

Human Capital



Human resource strategies

IDECo has established “Business foundation: Establish a management structure that promotes value creation, foster an organizational climate and develop human resources” as one of its four materiality goals. Corporate revitalization and strengthening human capital will be indispensable in order to achieve sustainable growth and increase our corporate value. Accordingly, we are carrying out various initiatives to this end based on the vision we established for 2030, and in coordination with the policies in the medium-term management plan and the sustainability KPIs.

We have conducted an employee engagement survey since 2019, and have made the resulting “Engagement score” one of our sustainability KPIs. We are working to improve engagement by determining the current situation and the issues to be resolved and then implementing measures centering on priority issues. In addition, initiatives to promote decent work as well as diversity & inclusion will be essential to further expand our business activities globally. We will focus our efforts on hiring global talent and increasing the proportion of female managers to ensure human resource diversity.

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

New ideas created from the diversity in human resources

We are committed to creating a pleasant workplace environment where diversity in gender, age, nationality, culture, lifestyle, and more is respected. In keeping with the “Management with respect for humanity” principle that we have subscribed to since our foundation, we are working to foster a corporate culture where employees with diverse personalities and values can fully demonstrate their abilities.

For further information, please refer to the “Social” of the IDEC sustainability website.
<https://us.idec.com/idec-us/en/USD/sustainability/social>



Related materialities

Business foundation

- Ensure a thorough understanding of “The IDEC Way” and stimulate the company by creating an attractive work environment that gives employees a sense of purpose.
- Promote decent work, as well as diversity & inclusion, to strengthen the company’s human capital, in order to cultivate employees who will be able to innovate and create new value.

Major sustainability KPIs (FY2025)

- Engagement score (Japan)
Improvement in the scores for 3 main issues (as compared to FY2023)*1
- Number of female managers 15**2
- Ratio of males taking childcare leave 90%**2

*1 Main issues: (1) human resource development, (2) strengthening of management abilities, and (3) improvement of the acceptability of human resource systems

*2 IDEC unconsolidated

Governance

In FY2023, a new Strategic Planning Division was established as an organization under the direct control of representative directors to work together to draft management strategies and personnel strategies. The new division, working in coordination with related departments, leads the formulation of long-term visions, medium-term management plans, sustainability KPIs, management and personnel strategies, and the managing of our management resources. Critical matters are referred to the Top Management Meeting, whose policy decisions are reported to the Board of Directors.

In addition, a new Decent Work Promotion Subcommittee was established in 2022 as a specialist subcommittee of the Company-Wide Health & Safety Committee. The subcommittee works to create a rewarding workplace environment and increase employee satisfaction in order to achieve employee well-being.

Strategies

Human resource development policy In-house environment improvement policy

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

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

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



Strengthening of human resource management systems

We have introduced a personnel system that is based on our human resource development policy and employee engagement surveys. We also conduct multifaceted evaluations and work to improve our training systems to strengthen human resource development. In addition, we created the Career Development Meeting as a mechanism for considering the development of each and every employee.

• New personnel system

A new personnel system was introduced in 2022 based on issues with personnel-related systems (relating to evaluations, pay, bonuses, promotions, etc.) that were identified in the first employee engagement survey, conducted in 2019.

Under the new personnel system, multiple career tracks were created to accommodate diverse career aspirations and provide opportunities for individuals to realize their particular preferences and strengths. The new personnel system also increases transparency with regard to "objective management (evaluations)" and "renumeration" and ensures fair assessment and treatment of desired roles, actions, and job performance.

• Multifaceted evaluation system

In FY2023, a new multifaceted evaluation system was introduced in an effort to enable employees to realize things about their daily work behavior and job performance, in order to change self-awareness and bring about a change in behavior.

• Career Development Meeting

Beginning in FY2023, we have held a Career Development Meeting as a new initiative to support employee growth and place the right people in the right jobs within the organization. At the Meeting, the department heads within each division gather to share and clarify issues relating to developing member capabilities and so on, study the allocation of roles, and consider employee training plans including future promotion.

