independence of outside directors” (see separate sheet) and will be selected from persons with expert knowledge, and with extensive experience and proficient insight about management and business execution, to enhance the “separation of execution and supervision”.

\*Directors who are members of the Audit and Supervisory Committee

Candidates will be persons who will be able to perform audits from a neutral and objective perspective. For outside directors who are also members of the Audit and Supervisory Committee, candidates must be persons with expert knowledge including about finance, accounting, law and sustainability.

\*Executive officers

To achieve the “separation of execution and supervision” as presented by the IDEC Group, candidates with an ability to execute business competently will be nominated based on their experience and past performance.

(3) Disclosure of reasons of nominations CG Code 3-1 v, 3-1①, 3-1②, 4-11①

The reasons for the election of individual directors of the Company shall be stated in the convocation notice of the General Meeting of Shareholders. Notice of invitation to the General Meeting of Shareholders will be released on our webpage. We will pay attention to disclose the information not as a formality or in a way that lacks materiality, but as value-added information, including by using a skill matrix for directors, disclosing the information in English to the extent reasonable.

## 7. Committees CG Code 4-10, 4-10①

### (1) Nominating Committee

We will establish a Nominating Committee, where the majority is independent outside directors, as an advisory body to the Board of Directors to seek advice from, and to enhance the objectivity and independence in the development and recruitment process of IDEC Group's management candidates such as directors and executive officers, and to enhance corporate governance.

### (2) Remuneration Committee

In order to enhance the objectivity and independence of the director remuneration system and the process of making decision on their remuneration, the Remuneration Committee, where the majority is independent outside directors, will be established as an advisory body to the Board of Directors.

## 8. Concurrent positions CG Code 4-11②

In case a director in charge of business execution concurrently serves as an officer of another company, the Board of Directors Regulations stipulate that the matter requires approval by the Board of Directors from the perspective of conflict of interest. Concurrent positions and jobs of all directors will be checked every year not just to check for conflict of interest but to understand matters such as the time and effort they can invest to serve their roles. If any of the directors serves on the board of other listed companies, such information will be disclosed in business reports.

## 9. Effectiveness evaluation CG Code 4-11, 4-11③

The Board of Directors will periodically evaluate the efficacy of the Board of Directors to objectively inspect whether the Board has fully served its roles and disclose the summary of the findings and improvement measures.

## 10. Active Board Deliberations

CG Code 4-2, 4-12, 4-12① i ii iii iv v , 4-13, 4-13①, 4-13②, 4-13③

The Board of Directors shall strive to nurture a culture to respect free, open and constructive discussions and exchange of opinions. As a means to vitalize deliberation, the Board of Directors shall provide materials in advance (including materials not on the Board of Directors), devise the board's annual schedule, and secure sufficient time for deliberation. To have discussions from an independent and objective standpoint at the Board of Directors, independent outside directors will request the company to provide information and seek advice from external specialists as needed, and will exchange information, share understandings, and cooperate with the board. The company will also ensure cooperation between directors and the Internal Auditing Department and organize an opportunity for the Internal Auditing Department to directly report to the Board of Directors as needed.

#### 11. Training CG Code 4-14, 4-14①, 4-14②

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

### **Section 5: Dialogue with Shareholders**

#### 1. Policy for dialogue with shareholders and investors CG Code 5-1, 5-1①, 5-1② i ii iii iv v, 5-1③

As for dialogue with shareholders and investors, including at company briefings, the executive officer who is an IR representative will be responsible and strive to understand the company's shareholder structure. The executive officer will also organically collaborate not only with executive directors such as representative director, executive officers and relevant divisions, but with outside directors as needed to work on the dialogue. The views and concerns identified through the dialogue will be reported to the Management Committee and the Board of Directors as needed. To prevent insider trading, efforts will be made to prevent leaks of insider information, pursuant to internal rules.

#### [Update history]

Established on February 3, 2016

Updated on June 15, 2018

Updated on November 2, 2021

Updated on March 21, 2025

## 【Separate Sheet】

### ●The policy regarding the independence of an Outside Director

The Company has positively elected Outside Directors for their high levels of professional knowledge, extensive experience, and views on management and the execution of business. Furthermore, if an outside officer falls under all of the following items, we consider that the person is independent:

- (1) The person who is not and has not been in the past an executive<sup>\*1</sup> of IDEC Group (which means IDEC CORPORATION and its subsidiaries; the same applies hereinafter).

\*1: "executive" refers to the executive directors, executive officers, other officers and other persons of a similar status of a corporation or other organization who execute operations, and employees (the same applies hereinafter).

- (2) The person who is not a person whose major business partner is IDEC Group<sup>\*2</sup> or an executive of such person.

\*2: "a person whose major business partner<sup>\*2</sup> is IDEC Group" refers to a person who has received payments from IDEC Group that amount to 2% or more of the relevant business partner's annual consolidated sales during the most recent fiscal year or any of the preceding three fiscal years.

- (3) The person who is not a major business partner of IDEC Group<sup>\*3</sup> or an executive of such a business partner.

\*3: "a major business partner of IDEC Group" is a person who meets any of the following criteria:

- 1) a person that has made payments to IDEC Group that amount to 2% or more of IDEC Group's annual consolidated sales during the most recent fiscal year or any of the preceding three fiscal years.
- 2) a person that has provided loans to IDEC group amounting to 2% or more of IDEC Group's consolidated total assets at the end of any of the last three fiscal years.

- (4) The person who is not a consultant, accounting professional or legal professional who receives a large amount of money or other property<sup>\*4</sup> from IDEC Group other than his/her officer remuneration (or an individual who belongs to such organization, in the case of a corporation, association or other organization,).

\*4: "a large amount of money or other property" refers to the average total value over the past three fiscal years exceeds 10 million yen for an individual and exceeds 2% of the organization's consolidated sales or total income for a corporation or other organization.

- (5) The person who has not been an accounting auditor of IDEC Group for any of the past three fiscal years. If the accounting auditor is a corporation, this includes employees of the auditing corporation, certified public accountants, and employees other than certified public accountants.

- (6) The person who does not receive a large amount of donations or grants<sup>\*5</sup> from IDEC group.

\*5: "a large amount of donations or grants" refers to the total average amount for the past three fiscal years exceeds 10 million yen.

(7) The person who is not a major shareholder of IDEC Group<sup>\*6</sup> or an executive of such a shareholder.

<sup>\*6</sup>: "a major shareholder of IDEC Group" refers to a person who has directly or indirectly held 10% or more of the voting rights of IDEC in any of the past five fiscal years.

(8) The person who is not an executive of another company under a relationship of "Cross-Assumption of outside directors"<sup>\*7</sup>.

<sup>\*7</sup>: "Cross-Assumption of outside directors" refers to a relationship in which an executive of IDEC Group is an outside director of another company, and an executive of the other company is also an outside director of IDEC Group.

(9) The person who is not a spouse or a relative within the second degree of kinship of any person (limited to core personnel<sup>\*8</sup>) falling under any of the above items (1) to (8).

<sup>\*8</sup>: "core personnel" refers to executive directors (excluding outside directors), executive officers and persons of similar status, as well as employees in senior management positions or above. In the case of auditing corporations, accounting firms, and law firms, it refers to certified public accountants and attorneys (including so-called associates) who belong to these firms.

(10) The person whose total term of an outside director does not exceed ten years, in principle.