

Sustainability Report for the Fiscal Year ended March 2025

KAGA ELECTRONICS CO., LTD.
TSE Prime Market 8154

KAGA ELECTRONICS CO., LTD.¹

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Medium- to Long-Term Sustainability Management Plan

Announced on November 25, 2021
(Revised 12, September 2025)



Medium- to Long-Term Sustainability Management Plan : Sustainability Policy

Under our corporate philosophy of "Everything we do is for our customers," the Kaga Electronics Group seeks to achieve both a sustainable society and sustainable growth of the Group.

Toward this purpose, we will respect dialogue with customers, business partners, shareholders, investors, employees, local communities, and all other stakeholders, based on our Basic CSR Policy, Environmental Policy, and Action Guidelines. We will work to increase our corporate value as we play an active role in achieving a sustainable society.

① We will tackle environmental issues through our business activities

Through our business activities, we will take action to cut CO₂ emissions, reduce waste, and promote reuse. At the same time, by providing environmentally considerate products and services, we will contribute to bringing about a society that values the global environment.

② We will respect human rights and develop human resources

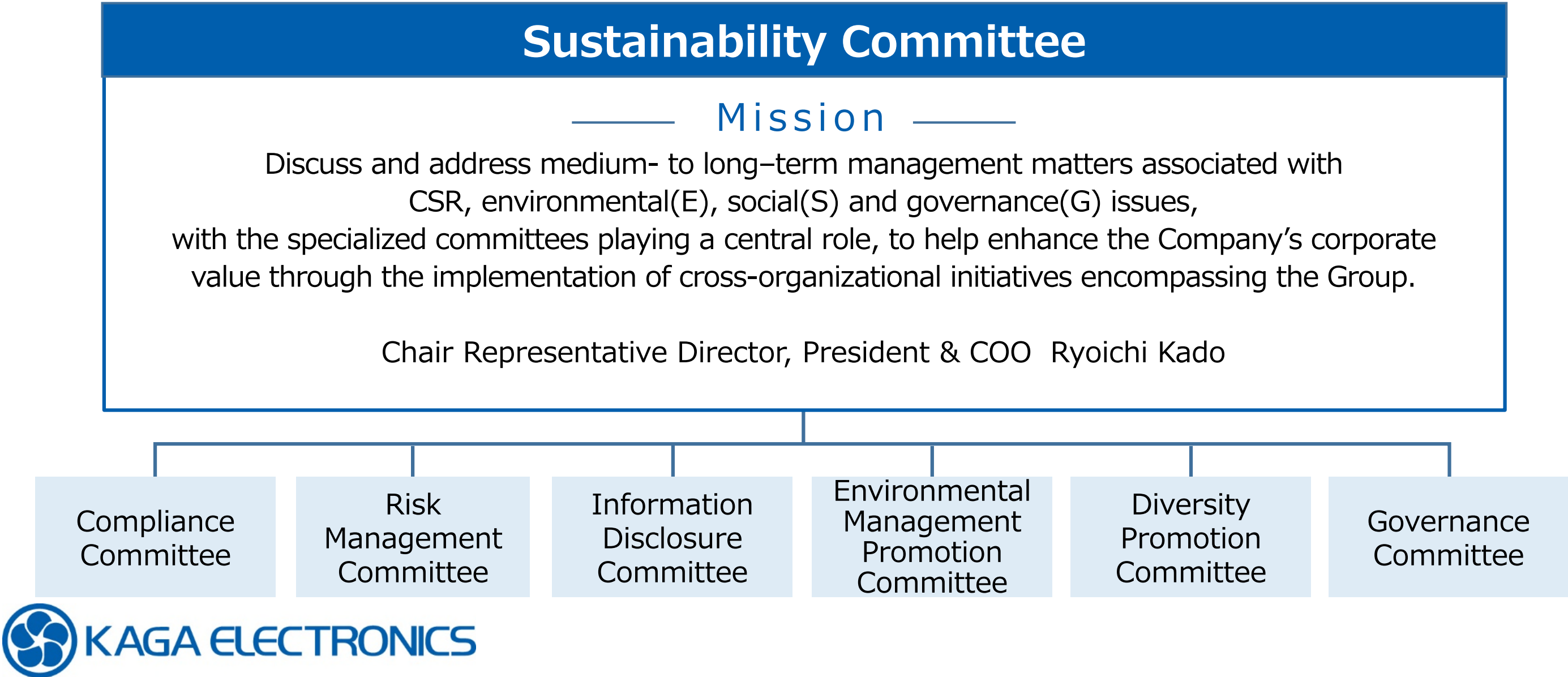
We will respect the human rights of all stakeholders, regardless of gender, age, nationality, social status, disabilities, or other personal attributes. We will develop work environments in which diverse employees can work in safety and health, both physically and mentally, and will develop personnel systems and education and training systems that allow these employees to maximize their individual abilities. We will further work to develop human resources who will take on the challenge of innovation.

