Materiality

Along with formulating its long-term vision for 2050 and interim vision for 2030, IDEC has reviewed its policy toward materiality. A fourth item, “business foundation,” has been added, and the company is working to devise climate change measures and further enhance its human capital and governance.

		Vision for 2030	Related SDGs
1	**Productivity improvement** Improve productivity using control technology	• Contribute to improving the productivity and efficiency of our customers and society around the world by providing the IDEC Group’s long-cultivated control technology, products, and system solutions that have been developed ever since its foundation.	
2	**Safety, ANSHIN, and well-being** Pursuit and realization of safety, ANSHIN, and well-being	• Realize the optimum environment for both humans and machines to resolve various societal challenges and make it possible to achieve healthy, happy, and vigorous lives. • Improve safety, productivity, and well-being through technology development, human resource development, management, and rulemaking.	
3	**Climate change** Response to climate change	• Contribute to the reduction of the environmental impact of customers and society through the use of the IDEC Group’s technologies and products. • Reduce CO_2 emissions through the in-house use of renewable energy.	
4	**Business foundation** Establish a management structure that promotes value creation, fosters an organizational climate, and develops human resources.	• 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. • Further strengthen governance and compliance to ensure that the company is trusted by society.	

Materiality Selection Process

Conduct reviews as appropriate in response to changes in society and the business environment.

Identifying challenges

- Engage in dialogue with stakeholders and assess trends in societal challenges.
- Reassess materiality based on the long-term vision for 2050 and the interim vision for 2030.
- Understand international frameworks/guidelines and the criteria used by ESG rating agencies.

Analyzing and creating drafts

- The Strategic Planning Department, Corporate Communication Department, CSR Department, and Environment Promotion Department organize and reassess issues and establish sustainability KPIs.
- Ensure consistency with our vision for 2030 and medium-term management plan.

Evaluating significance

- Map the issues across two axes: significance for stakeholders and significance for the IDEC Group.
- Assign priorities by theme.

Confirming validity

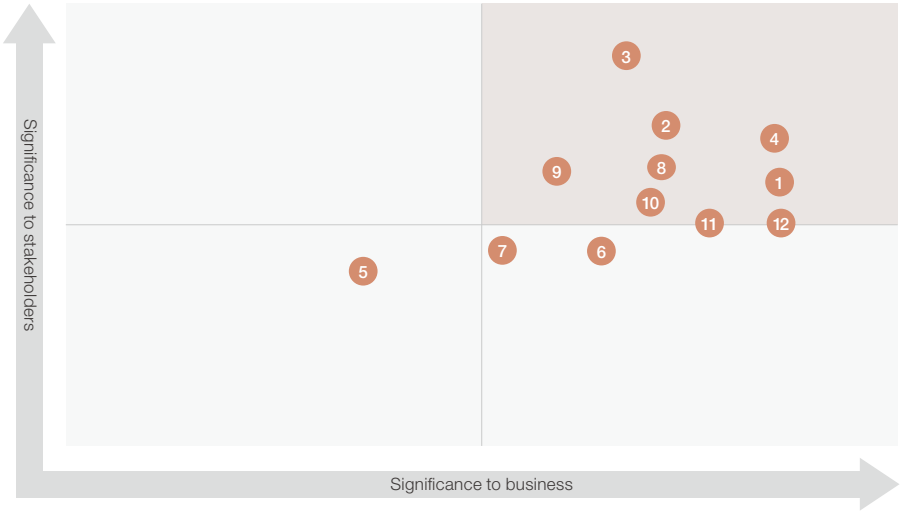
- Materiality policy and sustainability KPIs are confirmed by the Top Management Meeting and the Board of Directors.
- Obtain approval from the Board of Directors.

Identifying challenges and evaluating significance

Opportunity Aspects

	Category	Overview
1	**Productivity improvement**	Improvement in customers' productivity and efficiency by providing control technology and products
2		Improvement in customers' productivity and efficiency by providing solutions
3		Knowledge accumulation and service development by promoting adoption of IoT equipment
4	**Safety, ANSHIN, and well-being**	Creation of safe and healthy working environment by providing control and safety devices and various systems
5		Reduction in work time by streamlining work processes and making labor-saving improvements
6		Reduction in labor accidents by providing safety devices
7		Safety awareness building and promotion of safety measures by providing safety consultations and seminars
8	**Climate change**	Reduction of environmental impact and strengthening of competitiveness through eco-friendly manufacturing
9		Business expansion in renewable energy and other environmental fields
10	**Business foundation**	Create a work environment that gives people a sense of purpose and promote the digital transformation to increase labor productivity, secure outstanding talent, and gain new business opportunities
11		Hire people with a diversity of values and train and develop human resources to create innovation and strengthen competitiveness
12		Achieve viable corporate governance and increase awareness of compliance responsibilities to improve corporate value
13		Foster of a corporate culture that is based on environmental considerations
14		Improve in ESG relations with investors

Risk Aspects



	Category	Overview
1	**Productivity improvement**	Decline in competitiveness due to lack of response to technological innovation, environmental changes, and customer needs
2		Decline in customer satisfaction due to quality and delivery time problems
3	**Safety, ANSHIN, and well-being**	Personal and social hazards resulting from accidents related to products and services
4		Fraud and falsification of inspections, standards certification, and permits
5		Social unrest and impact on operations and product shipments caused by substances that cause pollution and health damage
6	**Climate change**	Cost and supply instability due to soaring energy prices and shortage of raw materials
7		Supply chain disruption and business disruption due to abnormal weather and natural disasters
8	**Business foundation**	Insufficient investment in human capital and a deficient working environment, reducing labor productivity and impeding employee retention
9		Decline in social credibility and employee engagement due to violations of human rights laws, regulations, and norms
10		Imbalanced skills and characteristics of human resources, resulting in stereotypical thinking and loss of business opportunities
11		Decline in social credibility due to CSR and compliance violations, and lack of governance in the global supply chain
12		Loss of social credibility due to information security accidents, non-compliance with laws and regulations, and lack of risk management