Our Business

New Business

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

The IDEC Group’s new business segment is growing mainly by growth of two business lines: the collaborative safety robot system business led by IDEC FACTORY SOLUTIONS CORPORATION; and the environmental energy-related business led by IDEC SYSTEMS & CONTROLS CORPORATION. Through these we are making group-wide efforts to tackle societal challenges, such as a labor shortage for industrial sites and climate change.

Sales trends

(Millions of U.S. dollars)

Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.

Business overview for FY2020

The environmental energy-related business recorded a decline in sales from FY2019, but achieved record-highs in operating income and operating income margin. Sales of the collaborative safety robot system business were robust, partly due to an increase in adoption of systems targeted at diverse companies, including medium-sized ones.

Sales ratio

4%

Business Strategy

Collaborative safety robot system business

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

Environmental energy-related business

By leveraging our long-cultivated control technologies and environmental technologies, we contribute to resolving globally-ongoing diverse societal challenges. Specific examples include self-consumption solar power generation and other renewable energy; supply of electric power as part of business continuity plan (SCP) measures; next-generation agricultural solutions; and store solutions that have integrated some of these and may even encompass the entire supply chain from production to logistics and stores.

Corporate Social Responsibility (CSR) Activities Integrated with Management

The IDEC Group positions our founding principle, “Management with respect for humanity”, as our most important base and are committed to maximizing the happiness of all stakeholders.

In order to promote this, we are engaged in CSR activities that are based on “The IDEC Way”, the IDEC Group CSR Charter, and the Ten Principles of the United Nations Global Compact.

CSR activities are identified as one of our managerial priorities and the CSR management system has been established.

CSR Promotion System

In April 2018 the IDEC Group established the CSR Committee, chaired by the CEO, to fulfill its corporate social responsibility in realizing a sustainable society. Under the CSR Committee, “E+S+G+Sa+Q” five specialized committees – Environment, Social, Governance, plus two areas of our strengths, Safety and Quality – were established, each in charge of promoting a particular area of CSR activities. Each specialized committee, chaired by an executive officer, consists of individuals with expertise and experience, and tackles measures according to their respective themes.

The CSR Committee, meeting twice a year (April and October in FY2020), reviews and approves overall CSR activities and the initiatives of each specialized committee. These initiatives are disseminated to all employees via the CSR Leaders Meeting and the CSR Workshop Training.

CSR throughout the supply chain

The IDEC Group promotes CSR procurement in cooperation with suppliers, with the aim of contributing to the sustainable development of society.

At one of IDEC’s major factories in Suzhou, China, the suppliers exchange meeting has been held each year since 2017 and a CSR Procurement Briefing was held in 2019. We presented the importance of CSR procurement throughout the supply chain, asking for suppliers’ understanding and cooperation in the promotion of responsible procurement, according to the IDEC Group CSR Procurement Guidelines.

CSR Procurement Briefing held in Suzhou, China (November 15, 2019)
The IDEC Group makes environmental conservation a top priority in all aspects of its business activities, thereby aiming to achieve sustainable growth. The entire group promotes acquisition of ISO 14001, an international standard for environmental management systems.

**No plastic bottle challenge**

With the aim of reducing the negative impact of plastic bottles on the global environment, including marine contamination, IDEC’s head office and major offices in Japan comply with the following “No plastic bottle challenge” measures.

- Stop the sale of plastic bottled beverages and limit to sale of beverages to cafe, glass bottles, and cartons from vending machines on company property.
- Encourage employees to bring their own thermos bottle or cup with beverages from home.
- Offer beverages, other than those in plastic bottles, to visitors and at meetings.

**Internal initiatives**

Based on the IDEC Group Green Procurement Guidelines, we make efforts at preferential procurement of materials, components and equipment with less environmental impact. In addition, we promote preferential purchasing of office supplies, consumables, equipment, and fixtures which have less environmental impact, based on the Green Purchasing Procedure Manual.

Posters for encouraging the use of staircases are displayed on walls. Desktop stands for encouraging energy-saving use of air conditioners are also displayed in the office.

