

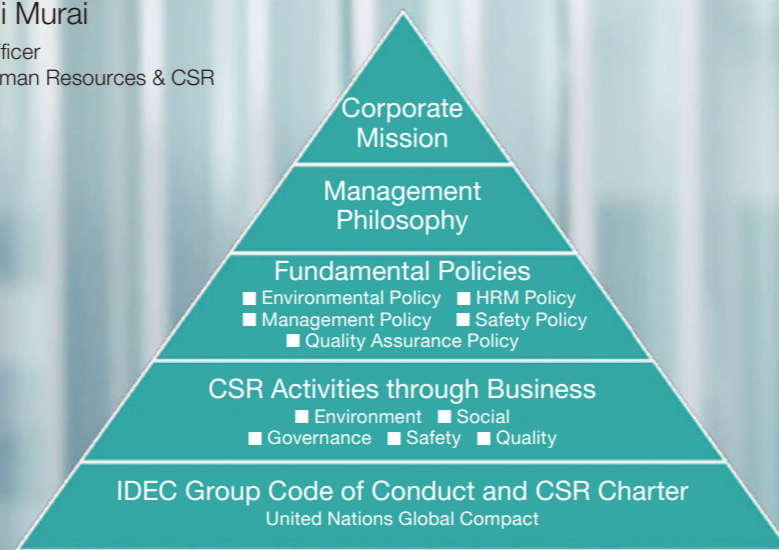
# Promotion of Corporate Social Responsibility (CSR) activities integrated with management

We aim to maximize our corporate value through CSR activities integrated with human resources strategies

The IDEC Group is actively involved in CSR activities. This is due to the corporate mission established upon our founding, which requires: "for all employees to respect humanity as we contribute to society and economy through business growth."  
Most importantly, we keep "spreading safety" and "contributions to the global environment" through our business at the center of those activities. Based on the "IDEC Group Corporate Ethics and Code of Conduct" and the Ten Principles of the United Nations Global Compact, we aim for sustainable growth through our business activities.  
In 2017, we established the "IDEC Group CSR Charter." Here, based on our corporate mission, "management with respect for humanity," we declare that we will maximize the happiness of all stakeholders surrounding the IDEC Group, including our customers, shareholders and investors, business associates, global and local communities.

What sets us apart is that, even among all our stakeholders, we hold our "employees" as our priority.  
This is because we believe that for each and every employee, the agents of our business activities, being able to work vibrantly leads to the development of innovative products and services and high-quality manufacturing, which ultimately improves customer satisfaction and contributes to society.  
To achieve this, we promote a corporate culture where it is "easy to work" and "rewarding to work," linking and integrating our CSR strategy with our human resources strategies.  
In recent years, the quality of a company is no longer decided just on the "product quality" such as QCDS (Quality, Cost, Delivery, Support), but is evaluated comprehensively including the "quality of management," such as environmental factors, social factors, and corporate governance.  
As a manufacturer, we aim to not only "improve our product quality," but also "improve our quality of management" through CSR activities based on our corporate mission, thereby maximizing our corporate value.

Toshifumi Murai  
Executive Officer  
Strategic Human Resources & CSR



Please refer to the following website for detailed information.  
<http://idec.com/csr/index.html>

## ■ IDEC Group CSR Charter

**To Employees**  
IDEC Group is committed to creating safe, friendly and motivating workplaces for employees while building Group companies where they feel proud to work.

**To Customers**  
IDEC Group assures that customers receive safe and reliable products of high quality and high performance backed by its development, production and sales capabilities. IDEC Group continues to increase public trust by providing excellent services and appropriate information disclosures.

**To Shareholders and Investors**  
IDEC Group fulfills its global obligations by enforcing corporate accountability and having its records available regularly to shareholders through extensive investor relations (IR) activities. The Group also strives to maintain profits that meet shareholder expectation and to increase the value of the Group.

**To Business Associates**  
IDEC Group is committed to building strong partnerships for mutual success, growth and trust with its business associates by establishing fair and rational trade standards.

**To Global and Local Communities**  
IDEC Group aims to contribute to global and local communities by forging partnerships with deep understanding and respect for the culture and history of each local communities. We also aim to develop a green society and a green economy through environmental activities.

