

■Detailed Risk List

Category	No.	Item	Time frame	Potential financial impact	Assumed external environmental changes	Business impact	Responses by the IDEC Group	
Transition Risks	Market	1	Increase in material costs	Short-term	A	<ul style="list-style-type: none"> Stop operation of factories and suspend transport caused by natural disasters, etc. Occur shortage of parts and materials and transportation fee rise involved with the above. Impact of materials on manufacturing cost by energy cost rise due to the increase of carbon pricing. 	<ul style="list-style-type: none"> Increase material procurement and manufacturing cost Reduce customers caused by decreasing profit involved with the above or inevitable price raise. 	<ul style="list-style-type: none"> Respond to temporal sharp rise in material prices by deep mutual understanding with suppliers and customers continuously Reduce manufacturing costs in anticipation of material cost increases in the medium to long term, and reduce costs through redesigned products in a planner manner.
		2	Changing customers' behavior	Long-term	C	<ul style="list-style-type: none"> Increase environment-oriented responses of customers Increase weight of eco-friendly products and services in making a purchase decision. 	<ul style="list-style-type: none"> Decrease sales due to the inconsistency of our products' conventional added values with customers' needs Decrease competitive power of our major products with high market share due to the delayed eco-friendly consideration. 	<ul style="list-style-type: none"> Place the environmental strategy as one of the focused items in the medium to long term plans, and check process as the materiality KPI. Increase the cumulative ratio of enhanced eco-friendly products for new products in the medium to long plan (materiality KPI). Promote to develop technology on a continuing basis relating to considering and introduction of eco-friendly packing materials and components.
	Technology	6	Replace existing products and services with low-emissions ones.	Medium-term	A/E			
		3	Technology delays to competitors (uncertain market signal)	Medium-term	C	<ul style="list-style-type: none"> Develop environmental responses for industrial use due to raising energy fee and material cost and the increase of necessity of reducing CO2 emissions. Advance technology to lower energy consumption, enable recycling, and reduce CO2 amount in the whole life cycle. Appear other company's new products and increase customers' needs with generating added values of responding to the environment in the industrial product field. 	<ul style="list-style-type: none"> Appear other's eco-friendly products which are different from conventional competitor's products to be new threat for our products with high market share. Increase the risk of losing share due to the failure to know the tendency and market signal in a timely manner. Worsen management indexes due to the rapid investment necessary for catch up with the delayed responses. Tarnish our brand images caused by other company's preceding services of eco-friendly products. 	<ul style="list-style-type: none"> Consider and adopt eco-friendly components, and promote to raise awareness of the importance of consideration for the environment in the whole processes of developing new products. Consider to develop technology with the awareness of reducing CO2 emissions in the overall recycling and life cycle. By collaborating with other companies in the long term, incorporate technologies that we do not possess in a planned manner and integrate them with our core technologies.
		7	Transit to low-emissions technology	Long-term	E	<ul style="list-style-type: none"> Enforce new regulations of the amount of GHG emissions Suspend supply and maintenance of existing equipment from suppliers, limited use of existing equipment 	<ul style="list-style-type: none"> Increase equipment investment by replacing existing equipment Reduce production efficiency due to the more inferior substitute equipment compared to existing one. 	<ul style="list-style-type: none"> Obtain regulation information in a timely manner and respond to it. Develop and conduct plans of revising introduced equipment in a planned manner.
	Current regulations	4	Tendency of carbon pricing	Medium-term	B	<ul style="list-style-type: none"> Increase worldwide tendency of measures for climate change and reduction of CO2 emissions Introduce carbon tax and increase tax rate by each country's government 	<ul style="list-style-type: none"> Raise indirect cost of factories involved with increasing energy resource using cost caused by the acceleration of switch to the renewable energies. Reduce customers due to decreasing profit or inevitable price raise caused by the above. 	<ul style="list-style-type: none"> Reduce the impact of increased energy purchase price by introducing the self-consuming solar power energy in a planned manner. Reduce indirect costs by making efforts of saving energies and improving operation ratios at factories.

