

5 Governance

The ID&E Group respects and complies with international social norms in order to be a company that enjoys the support of and is needed by society. We also aim to strengthen the supervisory functions within our management system, establish a swift business execution system, and engage in corporate activities that are honest and highly transparent. This report focuses on the following key areas regarding governance:

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5.1 Corporate Governance

Approach/Policy

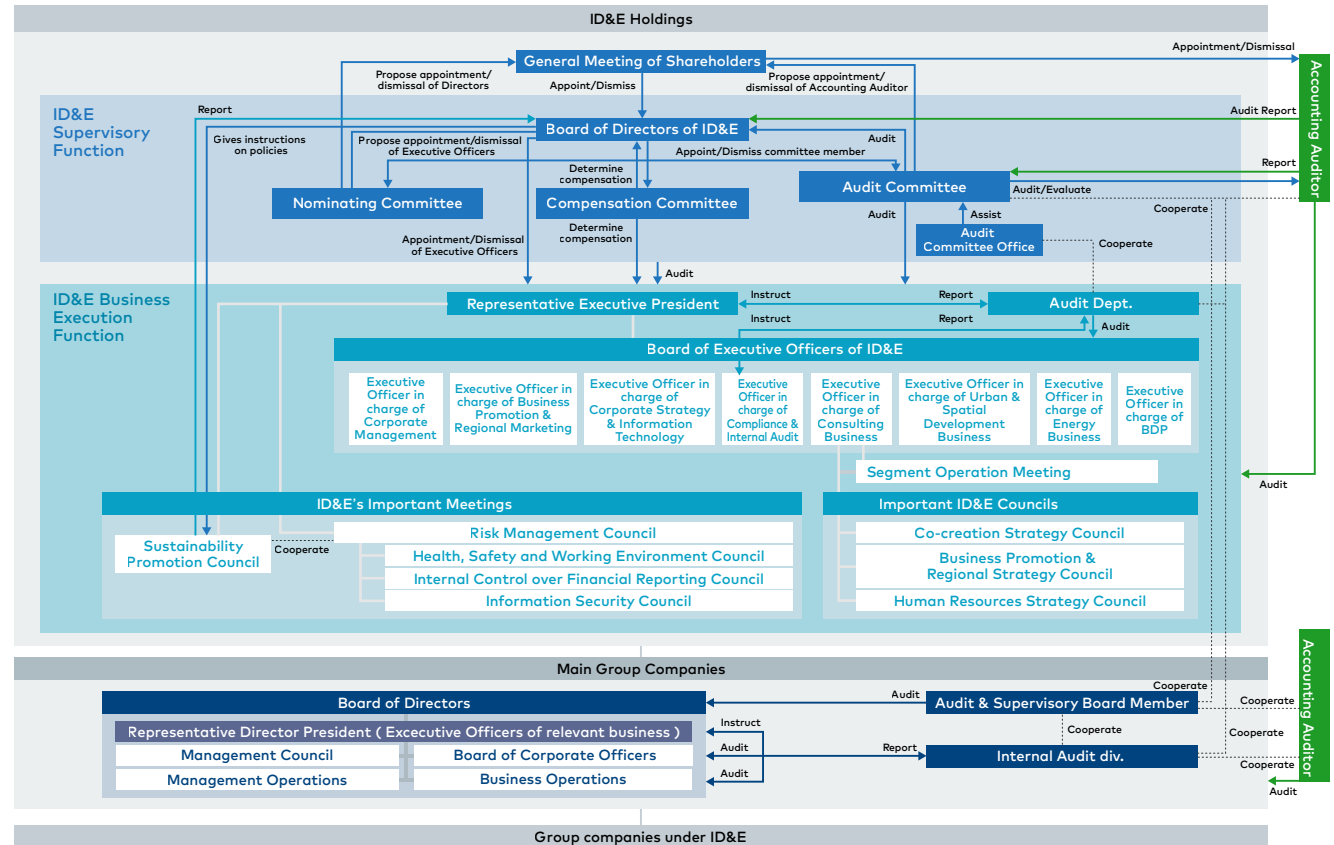
The ID&E Group aims to realise its mission of "Making the world a better place," placing sustainability at the core of its management. Every employee is committed to acting with a high level of awareness and integrity to contribute to the realisation of a sustainable society. In order to meet the expectations of all stakeholders and maximise corporate value, we are committed to enhancing corporate governance by strengthening the supervisory functions of our management system, ensuring transparency, and establishing a swift business execution system. The Board of Directors has formulated the "Basic Policy on Corporate Governance," which outlines the basic principles of corporate governance, including the protection of shareholders' rights and equality, proper collaboration with stakeholders other than shareholders, appropriate disclosure and transparency, the responsibilities of the Board of Directors, and dialogue with shareholders.