## The Ten Principles of the United Nations Global Compact



- Human Rights**  
1 : Businesses should support and respect the protection of internationally proclaimed human rights; and  
2 : make sure that they are not complicit in human rights abuses.
- Labour**  
3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
4 : the elimination of all forms of forced and compulsory labour;  
5 : the effective abolition of child labour; and  
6 : the elimination of discrimination in respect of employment and occupation.
- Environment**  
7 : Businesses should support a precautionary approach to environmental challenges;  
8 : undertake initiatives to promote greater environmental responsibility; and  
9 : encourage the development and diffusion of environmentally friendly technologies.
- Anti-Corruption**  
10 : Businesses should work against corruption in all its forms, including extortion and bribery.
- \* The United Nations Global Compact is an initiative for "enterprises voluntarily acting as good members of society by demonstrating responsible, creative leadership, and participating in a global framework to achieve sustainable growth."

## CSR Promotion System

### CSR Committee

Upholding "management with respect for humanity" as its corporate mission, the IDEC Group has promoted CSR activities focusing on "spreading safety" and "contributions to the global environment." In April 2018, IDEC established the CSR Committee, which is chaired by the C.E.O. to fulfill its corporate social responsibility. Under the CSR Committee, five specialized committees were established, each in charge of a particular area of CSR, to discuss, develop and promote specific measures in their respective areas.



### IDEC's unique CSR activities focused on ESG, plus safety and quality

Recognizing the ever-increasing importance of social contribution, we vigorously pursue CSR activities in the five areas: Environment (E), Social (S) and Governance (G), plus Safety (Sa) and Quality (Q), which we are known for. By contributing to society through ESG+Sa+Q activities, we seek to enhance the quality of management, and thereby improve our corporate value and achieve sustainable growth. We regularly hold in-house CSR Innovation Seminars on the themes of ESG+Sa+Q, with executive officers serving as lecturers.

### Contribution to Sustainable Development Goals (SDGs)

In September 2015, the UN General Assembly adopted the new sustainable development agenda: "Transforming our world: the 2030 Agenda for Sustainable Development." The Agenda is a plan of action for people, the planet and prosperity. It consists of a declaration and the Sustainable Development Goals (SDGs), comprised of 17 goals and 169 targets.  
As a corporate group operating globally, the IDEC Group aims to contribute to achieving the SDGs by promoting CSR activities from a long-term perspective.



# S Social

To remain a company that is needed by society

Main relevant SDGs



## HRM Policy

The IDEC Group is committed to respecting people and developing people. In line with the underlying spirit of respect for human rights, we implement a variety of personnel measures to create an environment where all employees can grow and thrive personally and professionally. We develop individuals who can fulfill their own missions and responsibilities by practicing and embodying the fundamental policies with full understanding of their aims and contents.



## Diversity

We promote diversity in the workplace by hiring employees, based on qualifications, regardless of nationality, sexual orientation or disability. One of the Group companies, IDEC LOGISTICS SERVICE CORPORATION actively hires and works to retain people with disabilities. As of March 2018, the company employed 17 employees with disabilities (employment rate of persons with disabilities: 10.6%). We also accept foreign technical interns on a continuous basis and provide support to help them learn technical skills, as well as the Japanese language and culture.



Foreign technical interns receiving training at the Fukusaki Plant

## Support for disaster relief

In order for us to provide support quickly to disaster-affected areas when a large-scale disaster occurs in Japan or abroad, we have established rules for disaster relief donations, in accordance with the way we donate relief funds. We have also adopted a matching-gift system under which the company calls on employees to donate funds and then donates an amount equal to the amount donated by the employees.

[Donations made in the fiscal year ended in March 2018]

- Northern Kyushu Heavy Rainfall Disaster (donated to the Japanese Red Cross)
- U.S. Hurricanes Harvey and Irma (donated to the American Red Cross)

## Social contribution activities

In 2017, IDEC was registered as a Blood Donation Supporter and has actively cooperated in blood donation activities of the Japanese Red Cross Society.

As part of our activities for contributing to the local community, the IDEC Group welcomes visits by students conducting integrated study activities. As part of the Month of Giving in December 2017, we conducted a book donation program called "Arigato-Bon" to collect disused books and CDs from employees and distribute them to non-profit organizations (NPOs). A total of 107 books and CDs were collected.