		8	Increase prohibited substances due to regulations	Short-term	A	<ul style="list-style-type: none"> Enhance regulations of substances relating to the environmental destruction of organisms, land, ocean and sky. Expand restricted fields of using petroleum-based lesions, run dry precious non-ferrous metals that could be substitutes 	<ul style="list-style-type: none"> Increased needs for changing materials for responding to new regulations, and increase investment due to changing design. Decrease sales and shares of flagship products due to the delayed responses to regulations. 	<ul style="list-style-type: none"> Obtain information on restricted substances in a timely manner by participating in the diverse industrial organizations Ongoing promotion of technology development about consideration and introduction of eco-friendly components.
Physical risks	Acute	9	Heavy rain (rain, hail, snow, ice), cyclone, hurricane, typhoon	Short-term	D	<ul style="list-style-type: none"> Increase frequent occurrence of natural disasters such as tropical heavy rain, and extreme change of rain and weather patterns due to the impact of the global warming. Frequent occurrence of disasters including abnormal weather in all over the world. 	<ul style="list-style-type: none"> Delay and stop production due to the suffering of our production bases, stop supplying electricity, and employees' unable to attend caused by natural disasters. Disruption and confusion of supply chain due to natural disasters. 	<ul style="list-style-type: none"> Enhance BCP measures to increase our company's resilience. Prepare hazard maps of manufacturing bases and find potential risks. Prepare a recovery plan for each base and procedure manuals for employees to ensure business continuity in the event of a disaster. Change manufacturing bases to be multi-skilled for flagship products.
	chronic	5	Climate change	Long-term	D	<ul style="list-style-type: none"> Decrease production activities involved with the above (power supply shortage, damage to equipment, employees' unable to attend, etc.). Spread epidemics such as a new virus caused by climate change. 		

- A: Increased direct cost
- B: Increased direct and indirect costs
- C: Reduced sales due to decreased demand for products and services
- D: Reduced sales due to decreased production capacity
- E: Increased equipment investment