As a company with nominating committees, etc., the ID&E has established a Board of Directors, a Nominating Committee, a Compensation Committee, an Audit Committee, and an Accounting Auditor, and have delegated business execution to a Board of Executive Officers.



Basic Policy on Corporate Governance
Corporate Governance Report

Structure



5.1 Corporate Governance

Main Governance-Related Meetings

Committee/ Council Name	Purpose	Meeting Frequency	Number of Members	Head
Board of Directors	The Board of Directors deliberates and makes decisions on matters stipulated by laws and regulations and basic management matters, and oversees execution of the duties of executive officers.	Meetings are normally held once a month	Composed of 8 Directors. 4 are Outside Directors.	Director
Nominating Committee	The Nominating Committee determines proposals for the appointment/dismissal of Directors and the criteria for the election of candidates for directors of the holdings company.	3 to 5 times a year	Composed of 4 Directors. 3 are Outside Directors.	Outside Director
Compensation Committee	The Compensation Committee decides on basic policies for determining the compensation details, etc. for individual directors and executive officers and the amount of compensation, etc. for individual directors and executive officers.	3 to 5 times a year	Composed of 4 Directors. 3 are Outside Directors.	Outside Director
Audit Committee	The Audit Committee audits and supervises the execution of duties by directors and executive officers, prepares audit reports, and determines the content of proposals for the appointment, dismissal, and non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.	Meetings are normally held once a month	Composed of 4 Directors. 3 are Outside Directors.	Outside Director
Board of Executive Officers	In accordance with the Company's management policy determined by the Board of Directors, the Board of Executive Officers renders decisions on important matters related to Group management, and oversees/monitors the promotion of Group management.	Meetings are normally held twice a month	Composed of 9 executive officers with the President serving as the Chair. One Full-time Audit Committee Member attends Board of Executive Officers meetings as an observer.	Representative Executive President
Sustainability Promotion Council	Sustainability Promotion Council considers and formulates measures to promote sustainability (management promotion and business promotion) throughout the ID&E Holdings Group and promotes their implementation.	Meetings are normally held four times a month	Composed of 11 directors/officers with the president serving as the Chair. One Outside Director attends Board of Executive Officers meetings as an advisor and one Fulltime Audit Committee Member attends Board of Executive Officers meetings as an observer.	Representative Executive President
Risk Management Council	In accordance with the Company's "Internal Control Basic Policy," the Risk Operations Council oversees the overall promotion of risk management within the Group.	Meetings are normally held once a month	Composed of 10 executive officers and an outside attorney with the President serving as the Chair. One Fulltime Audit Committee Member attends Board of Executive Officers meetings as an observer.	Representative Executive President

Board of Directors

The Board of Directors is composed of directors selected for their personal integrity, experience, knowledge, and abilities, ensuring a balanced composition that reflects the business environment of the ID&E Group. Currently, the Board consists of eight directors, four of whom are external directors, including two women, to incorporate diverse perspectives. The Board meets regularly once a month, with extraordinary meetings held as necessary, to discuss and decide on matters stipulated by law and basic management issues, while supervising the execution of duties by executive officers. Through the supervision of the Group's overall management, the Board aims to ensure the Group's sustainable growth and enhance corporate value.

5.1 Corporate Governance

Skills of Directors

In order to advance our long-term management strategy and medium-term management plan, the ID&E identified the various skills (experience, knowledge, and abilities) that directors should possess, as shown in the table below, and select candidates based on those skills.