③ We will work to build mutual trust with society

We will work to be a company that earns the trust of society by observing laws and regulations, by strengthening our governance structure, and by sincerely engaging in fair competition, the provision of high-quality products and services, timely and appropriate information disclosure, and other corporate activities.











Medium- to Long-Term Sustainability Management Plan : Sustainability promotion structure

The Kaga Electronics Group recognizes the promotion of CSR and sustainability as important management issues. We have established a Sustainability Committee chaired by the Representative Director and President of Kaga Electronics Co., Ltd. Under the committee, we have set up specialized subcommittees for Environmental Management Promotion, Diversity Promotion, Governance, Risk Management, Compliance, and Information Disclosure. This management structure promotes CSR and sustainability across the Group. Under the commitment of top management and in collaboration with business divisions, we work as a united group to promote sustainability through each committee by formulating policies, measures, and targets for ESG issues and managing progress.



Medium- to Long-Term Sustainability Management Plan : Materiality

The Kaga Electronics Group is committed to seriously addressing a variety of issues relevant not only to itself but also communities around the world and thereby living up to the expectations of society. In line with this commitment, the Group has employed four perspectives— Environmental (E), Social (S), Governance (G) and Business (B)—to identify priority issues that are deemed to exert significant impact on its business operations, as listed below. Through its efforts to tackle the materiality of these issues, the Group will practice corporate activities aimed at contributing to the realization of a sustainable society, with the aim of further improving its corporate value.

	Materiality	Related SDGs	Changes in the socio-economic environment	Our initiatives
E	Create a clean global environment	 	<ul style="list-style-type: none"> • Growing seriousness of global warming and other environmental problems • Urgent call for carbon neutrality 	<ul style="list-style-type: none"> • Provide products and services designed to help resolve environmental and energy issues • Continue initiatives to reduce the environmental burden
S	Create an inclusive company as well as an affluent society	  	<ul style="list-style-type: none"> • Changes in social structure as we move toward the popularization of the new normal • Human resource shortages attributable to a low birthrate and an aging population 	<ul style="list-style-type: none"> • Promote workforce diversity and innovative work styles to better adapt to the new normal • Develop human resources by passing down and updating KAGA-ism
G	Create a sustainable management base	 	<ul style="list-style-type: none"> • Public calls for more robust corporate governance • Growing need for business resilience against changes in the operating environment 	<ul style="list-style-type: none"> • Further strengthen corporate governance and compliance • Thoroughly practice a profit-focused management approach
B	Realize sustainable business growth	  	<ul style="list-style-type: none"> • Progress in digital transformation • Coming of a “super-smart” society due to the popularization of ICT, such as IoT and AI • Intensification of global competition 	<ul style="list-style-type: none"> • Provide products and services that contribute to the transition to a digital-driven society • Create new businesses aimed at helping