■Detailed Opportunity List

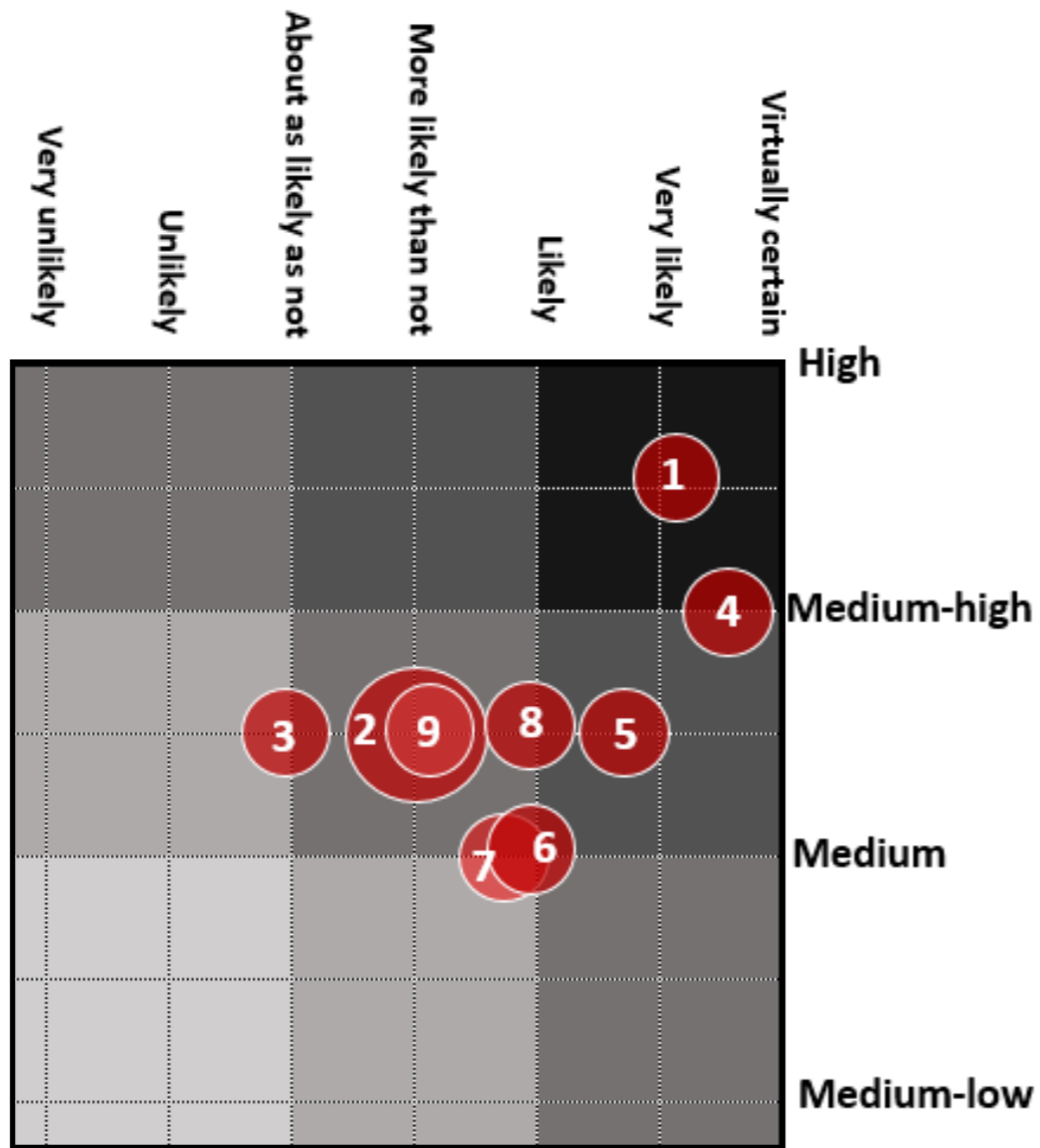
Category	No.	Item	Time frame	Potential financial impact	Assumed external environmental changes	Business impact	Responses by the IDEC Group
Resource efficiency	1	Diverse business activities	Long-term	A	<ul style="list-style-type: none"> Develop transition responses to worldwide climate changes. Expand usage of diverse renewable energies including solar power generation, geothermal generation, and wind generation that are not dependent with fossil fuels. Create environment-related market that is different from conventional ones. 	<ul style="list-style-type: none"> The opportunity of expanding business by the expanded demand of solar power generation. The opportunities of expanding and changing our business on environmental fields for the more diverse climate-related services. 	<ul style="list-style-type: none"> Expand proposals relating solar power generation business and fine bubble solutions for new markets. Innovate our environmental business, using the response as an opportunity. Develop products that use HMI and sensing technologies based on new needs, and propose solutions to resolve issues.
	6	Transit to the dispersive energy generation	Long-term	C/A			
Energy resources	7	Enter into a new market	Long-term	A			
Resource efficiency	2	Develop new products and services through R&D and technology innovations	Long-term	B	<ul style="list-style-type: none"> Increase environment-related stress such as temperature change involved with climate change. Increase demand for well-being at workplaces by employees involved with the above. Demand or activation for recycling involved with the efficient use of resources. Increase the worldwide tendency of reducing GHG emissions such as CO2. Increase demand for lower-emission products through life cycle. Increase demands for the new technology innovation responding to diverse labor environmental changes involved with climate change. Develop unmanned and remote technologies caused by diverse labor environment and decrease of productive-age population. Launch diverse projects for developing renewable energy and measures for energy-saving as a countermeasure for reducing CO2 emissions. Create new markets involved with the above. 	<ul style="list-style-type: none"> Emerge demands of responding to environmental aspects for our business of safety, ANSHIN and well-being. The new opportunity of providing new products and services responding to the above. Promote services such as collecting products by the activations of recycling. Expand needs for products that are easier to recycle. The opportunity that the environmental aspects of products are regarded as more important, which becomes a larger element of generating added values. Increase needs of remote monitor and auto control involve with workers remote working and the unmanned workplace. The opportunity of new business with technologies of recognition and determination by software such as AI The opportunity of achieving well-being by the new activation of human resources at workplaces. Necessity of providing proper solutions in a timely manners. The opportunity of increasing sales through entering into new markets and developing markets. 	<ul style="list-style-type: none"> Accelerate technology innovation for flagship product groups based on the environmental aspects. Develop new products to meet the demands for market well-being and promote proposal for solutions. Applied research of easy recyclable materials to products. Provide low-emission products and services throughout the life cycle, based on the concept of developing eco-friendly products we have currently addressed. Breakaway from prolongation of our conventional technologies. Enhance software and system-related technologies by promoting M&A and business collaboration as well as adoption and development of human resources. Promote to incorporate new technologies to meet diverse needs through cooperation and collaboration with other companies. Grow a company culture of well-being Deploy environment-related business such as solar power generation business and fine bubble solutions Enter into new markets using our new business as a door opener. Provide products and services that meet new market needs
	3	Develop and/or enhance low-emission products and services	Long-term	B			
	8	Transit of customers' choice	Long-term	B			
	4	Use new technologies	Long-term	B			
Market resilience	9	Substitute/diverse resources	Medium-term	B			
Products and services	10	Expand business of safety-related products responding to worsen workplaces due to abnormal climate	Medium-term	B			
	5	Participate in the renewable energy program and adapt to the measures for energy-saving.	Long-term	A			