Name	Job title	Age* (Gender)	Skills(experience, knowledge, ability)								Activity status (for reference)	
			Corporate Planning	Technology/ IT	Sales/ Marketing	Human Resources Development	Financial/ Accounting	Legal/ Internal Control	Energy	Global	Number of year in the position	Number of Board of Directors Meetings Attended (FYE June 2024)
Arimoto Ryuichi	Director	71 (Male)	●			●	●	●	●	●	1 year 3 months	15/15 (100%)
Shinya Hiroaki	Director	64 (Male)	●	●	●	●		●	●		1 year 3 months	15/15 (100%)
Tsuyusaki Takayasu	Director	68 (Male)	●		●	●			●	●	1 year 3 months	15/15 (100%)
Hirusaki Yasushi	Director	62 (Male)	●			●	●	●		●	1 year 3 months	15/15 (100%)
Ichikawa Hiizu	Outside Director	77 (Male)	●		●	●	●	●	●	●	1 year 3 months	15/15 (100%)
Kusaka Kazumasa	Outside Director	76 (Male)	●		●	●		●	●	●	1 year 3 months	14/15 (93%)
Koizumi Yoshiko	Outside Director	80 (Female)	●			●		●		●	1 year 3 months	15/15 (100%)
Ishida Yoko	Outside Director	66 (Female)	●	●		●			●	●	1 year 3 months	15/15 (100%)

*July,2024

5.1 Corporate Governance

CEO Succession Plan

The Nomination Committee has established a "CEO Succession Plan" to select candidates who meet the required criteria to become CEO (President and CEO). This plan includes the development and implementation of training plans to enhance the necessary qualities of CEO candidates, as well as the evaluation, selection, and deliberation process for choosing the next CEO. When implementing the CEO Succession Plan, the Nomination Committee thoroughly deliberates on the proposed candidates presented by the current CEO, taking into account their alignment with the company's medium- and long-term management strategies, ensuring transparency, fairness, and objectivity in the process.

For more detailed information on corporate governance, please visit:

[Corporate Governance | Corporate Governance \(G\) | ID&E Holdings \(id-and-e-hd.co.jp\)](#)

5.2 Compliance

Approach/Policy

As a fundamental policy within the ID&E Group's common code of conduct, the "ID&E Group Code of Conduct for ID&E Group" has been established to elevate true corporate value by embedding it into the daily actions of every officer and employee. This code of conduct has been translated into seven languages, including English and Spanish, and shared with employees worldwide to raise compliance awareness and foster an open corporate culture. In building a highly transparent management system and establishing strong trust throughout the Group, we ensure not only compliance with laws but also adherence to social norms, in line with our management philosophy "Act with integrity and contribute to society through technology and engineering." Furthermore, within the "ID&E Group Sustainability Management Framework," we have established an "Acting with Integrity Policy," which encourages every employee to act with a strong sense of integrity.

ID&E Holdings Acting with Integrity Policy

The ID&E Holdings Group (ID&E Group) recognises the importance of acting with integrity to create sustainable corporate value and has set "Acting with Integrity Policy".

1. Earning the Trust of Stakeholders Supporting the ID&E Group

With recognition that trusting relationships with stakeholders is the foundation of sustainability management, and we will engage in honest and highly transparent corporate activities.

2. Pursuit of Integrity as Officers and Employees of the ID&E Group

All officers and employees will revert to our corporate management philosophy of "acting with integrity" and have a three-fold awareness:

- (1) a sense of purpose of what they think is correct
- (2) a sense of impending crisis that current state is still in adequate when compared to the desired state, and,
- (3) a sense of ownership on what they think they are stakeholders in

We will never betray the expectations of society and each and every one of our officers and employees will act with sincerity and integrity.

Structure

Our Group has established the Risk Management Council to oversee the overall advancement of risk management. This council discusses, coordinates, and makes decisions on important compliance-related matters, and shares information. Main Group companies in Japan have established Risk Management Committees to ensure compliance with the "Code of Conduct for ID&E Group," as well as the "Group Risk and Crisis Management Regulations" and each company's "Risk and Crisis Management Regulations." These committees actively manage risks in line with the characteristics of their respective businesses. In the event of a compliance-related incident, it is reported to the respective company's Risk Management Committee or the Risk Management Council, depending on the level of risk. The Group Compliance Liaison Committee, composed of compliance officers from main Group companies in Japan, shares information related to compliance and risk management across the Group and promotes compliance awareness initiatives.