**Eco-friendly product development**

We identify issues for reducing environmental impact from the stage of product development and planning. We have our own standards for environmental considerations, such as for improved energy-saving, resource-saving, space-saving, and longer product life. Each product is evaluated according to the standards, and ranked as to the level of environmental consideration. We have also designed an environmental label as a symbol of eco-friendly products and services. This label is to be displayed on our website and in catalogs so that customers can easily identify the environmental friendliness of our products.

**Respect for human rights**

The IDEC Group respects humanity and promotes diversity with no discrimination in workplaces by race, gender, nationality, religion, or disability. With the aim of enhancing education on human rights, we began a training course on human rights and harassment in 2019 as a means to promote understanding of harassment and LGBT. In France, APEM participated in the French Government’s “La France, une chance!” movement to support employment of people who have a hard time finding jobs. APEM is involved in the movement, sharing information with others engaged.

**Health initiatives**

Since keeping employees and their family members healthy both physically and mentally is a vital part of the foundation for the IDEC Group, We adopted the IDEC Group Health Declaration and are practicing health-oriented management. Besides annual medical checkups for employees, we offer stress checks and meetings with a health nurse (staying full-time at the head office) or a doctor, as part of our efforts to understand and help improve the health condition of our employees.

**Life-work balance**

In July and August 2019, we invited employees’ children to the head office in Osaka, the Takino Factory in Hyogo Prefecture, and IDEC IZUMI SUDOUHOU CO., LTD. in China. Their visit to the workplace leads to a heightened sense of unity with the company, families, and colleagues, and a more pleasant work environment for employees. We received the Toyo Keizai Award of the 2nd Platinum Career Award. This award commends enterprises that promote human resource development and strive to provide their employees with opportunities to demonstrate their best performance in a society with substantially changing employment and work style. We intend to continue building pleasant work environments and helping employees realize a good life-work balance so that they can energetically work with ease of mind.
Outside Directors’ Exchange session

Outside Directors’ Exchange session is held as an event for Outside Directors to communicate more with each other apart from the Board of Directors meetings, with the aim of deepening their understanding on managerial topics and themes and of exchanging opinions. In FY2020, we held an exchange session on the theme on global management and it was also attended by six Executive Officers.

Compliance

Given the establishment of “The IDEC Way”, we are reviewing our basic action guidelines for conducting our duties as the “IDEC Group Code of Conduct,” and are preparing them as global code of conduct. We also include a compliance training session within the employees’ training program separately held and organized in accordance with their length of service and job responsibility/position. We thereby strive to nurture consciousness of compliance so as to promote awareness of employees during work. Moreover, we have a system including the IDEC Hotline, a contact for internal whistle-blowing, to detect and handle suspected compliance violations early.

Risk Management

The Risk Management Committee has established a risk map by assuming potential risks in operation and estimating their impact and frequency of occurrence. Each year, a target risk is selected among these potential risks and the entire company, as well as each department, are reviewing our basic action guidelines for conducting our duties as the “IDEC Group Code of Conduct,” and are preparing them as global code of conduct. We also include a compliance training session within the employees’ training program separately held and organized in accordance with their length of service and job responsibility/position. We thereby strive to nurture consciousness of compliance so as to promote awareness of employees during work. Moreover, we have a system including the IDEC Hotline, a contact for internal whistle-blowing, to detect and handle suspected compliance violations early.

Major target risks  |  Major countermeasures
--- | ---
identified persons in charge and an emergency response system | Set the standard for coming to and leaving the office.
identified persons in charge and an emergency response system | Put in place QMS manuals and business forms.
identified persons in charge and an emergency response system | Prevention of product-related accidents.
identified persons in charge and an emergency response system | Prevention of IT system trouble.
identified persons in charge and an emergency response system | 24-hour monitoring and system trouble response.
identified persons in charge and an emergency response system | Planning of a cloud back-up system.
identified persons in charge and an emergency response system | Measures to prevent unauthorized access.
identified persons in charge and an emergency response system | Conducted training sessions.
identified persons in charge and an emergency response system | Professional contacts for consultation.
identified persons in charge and an emergency response system | Conducted study meetings on relevant laws and regulations.
identified persons in charge and an emergency response system |
The IDEC Group aims to become the number one company in the world that pursues and realizes world-class safety and ANSHIN by seeking to achieve higher-levels of safety in all of its activities for the creation of a safer, more pleasant environment in global society.