Attendees also share feedback from group analysis of stress check data, and trends and opinions relating to self-reporting, in order to help to improve the working environment.

• Training programs

The IDEC Group has created various training programs to develop employees through investment in human resources, in order to resolve various societal challenges and achieve customer success. In addition to organized in-house and outside training

programs and career advancement support programs, we have also introduced an overseas training program for young employees to develop personnel who can succeed in the global arena.

Moreover, to achieve sustainable growth for the IDEC Group as a whole, we have also introduced a selective training program for early training of the next-generation managerial candidates who will lead our Group in the future.

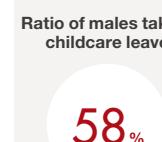
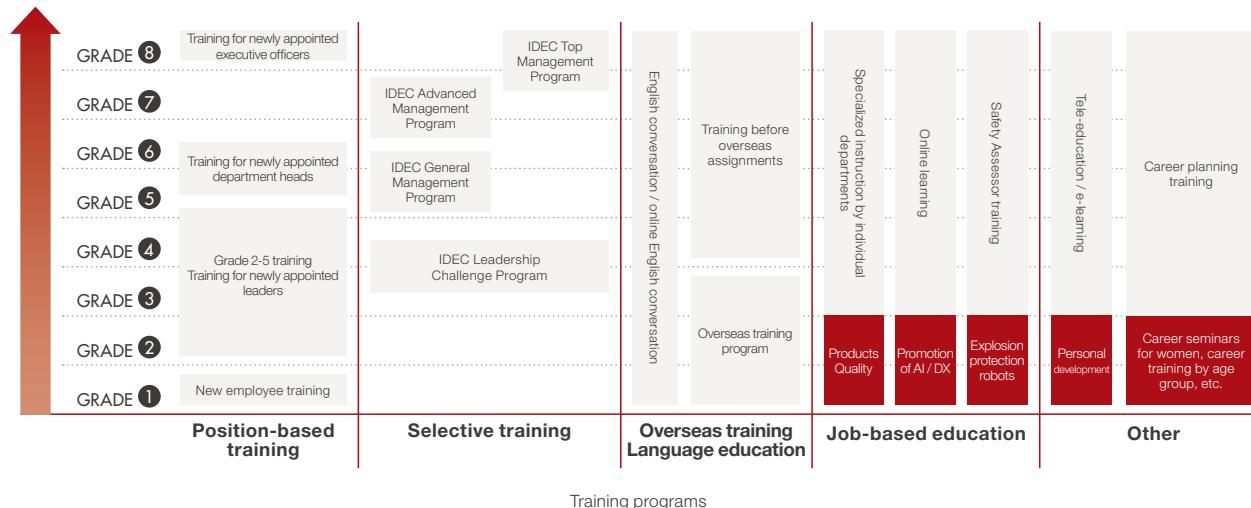
Promoting decent work

We have implemented various workstyle transformation initiatives, such as increasing work efficiency through DX, building an IT infrastructure that includes telephones, etc., introducing a planned paid holiday program, and encouraging male employees to take childcare leave. To enable more flexible working styles, we have launched discretionary work and we are currently reassessing flex-time systems, existing work-from-home programs and special leave systems.

Moreover, in FY2023 we established a Decent Work Promotion Subcommittee to strive to create a rewarding workplace environment where employees can work with ANSHIN in order to increase employee satisfaction and achieve employee well-being. The following objectives have been established and cross-departmental information sharing and company-wide policies are currently being studied.

- Optimization of working time management
- Support for balancing career and family
- Achievement of flexible work styles
- Support for empowering women

Through coordination by relevant departments beginning with the Decent Work Promotion Subcommittee, IDEC will work to create a work environment that is rewarding for all employees.