Medium- to long-term sustainability targets and major KPIs

	Key themes	Issues to address and issues to examine	Medium-term targets	Long-term targets
E	Achievement of shift to 100% renewable energy	<ul style="list-style-type: none"> • Adoption of renewable energy at domestic sales offices • Adoption of renewable energy at domestic manufacturing sites • Adoption of renewable energy at overseas manufacturing sites 	2024: 40% (1%) By 2024: Information gathering/analysis and determination of policy • In-house power generation/external procurement • Solar panel/biomass power generation/renewable energy businesses	2030: 100% 2030: 50% 2050: 100% 2030: 30% 2050: 100%
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> • Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV) 	2024: 85% (78.5%)	2030: 100%
S	Diversity and human resource management	<ul style="list-style-type: none"> • Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires) • Initiatives to employ elderly workers and persons with disabilities 	Percentage of female new graduates in general positions 2023: 30% (5.8%) Percentage of women in management positions 2024: 15% (13.3%)	Percentage of female new graduates in general positions 2028: 40% Percentage of women in management positions 2029: 17%
	Work-life management and enhancement of productivity	<ul style="list-style-type: none"> • Enhancement of programs such as childcare/family-care and telework • Acquisition of certification as a Health and Productivity Management Organization 	2022: Implementation of review 2023: Certification	2025: Certification by outside party 2024 onward: Continuation of certification
G	Restructuring the governance structure in response to the revision of the Corporate Governance Code and the reorganization of Tokyo Stock Exchange	<ul style="list-style-type: none"> • Independent Outside Directors: at least 1/3 • Establishment of Nomination and Compensation Committee 	Performed in June 2021	Setting of targets in line with next Corporate Governance Code revision
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> • Diversification of the Board of Directors • Full compliance with Corporate Governance Code for Prime Market • Adoption of delegation-based executive officer structure • Transition to structure of company with committees 	By June 2022: Determination of policy Performed in November 2021 April 2022: Enactment By March 2023: Determination of policy	

Progress of medium- to long-term sustainability targets

Announced on May 23, 2024



Progress of medium- to long-term sustainability targets : Environmental

	Key themes	Issues to address and issues to examine	Main activities and progress in FY2022 / FY2023
E	Achievement of shift to 100% renewable energy	<ul style="list-style-type: none"> Adoption of renewable energy at domestic sales offices 	<p>FY2023: (1) Introduced 5.1% of total electricity from renewable sources (2) Decided to purchase non-fossil certificates to achieve target of '40% renewable energy in 2024', and to quantify greenhouse gas emissions and set a reduction target in FY2024</p> <p>FY2024: Purchased non-fossil certificates and achieved the target of "40% renewable energy."</p>
		<ul style="list-style-type: none"> Adoption of renewable energy at domestic manufacturing sites 	<p>FY2023: Installed solar power generation system in Towada factory (December 2023) and Fukushima factory (February 2024)</p> <p>FY2024: The self-sufficiency rate by solar power generation reached 9.2% at Towada Plant, and we are considering additional installation. Self-sufficiency rate at Fukushima Office reached 21.9%.</p>
		<ul style="list-style-type: none"> Adoption of renewable energy at overseas manufacturing sites 	<p>FY2023: Installed solar panels in Mexico new factory (April 2024)</p> <p>FY2024: The new plant in Mexico received approval for solar power generation and started operation in January 2025. The leased manufacturing facility is considering purchasing an IREC (International Renewable Energy Certificate).</p>
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV) 	<p>FY2023: The ratio of electric vehicles increased by 3.0pt year on year (as of March 31, 2024)</p> <p>FY2024: Increased conversion rate to electric vehicles by 5.2 points from the previous fiscal year to 90.2% (as of March 31, 2025).</p>

Introduction of Renewable Energy

- Solar power generation facilities will be installed step by step to achieve 100% renewable energy.
- We continue to proactively install facilities for environmentally sustainable business growth.

KAGA EMS TOWADA CO.,LTD.