A Red Cross blood donation car visits the Head Office twice a year



Donated books collected by employees under the "Arigato-Bon" program

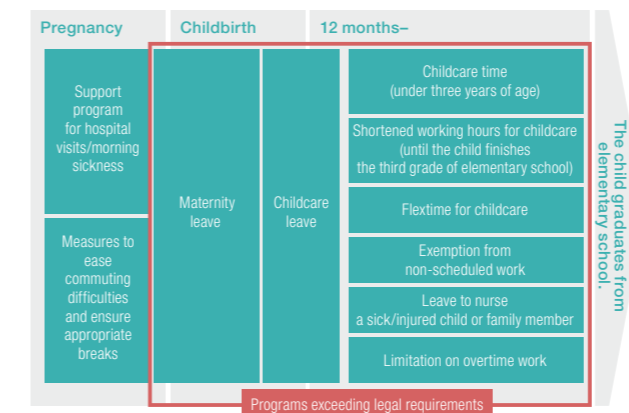
## Commitment to Employees

### Life-work balance

The IDEC Group places the highest priority on employee wellbeing. Reflecting this attitude, we use the term "life-work balance," instead of "work-life balance," and have actively worked to create an employee-friendly work environment to help employees fulfill their potential at work and in their personal lives.

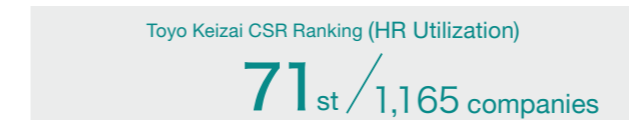
As part of such efforts, we offer a wide range of support programs (beyond legal requirements) for employees undertaking childcare or nursing care. In the fiscal year ended in March 2018, both the childcare leave-taking rate and the return-to-work rate among female employees were 100%.

#### Childbirth/Childcare-related Programs



### Highly ranked in human resource utilization

IDEC ranked 71st in the HR Utilization category in the 12th (2018) Toyo Keizai CSR Ranking, in recognition of its efforts to improve life-work balance and human resource development.



### Acquisition of Kurumin Mark

In accordance with the Act on the Advancement of Measures to Support the Raising of Next-Generation Children, IDEC has developed and implemented a voluntary action plan for childcare support. In recognition of our childcare support efforts, in July 2017 we received the Kurumin Mark certification from the Minister of Health, Labour and Welfare of Japan.

Our childcare support programs include providing partial pay during childcare leave, and reducing non-scheduled working hours. We also plan and implement awareness-raising activities to promote the taking of paid annual leave.



### Toward using English as an official corporate language

Aiming to become a truly global company, we plan to use English as an official corporate language from 2020. In line with this plan, we provide various English education programs, including an overseas trainee program for mid-career and young employees, and make the TOEIC® test mandatory for all group company employees in Japan. In addition, the English Café Club is held, where interested employees gather to learn English through free conversation, watching films and other fun activities.

### Human resources development

The IDEC Group values "take on challenges," "team player," and "engage in self-improvement activities," and strives to develop globally competent individuals who demonstrate these traits.

In fiscal year 2016, we implemented a drastic reform of our employee training system and introduced new in-house training programs, including a program for fostering next-generation executive candidates, in which outside directors with rich management experience serve as lecturers. In this way, we actively promote human resource development activities.

#### IDEC's human resource development programs

	Hierarchical training	Global training
Managers	<ul style="list-style-type: none"> <li>[For selected employees] Executive Candidate Development Program</li> <li>[For selected employees] Next-Generation Executive Candidate Development Program</li> <li>External Assessment Training</li> <li>[For selected employees] Pre-Program for Next-Generation Executive Candidates</li> </ul>	<ul style="list-style-type: none"> <li>Training prior to overseas assignment</li> <li>In-house English conversation classes</li> <li>Online language study courses</li> <li>Correspondence education</li> </ul>
Mid-career employees	<ul style="list-style-type: none"> <li>Fifth year training</li> </ul>	<ul style="list-style-type: none"> <li>Overseas trainee program</li> </ul>
Young employees	<ul style="list-style-type: none"> <li>Third year training</li> <li>New employee training</li> </ul>	

# Sa Safety

To “create safety” in the new era

Main relevant SDGs



# Q Quality

To provide “IDEC quality”

Main relevant SDGs



## Safety Policy

IDEC, based on its policy of management with respect for fellow humans and its contribution to society through business activities, is constantly seeking to provide safer and more pleasant environments not only within the IDEC Group but in global society.