A: Increased sales through entry into new and developing markets

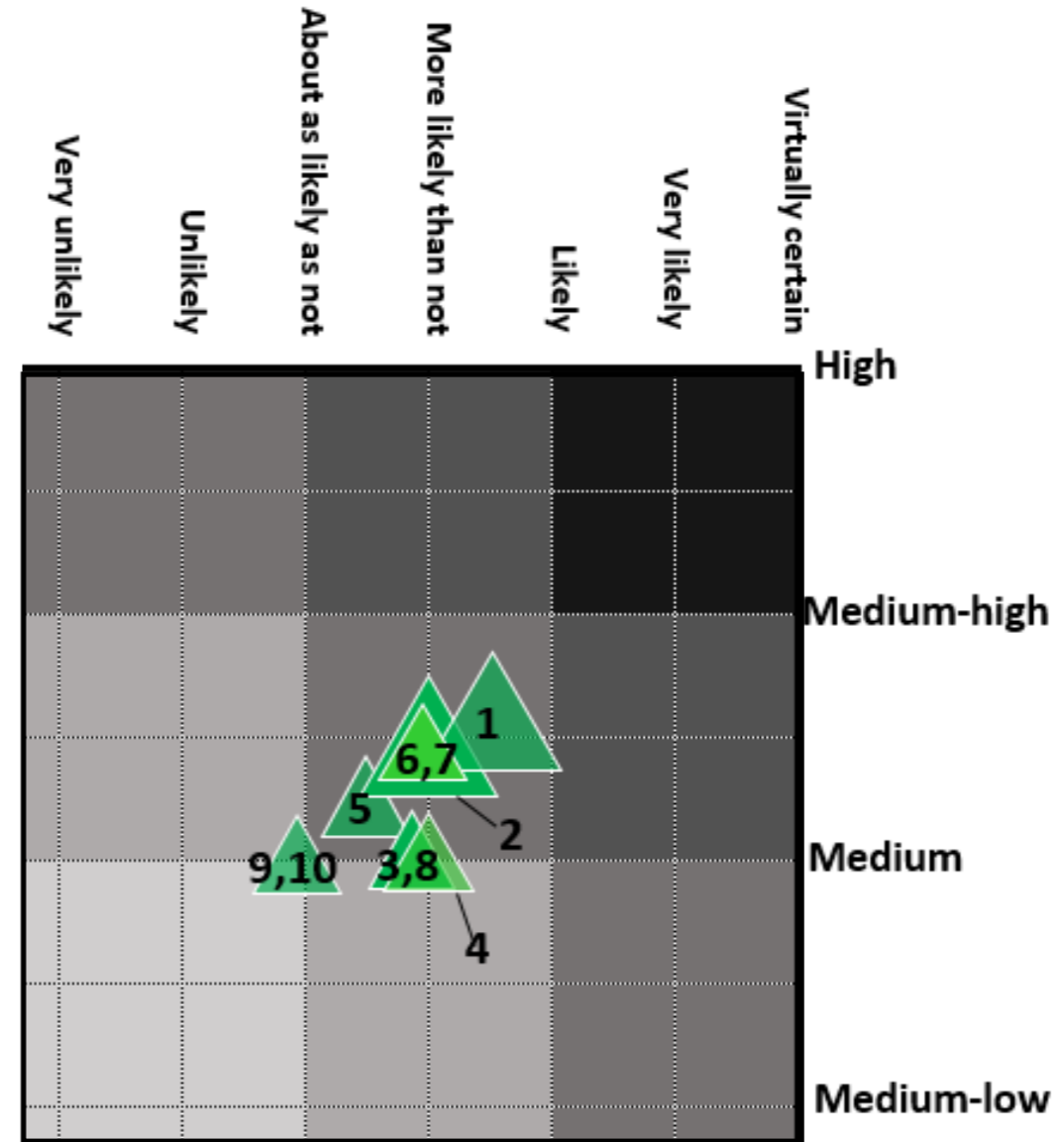
B: Increased sales caused as a result of increased demands for products and services

C: Decreased indirect (operational) costs

■ Detailed Risk Map



■ Detailed Opportunity Map



As for the definition of numbers, please refer to the above "Detailed Risk List" and "Detailed Opportunity List".