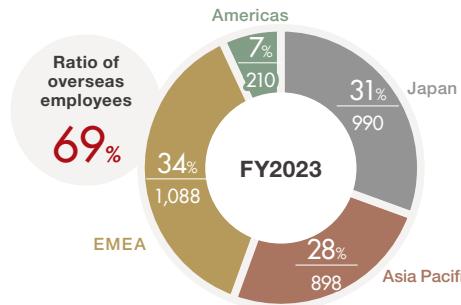
FY2023 IDEC unconsolidated

Human Capital

IDEC diversity & inclusion

We carry out diversity & inclusion initiatives and strive to improve our support systems and create an environment in which diverse employees with different experiences, specialist knowledge, and expertise can be active while respecting one another's humanity, without regard to gender, sexual orientation, gender identity, nationality, social status, family origin, religion, etc.

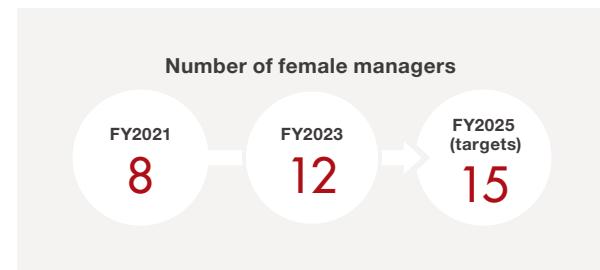
Employee composition by region



• Cultivation and promotion of female managers

We promote the empowerment of women as part of our commitment to creating an environment and culture that enable diverse human resources to take on challenges.

We have set a goal of having at least 15 female managers at IDEC unconsolidated by the end of FY2025. We also conduct awareness-raising training for senior managers—who are the key to promoting women's empowerment—and career training for all female employees. The ratio of female managers on a consolidated basis was 23.2% in FY2023.



IDEC unconsolidated (including assistant managers with subordinates)

• Recruitment and promotion of foreign nationals

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

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

• Recruitment and promotion of mid-career personnel

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

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

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

• Creating employment and involvement opportunities for disabled persons

We have employed the Special Provisions for Corporate Groups since FY2022. As of the end of FY2023, there were 41 disabled persons (converted value 50 persons) employed by the IDEC Group in Japan, an employment rate of 3.0%.

Through regular interviews with employees with disabilities, we check on their work situation and strive to improve the working environment in an effort to maintain an employment rate that is above the legally mandated employment rate.



Regular interviews

• Understanding of and support for LGBTQ+

In FY2022, we began in-house education relating to LGBTQ+ issues to establish a workplace environment that enables all people to work with energy and enthusiasm. We conduct training for people who serve as in-house consultation contacts and post specific information on the company intranet regarding basic responses to persons coming so it can be read by all employees in order to deepen understanding of LGBTQ+ issues.

We will continue to work to create an environment in which employee identities are not compromised.



Intranet for LGBTQ+ issues

Manager's Message

Implementing operational reforms to promote personnel policy that reflects the changing times

Huang Wei

Manager
Personnel Administration Department
IDEC (SHANGHAI) CORPORATION



I joined IDEC because I was attracted to the company's challenging spirit of "opening up a new field." I have led a variety of operational reforms that include establishing the foundation for various personnel systems, integrating Chinese sales companies, redesigning organizations, and introducing personnel training programs from a medium to long-term perspective.

I am working to ensure that personnel policy reflects the changing times, with the aim of utilizing the special attributes of IDEC (SHANGHAI) CORPORATION, which has sales offices across the country, in order to succeed in the Chinese market, where the competition to attract talented personnel is fierce.

Maintaining employee health and establishing a culture of safety

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 carry out health initiatives. The first step for better well-being is to ensure the safety and health of employees. We are taking action to eliminate or prevent the causes of injuries, diseases, and other dangers in the workplace.