Generating capacity

Annual energy production
289,444kWh
Renewable energy ratio
10~20%

Instruction period

December, 2023

KAGA MICRO SOLUTION CO., LTD. Fukushima Factory



Generating capacity

Annual energy production
158,761kWh
Renewable energy ratio
20~30%

Instruction period

February, 2024

Vietnam factory



Generating capacity

Annual energy production
747,934kWh
Renewable energy ratio
70~80%

Instruction period

November, 2022

Hubei Factory



Generating capacity

Annual energy production
1,086,118kWh
Renewable energy ratio
30~40%

Instruction period

April, 2022

Progress of medium- to long-term sustainability targets : Social

	Key themes	Issues to address and issues to examine	Main activities and progress in FY2022 / FY2023
S	Diversity and human resource management	<ul style="list-style-type: none"> Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires) 	<ul style="list-style-type: none"> Percentage of female new graduates in general positions based on hiring activities as per the Action Plan FY2023: 5 females out of 23 new graduates in general positions, up 3.6pt year on year to 21.7%. FY2024: Of the 22 new graduates hired for career-track positions, 5 were women. Increase of 1.0 points from the previous fiscal year to 22.7%, but still fell short of the target of 30%. Discussions held within the group to improve percentage of women in management positions and set targets for the number of women in management positions at each group company. FY2023: 17.4%, up 0.9pt year on year FY2024: 17.3%, down 0.1pt year on year
		<ul style="list-style-type: none"> Initiatives to employ elderly workers and persons with disabilities 	<p>FY2023: Employment of persons with disabilities is 100% of the legally mandated rate (as of March 31, 2024)</p> <p>FY2024: Employment of persons with disabilities is 100% of the legally mandated rate (as of March 31, 2025)</p>
	Work-life management and enhancement of productivity	<ul style="list-style-type: none"> Enhancement of programs such as childcare/family-care and telework 	<p>FY2023: The new rules took effect in April 2023.</p> <p>FY2024: Twelve people used the parental leave system for male employees. The utilization rate for the parental leave system among male employees was 100%.</p>
		<ul style="list-style-type: none"> Acquisition of certification as a Health and Productivity Management Organization 	<p>FY2023: Certified for two consecutive years in March 2024</p> <p>FY2024: certification for the third consecutive year in March 2025. Health & Productivity Management Policy and initiatives were posted on the Company website.</p>

Progress of medium- to long-term sustainability targets :

Governance

	Key themes	Issues to address and issues to examine	Main activities and progress in FY2022 / FY2023
G	Restructuring the governance structure in response to the revision of the Corporate Governance Code and the reorganization of Tokyo Stock Exchange	<ul style="list-style-type: none"> Independent Outside Directors: at least 1/3 Establishment of Nomination and Compensation Committee 	<p>FY2023: Adopted a 6-director structure (including 3 outside directors) at the June 2023 general shareholders' meeting</p> <p>FY2024: A reduced number of outside directors was elected at the June 2024 General Meeting of Shareholders, retaining a structure of six directors (of which three are outside directors).</p>
		<ul style="list-style-type: none"> Diversification of the Board of Directors 	<p>FY2023: Appointed a female outside director at the June 2023 meeting. Deferred a proposal to appoint a female director at the June 2024 meeting</p> <p>FY2024: Following the General Meeting of Shareholders in June 2025, the Company appointed a female director in conjunction with the transition to a company with an audit and supervisory committee.</p>
		<ul style="list-style-type: none"> Full compliance with Corporate Governance Code for Prime Market 	<p>FY2023: CG Code not revised</p> <p>FY2024: No revision of CG Code, but the Company revised its internal response.</p>
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> Adoption of delegation-based executive officer structure 	<p>FY2023: Decided to expand the membership of the Group management committee to a delegation-based executive officer structure effective in April 2024</p> <p>FY2024: The operation is ongoing.</p>
		<ul style="list-style-type: none"> Transition to structure of company with committees 	<p>FY2023: Continued the company-with-auditors system. Discussed to move to a company-with-audit and supervisory committee structure, given the need for speedy management and appointment of female directors</p> <p>FY2024: The Board of Directors resolved to transition to a company with an audit and supervisory committee. Transition will be made after the General Meeting of Shareholders in June 2025.</p>

Biodiversity Initiatives : Biotope set up at the head office

A biotope was installed in July 2023 to provide a habitat and growing space for wildlife and to contribute to the conservation of biodiversity. Plants designated as endangered species bloom inside the biotope, making it a place where employees can learn about biodiversity conservation and the protection of the natural environment and feel connected to living things while enjoying nature.

Kaga Electronics also holds biodiversity-themed lecture sessions for children. External experts are invited to these lecture sessions, providing employees and their families with opportunities to learn about biodiversity while enjoying interacting with nature.



“Everything we do is for our customers”



20 Kandamatsunagacho, Chiyoda-ku, Tokyo 101-8629

Contact: Sustainability Promotion Department

TEL:+81-3-6757-7985

FAX:+81-3-3254-7131

E-mail : webmaster@taxan.co.jp

<https://www.taxan.co.jp>