5.2 Compliance

Initiatives and Achievements

Awareness Surveys

To accurately assess the current state and challenges of employees' awareness of compliance, the Group conducts an annual compliance awareness survey targeting all Group employees, including those at Group companies outside of Japan. The surveys are conducted anonymously, and the results are shared with employees and used to improve compliance activities.

Training

The Group provides compliance training tailored to different career levels, host compliance seminars for executives and senior employees, and conduct training sessions at the departmental level. These sessions use specific cases to discuss causes and preventive measures, while also focusing on laws and regulations closely related to the Group's business. Additionally, through the Group's e-learning system, employees are educated and tested on various topics, such as antitrust law compliance and harassment prevention, offering opportunities to further their understanding of compliance.

Consultation and Reporting System

The Group has established the "Group Consultation and Reporting System Regulations," allowing employees who become aware of any actions that violate or may violate compliance regulations to consult directly with the compliance department or an external lawyer. Communication is conducted in Japanese for Japanese entities (with English available when necessary) and in local languages for some overseas entities. This system is available to officers, employees, temporary staff, and partner company employees of the Group (including those within one year of retirement).

■ Number of Internal Reports (Main Group Companies)

June 2022	June 2023	June 2024
7	12	30

Note: Figures until June 2023 reflect the number of consultations and reports prior to the corporate split of former Nippon Koei.

5.3 Risk Management

Approach/Policy

The ultimate goal of risk management is the long terms continuation and development of the Group, which aligns with the objectives of sustainability. The ID&E Group addresses sustainability-related risks that may negatively impact the advancement of our business through close collaboration between the ID&E Sustainability Promotion Council and the ID&E Risk Management Council.

Structure/Management

The Risk Management Council, which meets in principle once a month, operates based on the "Group Risk and Crisis Management Regulations." It is responsible for controlling the overall risks associated with the Group's wide-ranging global operations, aiming to minimise potential losses. Specifically, the council is tasked with identifying risks, evaluating them, implementing preventive measures, issuing crisis response instructions, and monitoring and guiding responses. The council is chaired by the ID&E's Representative Executive President and consists of ten members, including executive officers and external lawyers, with one full-time audit committee member attending as an observer. Each executive officer is responsible for managing risks related to their respective areas, and the council collaborates with the Sustainability Promotion Council depending on the nature of the risk.



Risk Management Process

Each company within the Group comprehensively identifies its risks, sets up management measures for each, and conducts ongoing risk management as part of its business activities. The Risk Management Council reviews the "Risk Management Plans" submitted by each Group company, consolidates them into an overall "Group Risk Management Plan," and ensures risk control. As part of risk management, we also promote business continuity planning (BCP) during crises, quality and environmental management systems, and the establishment of information security systems. For more details, please refer to the integrated report on "Risk Management."

5.3 Risk Management

Risks related to sustainability often require specialised expertise for identification, analysis, and countermeasures planning, as they are influenced by international discussions and the policies and systems of individual countries. The Sustainability Promotion Council, in cooperation with the Group companies, is in charge for identifying and evaluating these risks. For FY2024/06, the Group established the following risk management process for climate change, integrating it into the overall risk management system, and began its implementation. The Group is also considering applying a similar process to manage other sustainability related risks beyond climate change.

In implementing these integrated management processes, the Group added "Sustainability" as a new category in both the "Group Risk List" and the "Main Group

Climate Change Risk Management Process

- The Sustainability Promotion Council identifies broad risks, taking into account insights gathered through interviews with Group companies.
- Of the risks identified and evaluated, those that may have a negative impact on business activities (i.e., risks that could result in losses due to events that hinder the achievement of the Group's business objectives) are reported to the Risk Management Council and integrated into the company's overall risk management process based on the "Group Risk and Crisis Management Regulations."
- Group companies address the identified and evaluated risks with the support of the ID&E Sustainability Promotion Office.
- The Sustainability Promotion Council consolidates the status of responses to the identified risks and reports them to the Board of Executive Officers for further discussion by the Board of Directors.