In 2019, we constructed a Well-being Center at the head office in order to promote employee health. Featuring facilities such as a fitness gym and a Healthcare Center, it has a staff of dedicated occupational physicians and full-time occupational health nurses who help employees to manage their health. An in-house corporate clinic was added to it in 2022 in keeping with our aim to ensure the mental and physical well-being of all employees.



In-house corporate clinic



Fitness gym in the Well-being Center

• Active promotion of health and safety at manufacturing sites

With the goal of becoming world's most committed company to pursuing and achieving safety, ANSHIN, and well-being, in 2018 IDEC became the first Japanese company to support and register for the Vision Zero campaign for occupational health and safety, and established a dedicated department to promote Vision Zero. Diverse initiatives are also carried out by our Safety Promotion Committee and Quality Management Committee, which are specialist committees of the CSR Committee.

In 2019, the Takino factory became our first worksite to acquire certification under ISO 45001, an international standard for occupational health and safety management systems. Subsequently, in 2022, all of our distribution and manufacturing sites in Japan—Tatsuno Distribution Center and the four factories in Takino, Fukusaki, Amagasaki, and Kiba—acquired ISO 45001 certification, as did the Suzhou

factory in FY2023. In the future, they are expected to be joined by the factories in Taiwan and Thailand.

Each site endeavors to further develop a safe and comfortable workplace through activities such as conducting cross-functional risk assessments and having employees report issues they notice as a step toward improving the working environment and preventing occupational accidents. The sites also proactively provide training designed to equip employees with the knowledge and technology they need to strongly promote workplace safety and peace of mind. In recognition of these efforts, the Japan Industrial Safety and Health Association honored IDEC in 2022 with its Chairperson's Prize, which is awarded to only one company each year. We helped lead the 2022 Vision Zero Summit Japan as a partner company, communicating to the world our various initiatives for realizing a world where people can work safely and healthily, including our global actions for promoting preventive culture.

A book published by Nikkei Business Publications in May 2023 spotlighted our safety culture best practices alongside those of renowned global companies such as L'Oréal, Nike, and BMW, further cementing our reputation as a company committed to global promotion of well-being. Going forward, we will continue to pursue well-being technologies that maximize human potential.

• Activities of the Company-Wide Health & Safety Committee

A Company-Wide Health & Safety Committee has been established to oversee the health and safety organizations at each site. The Committee works across our Group to prevent industrial accidents, improve employee health, and create a pleasant work environment. It also serves as a forum for activities such as discussing issues and solutions relating to labor, health, and safety and sharing information throughout the organization.

Four specialist subcommittees have been established under it for four areas: traffic safety, health promotion, equipment safety, and decent work. These subcommittees work to identify company-wide issues and discuss solutions to them, among other activities.

Compliance

The IDEC Group Code of Conduct—our basic action guidelines for conducting our duties—have been published in Japan and overseas.

It is positioned under the Group philosophy “The IDEC Way,” and the actions that employees should take are consolidated in the three pillars of Workplace, Social, and Business to make it easy to communicate in all countries and regions where we operate. The Code of Conduct is available to Group employees via the corporate intranet in Japanese, English, Chinese, French, Thai, Vietnamese, and Khmer.

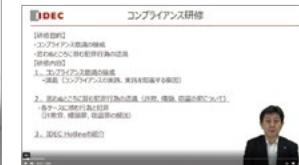
Compliance training consisting of training to ensure an understanding of the Code of Conduct and case study research based on examples of compliance violations is conducted on an ongoing basis within position-based training. Moreover, audits to determine whether there have been any compliance violations are conducted as part of internal audits. We are fully aware of the risk of compliance violations and failing to realize the importance of maintaining compliance.



Nikkei BP publishing



IDEC Group Code of Conduct



Compliance training

Respect for human rights

We have maintained “Management with respect for humanity” as one of our principles ever since our founding. We have upheld a commitment to human rights in our business activities as a fundamental principle to help advance sustainable social development, while ensuring that everyone involved with the IDEC Group has a strong awareness of the importance of human rights.

