

Interview with Directors

Representing IDEC's employees, Yuki Takahashi (General Affairs & Legal Group Manager for the Strategic Planning Division) and Rieko Motoyama (Manager of the Corporate Communication Department) interviewed Hiroshi Kobayashi, an outside director, and Takao Funaki, who became a director in June 2023.

How would you rate the structure and operations of IDEC's Board of Directors?

Kobayashi I think the Board's membership is well-balanced, with a high ratio of outside directors and of female directors. At Board of Directors' meetings, we do more than just go through the motions. Everyone expresses their thoughts freely and proactively, and the atmosphere is always positive.

Funaki It's only been a short time since I became a director, but from my standpoint as an inside director, I feel that our outside directors take part in meetings not just as a formality, but with a strong sense of awareness. They do more than just cast their votes, working to understand the direction we are taking as a company, advising us on proposals, and making various constructive and insightful comments based on their respective fields of expertise. Because they play such active roles, we can consider and implement their suggestions right away.

Kobayashi In terms of issues to be addressed, as said issues are only reflected in the materials for Board of Directors' meetings after they have been discussed at the Top Management Meeting the discussion process is slightly difficult. I think it would be helpful if we could get our hands on the meeting materials a little sooner.

Funaki I agree. We will consider ways to provide these materials quicker so that they can be reviewed earlier.

Mr. Funaki, you were newly appointed as a director in 2023. Mr. Kobayashi, you took part in the next-generation director candidate development program that led to Mr. Funaki's appointment. What were your impressions of it? And Mr. Funaki, how did you feel after going through the program?

Kobayashi The first time I met Mr. Funaki, I had a one-on-one meeting with him and asked him to try working on a problem.

Funaki You gave me the task of thinking about our medium-term vision. At that time, I remember you advising me that I should first think about the company's goals as a whole, and then strategically about what I can achieve individually.

Kobayashi Yes, that's right. I got the impression that you had a strong sense of curiosity, were good at absorbing information, and highly enthusiastic about your work. I thought that it was important for you to become a director and take on a leadership role as soon as possible. I remember sharing my opinion on your nomination for a director position at a Nominating Committee meeting.

Funaki Thank you. I will keep doing my best to meet your expectations.

Kobayashi When you become a director, you take on a lot of work and responsibility, so I think it is good to consciously set aside some time to visit the frontlines of our workplace. You will receive various reports on how things are progressing, but in the end you need to make decisions based on what you've seen with your own eyes and how you feel about a situation. It is also important to trust those working on the frontlines and delegate matters to them, so I would like you to continue gaining experience in this area.



Outside Director
Hiroshi
Kobayashi

Director,
Senior Executive
Officer
Takao
Funaki

As directors, what are your views on IDEC's business operations?

Funaki The overall business outlook during the current fiscal year remains uncertain. I think that responding to changes and improving profitability, while working to limit various risks including geopolitical risks, will become the most important theme of our Medium-Term Management Plans.

Kobayashi IDEC's publication of a Medium-Term Management Plan in FY2023 was good. It is vital for everyone in the IDEC Group to understand and carry it out together. Even under particularly difficult circumstances, I think that we can further build on the plan by improving information sharing between our manufacturing and sales departments—such as keeping track of customer inventories and sharing customer feedback acquired during surveys and interviews—and getting back to the basics of business.



Our Chairman and CEO, Toshi K. Funaki, has positioned transforming into a global company as a major focus point. What do you think IDEC needs in order to accomplish this?

Funaki For IDEC to continue growing as a global company, it will be necessary to select strong leaders throughout the Group and foster their development. We have made progress but still have ways to improve the globalization of our organization. We need a system that enables global career development to build a strong leadership as global company.

Kobayashi Developing our human resources is extremely important. One approach to this is to delegate authority to each region and enable them to act responsibly and independently. If you don't delegate authority, then people won't grow. If head office tries to control everything, then the information it sends out will be biased, and things won't go well. That said, for each country to demonstrate its independence, they must each operate properly as an organization and have suitable human resources. On top of that, we need to bring countries together organically. If we achieve that, I think the Group as a whole will be able to show its power as a global company.

The level of social responsibility that society demands from companies continues to increase. In light of this, how do you feel about IDEC's sustainability initiatives and related discussions at Board of Directors' meetings?

Kobayashi I feel that IDEC is quite proactive in this respect. It will become normal for all companies to engage in sustainability initiatives, so I think carrying out such initiatives while maintaining our sense of how quickly the world is changing will serve us well.

Funaki Rather than considering our sustainability efforts to be just an option that the company chose to make, we see them as a comprehensive approach that balances environmental responsibility, social justice, and economic



viability. The long-term success of any company is deeply linked to the well-being of its communities and the future of the planet as a whole. As such, we are working to increase our sustainability from every perspective, not only by pursuing energy efficiency, but also by reducing waste and considering the environmental impact of the entire product lifecycle. So that each employee is aware of their role and responsibilities and contributes appropriately, I would like us to work even more thoroughly and with a sense of urgency, including with regard to fostering a better workplace culture.

Outside Director
Hideyuki Ohkubo

We also asked Hideyuki Ohkubo, an outside director, to provide his responses to the interview questions.

Board of Directors' meetings have an open atmosphere, where we can ask questions at any time and speak up when we want to. In particular, I greatly appreciate the fact that opinions expressed at Board of Directors' meetings are immediately incorporated into various business measures, allowing for agile management. In terms of the meeting materials, I would be grateful if the main issues and key points could be shown in an way that is easy to understand, even if just as a summary.

I feel that the appointment of Mr. Funaki as a director in 2023 came at just the right time for him to start learning about management, and that he was at an appropriate age and experience level to take up the position. I believe he should continue to learn and gain experiences, including on the company's frontlines.

We understand that business conditions in the FA industry will remain challenging during FY2025. Under these conditions, IDEC is currently implementing reforms aimed at improving its profitability. However, these reforms must be carried out with a solid understanding of the actual work sites that will implement and drive initiatives. I think it would be a good idea for us to visit work sites on a regular basis.

To move forward with IDEC's global expansion, I would like to see a thorough analysis of the company's core competencies—what its strengths are as a manufacturer—and discussions of how to place products with strong appeal into our markets. It is necessary to thoroughly develop the competitive products. I feel that the most fundamental thing we can do as a manufacturer is to increase the number of competitive products we offer.