*ANSHIN: a series of trust and assurance without any heir or assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of employees holding Safety Officer/Safety Basic Assessor Certificates (As of April)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>411</td>
</tr>
<tr>
<td>2020</td>
<td>Up 49 (from April)</td>
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</tbody>
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<table>
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<tr>
<th>Year</th>
<th>Number of employees certified as Robot Safety Assessor (As of April)</th>
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</thead>
<tbody>
<tr>
<td>2018</td>
<td>118</td>
</tr>
<tr>
<td>2019</td>
<td>Up 22 (from April)</td>
</tr>
</tbody>
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Cumulative number of safety seminars and explosion protection seminars, and of attendees (IDC, consolidated)

- Cumulative number of seminars held: 1,421
- Cumulative number of attendees: 1,484

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulative number of seminars held</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>34,195</td>
</tr>
<tr>
<td>2017</td>
<td>35,369</td>
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<tr>
<td>2018</td>
<td>37,115</td>
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<td>2019</td>
<td>38,254</td>
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<tr>
<td>2020</td>
<td>40,999</td>
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Safety education

Safety seminars are conducted for all employees, with the aim of developing staff who can promote the concept of safety and ANSHIN for the benefit of society. As safety evangelists, employees with safety-related assignments serve as lecturers and explain the latest trends, including “Collaborative Safety / Safety2.0” topics, in addition to the IDEC Group’s history and thoughts on safety and safety products.

Development of certified safety assessors

The IDEC Group has encouraged employees to acquire Safety Assessor Certification since its system was founded, as part of efforts to create safer manufacturing environments and provide safety consulting services for customers, based on international safety standards. As a result, IDEC is Japan’s top company in the number of employees who possess Safety Lead Assessor Certification, the highest level in this certification. We also encourage employees to acquire Robot Safety Assessor Certification that covers basic safety knowledge of the robot area (newly established in 2018) and to focus on strengthening the human resources in the robot safety area.

Publication of “Collaborative Safety / Safety2.0” guidebook

We have published a guidebook to introduce the latest trend in “Collaborative Safety / Safety2.0” – a concept to achieve safety and productivity through the collaboration of humans and machines – as well as the initiatives of the IDEC Group. As a company that pursues and realizes world-class safety and ANSHIN, we are engaged in safety awareness activities on “Collaborative Safety / Safety2.0” as an innovative safety concept.

Acquisition of ISO 45001 certification

IDEC’s three factories in Takino, Fukusaki, and Amagasaki, in Hyogo Prefecture have obtained ISO 45001, an international standard for occupational health and safety management system. The Tatsuno Distribution Center aims at obtaining ISO 45001 in FY2021.

Number of employees holding QM/QC Examination Certificates

<table>
<thead>
<tr>
<th>Year</th>
<th>Grade 1</th>
<th>Grade 2</th>
<th>Grade 3</th>
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<tr>
<td>2016</td>
<td>492</td>
<td>1,087</td>
<td>309</td>
</tr>
<tr>
<td>2017</td>
<td>542</td>
<td>1,182</td>
<td>288</td>
</tr>
<tr>
<td>2018</td>
<td>535</td>
<td>1,204</td>
<td>292</td>
</tr>
<tr>
<td>2019</td>
<td>614</td>
<td>1,209</td>
<td>272</td>
</tr>
<tr>
<td>2020</td>
<td>646</td>
<td>1,209</td>
<td>175</td>
</tr>
</tbody>
</table>

Quality education

We encourage employees to take the Quality Management and Quality Control Examination (QM/QC Examination) to raise their knowledge and awareness of quality. In addition, quality management training is provided continuously. In order to apply what they learned in their daily work, employees can join a local QC Circle, a voluntary improvement activity group, which makes proposals and efforts for quality improvement and work efficiency enhancement. In the Fifth QC Circle Presentation Conference in November 2019, 11 circles from Japan, China, Taiwan, and Thailand presented their activities.

Global Quality Conference

Since 2017 an annual global quality conference has been held: in China in 2017, in Taiwan in 2018, and in Thailand in 2019. The objective is to globally promote consciousness on quality, encourage cooperation among manufacturing bases, and improve quality management systems. Employees engaged in quality management in various countries gather to present their quality-related activities, have a discussion, hold a group workshop on related matters, and share their issues and know-how.

Acquisition of ISO 9001 certification

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