## Quality Assurance Policy

Ease of use is the IDEC Group's top priority in terms of quality. To deliver high-quality products that customers can purchase and use with peace of mind and satisfaction, and to secure technologies that allow such products to be produced at the lowest cost possible, we have established a quality assurance system in which all employees play a part in ensuring the quality of IDEC products.



## Safety concept

The IDEC Group believes that contributing to eliminating industrial accidents is its major social responsibility. Under this belief, the Group provides a variety of safety and explosion protection products and services.

IDEC has long been known for its superior safety technologies. The SB metallic switch box, developed in 1950, shortly after it was founded, incorporated an interlocking mechanism to ensure worker safety. Since then, safety has been part of the IDEC Group's DNA.

We will continue striving to improve safety at manufacturing sites and in daily-life scenes, through the implementation of the Vision Zero initiative, which advocates zero accidents.



SB metallic switch box—pioneering safety equipment developed in 1950



Collaborative robot systems that achieve both safety and productivity, incorporating IDEC Group's proprietary safety technologies, safety components and control equipment

## Promotion of Safety2.0 (collaborative safety) and safety awareness activities

The IDEC Group aims to further promote Robot Innovation and Connected Industries through the pursuit of the next-generation safety concept “Safety2.0” (collaborative safety), which seeks to achieve safety and productivity through the collaboration of humans and machines.

As part of efforts to eliminate industrial accidents, we hold manufacturing safety seminars and explosion protection safety seminars throughout Japan. As of March 31, 2018, we have held a total of 1,570 sessions, with a total of 37,115 attendees.

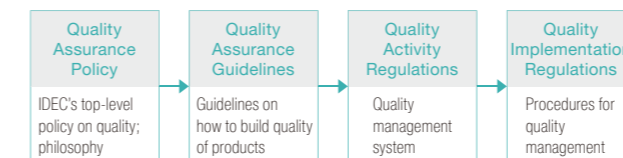


\* The Safety Assessor Certification System was developed by the Nippon Electric Control Equipment Industries Association (NECA) and implemented by the Japan Certification Corporation, under the standards and accreditation program of the Ministry of Economy, Trade and Industry (METI). The certification aims to develop globally-competent safety engineers and managers for machinery, and control and explosion protection equipment. This certification is widely accepted in many countries around the world. More than 13,000 people have been certified all over the world.

## Quality assurance policy and quality assurance guidelines

Excellence in quality is the core value of our product—we have steadfastly adhered to this policy since our founding. Based on this quality assurance policy, we have established the Quality Assurance Guidelines, which articulate the actions to be executed systematically at each stage to provide reliable products that can be used with satisfaction by users over the required period of time.

### Quality assurance policy system



## ISO 9001 certificate

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. We have already obtained third-party certificates in accordance with ISO 9001, the International Standard for Quality Management System.

**IDEC Group companies with ISO 9001 certificate**

- IDEC CORPORATION
- IDEC IZUMI TAIWAN CORPORATION
- IDEC IZUMI SUZHOU CO., LTD.
- IDEC ASIA (THAILAND) CO., LTD.
- IDEC FACTORY SOLUTIONS CORPORATION
- Welcat Inc.

## Quality education

Quality management training is provided continuously and systematically in accordance with the hierarchical training curriculum in order to raise the level of quality throughout the company, including in manufacturing and development. We encourage our employees to take quality control certification examinations (QC certification) recognized by the Japanese Society for Quality Control, to assess and improve their competency in quality improvement. We also encourage them to apply the quality management concepts and statistical methods learned through various quality education programs in their daily work and QC circle activities. This ensures the continuous improvement of product quality and processes.

No. of employees  
**555**

\* Number of employees holding QC/QM Exam Certificate at the IDEC Head Office and affiliates in Japan and abroad (As of October 2017)



Presentation by the winners of the IDEC QC Circle Conference

# E Environment

To contribute to the protection of the global environment through business activities

Main relevant SDGs



## Environmental Policy

Recognizing harmonious coexistence with the earth as a desire shared by all humankind, the IDEC Group makes environmental protection a top priority in all aspects of its business activities, thereby aiming to achieve sustainable growth.