We have established the IDEC Group Code of Conduct to define specific guidelines for behavior based on “The IDEC Way.” With regard to behavior in relation to human rights and the work environment, the Code of Conduct establishes behavioral guidelines to ensure respect for humanity, such as not discriminating based on gender, nationality, social status, family origin, religion, etc. We also support and respect international norms relating to human rights, such as the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization. IDEC is also a signatory to the UN Global Compact and supports its ten principles.

Our Board of Directors is responsible for supervising compliance with regard to the commitment to human rights issues and related activities. Based on its fundamental policy on human rights, the IDEC Group will continue taking action to ensure respect for human rights on the part of all employees and stakeholders.

In addition, we are currently studying the implementation of human rights due diligence.

 Click here for Detailed Human-Rights Policy

Increased employee engagement

In 2019, we conducted our first employee engagement survey to increase trust between the company and employees and boost overall employee motivation. Various initiatives have been implemented based on the issues revealed by the results of the first survey.

The second employee engagement survey was conducted in October 2022. The results showed certain positive effects of the measures that had been implemented, with improvements

Results of engagement survey

Item	2019 score	2022 score
Total Workplace Attractiveness	3.12	↑ 3.16
Total Employer Attractiveness	3.01	↑ 3.12

including higher scores for the overall indicators “Total Workplace Attractiveness” and “Total Employer Attractiveness.” However, improvements are still needed for many items, and a company-wide effort will be mounted to implement corrective action for the results of the second survey.

Also, a new Employee Awards Program was introduced in FY2024. In addition to award categories established for specific areas, award categories for employees who embody the Group’s philosophy and exemplary employees who have taken action in line with the IDEC Principles—which are based on our Core Values and represent the concrete thinking and conduct that employees should remain mindful of as they perform their duties—have also been established in an effort to ensure that all employees understand the Group’s philosophy.

In this way, various policies are being implemented to improve employee engagement.

Risk management

In materiality analysis, the risks and opportunities relating to human capital are mapped on the twin axes of stakeholder importance and business activity importance, and the risks associated with human capital as a “Business foundation” are integrated with the IDEC Group risk map and managed.

Critical risk items are assessed and managed by the Risk Management Committee, and the risks and opportunities relating to human capital are reassessed annually at the Strategic Planning Division.  P.66

Metrics and targets

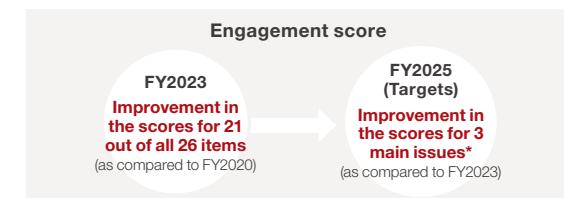
The IDEC Group has made “Establish a management structure that promotes value creation, foster an organizational climate and develop human resources” one of its materiality goals, and has defined its vision for 2030.  P.15

In order to achieve this vision, we have established

sustainability KPIs for activities in the areas of “Create a pleasant workplace environment” and “Promote decent work and increase investment in human capital,” and we are implementing initiatives to achieve these goals.

• Create a pleasant work environment

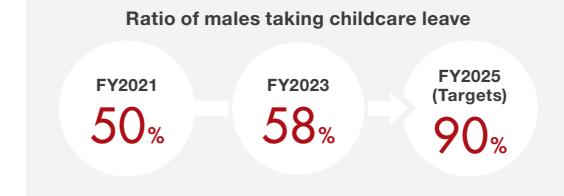
Japan



Main issues: (1) human resource development, (2) strengthening of management abilities, and (3) improvement of the acceptability of human resource systems

IDEC unconsolidated

Ratio of males taking childcare leave



• Investment in human capital

IDEC unconsolidated

Number of female managers



* including assistant managers with subordinates

Average per capita training costs