# G Governance

To remain a trusted company

Main relevant SDGs



## Corporate Governance Policy

Under the belief that ensuring the transparency and efficiency of management for stakeholders is a fundamental element of corporate governance, the IDEC Group strives to continuously strengthen its corporate governance to enhance its corporate value.



## Businesses contributing to protecting the global environment

Taking advantage of its control and environmental technologies cultivated over many years, the IDEC Group is undertaking various environment-related businesses, including the mega solar business, the development of agricultural plants that incorporate fine bubble technology, and cleaning solutions that do not use surfactants.



Mega solar business that provides one stop services ranging from system design to construction and maintenance



GaLF, a fine bubble generator various applications such as industrial cleaning and plant growth

## Environmentally-friendly products

The IDEC Group established its basic policy for product development in 1978. Since then, we have striven to achieve optimal control of the product development process based on the principle of "saving." Energy saving, space saving, maintenance saving and resource saving—the principle of "saving" remains the same to this day. We continue to develop environmentally friendly products that meet our own set of strict design criteria.

### Design review standards for environmentally-friendly products

Factors to be considered	Product design outcome
Reusability Recyclability	Ease of recycling
	Ease of disassembly
	Ease of disposal
Resource saving Energy saving	Reduction in volume and weight
	Reduction in electricity consumption
	Prolonged product life
Environmental safety	Zero use of regulated chemicals



The RV8H ultra-slim interface relays featuring space-saving design, suitable for high density mounting



PS5R-V Series switching power supplies, which save not only space and man-hours, but also energy through high-efficiency

## Audit & Supervisory Committee

With the resolution adopted at the General Meeting of Shareholders held in June 2018, the IDEC Group will shift to a Company with an Audit and Supervisory Committee. Through this transition, we, as a global company, have established a system that enables speedy decision-making, by delegating the whole or part of important business execution decisions to the executive directors.

Under the current system, all directors, including Audit and Supervisory Committee members, have voting rights, facilitating more active discussions among the directors from their respective roles—business execution, audit and supervision—thereby strengthening the auditing and supervisory functions of management.

The Board of Directors is comprised of ten(10) members. Five(5) are not Audit and Supervisory Committee members (including three(3) outside

directors) and five(5) are Audit and Supervisory Committee members (including four(4) outside directors). By appointing many outside directors, we ensure transparency of management.

The CSR Committee, established in April 2018, reports to the Board of Directors regarding not only risk management, but also CSR activities including environment, social, safety and quality efforts.

## Compliance / Risk management

We have created a booklet titled "IDEC Group Corporate Ethics and Code of Conduct," which sets forth the fundamental principles and action guidelines to be observed by all employees of the IDEC Group in carrying out their duties. The booklet is distributed to all IDEC Group employees in Japan and overseas, and training programs are offered on a regular basis to management and employees in accordance with their length of service and job responsibility/position. Furthermore, with the aim of avoiding risks and minimizing damage in the event of a crisis, we have established the Risk Management Rules. The Risk Management Committee has been set up under the CSR Committee to conduct risk assessments for the entire IDEC Group and respond effectively to a crisis should one occur.

We have also established the IDEC Hotline to respond to consultations and whistle-blowing reports regarding corporate ethics violations. In addition to the internal reporting hotline, an external hotline has been set up for Group employees around the world who are hesitant to bring their concerns to an internal organization. We are making group-wide efforts to prevent and detect risks early.

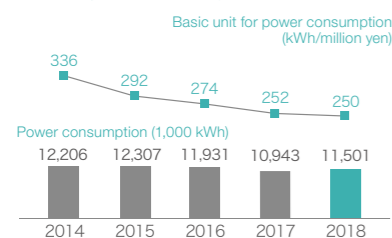


IDEC Group Corporate Ethics and Code of Conduct

## Environmental impact reduction based on ISO 14001

Based on the ISO 14001 Environmental Management System, we set annual targets and make company-wide efforts to reduce electricity, water and paper consumption, the amount of general waste, and CO<sub>2</sub> emissions to meet the set targets.

### Changes in electricity consumption



\* Basic unit for power consumption represents the power consumption per sales for each fiscal year  
\* Data collected from the Headquarters, Tsukuba, Amagasaki, Fukusaki and Takino Plants, and Tatsuno Distribution Center

### Corporate Governance System

