Sustainability Report
for the Fiscal Year ended March 2026

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

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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 CO_2 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.

Sustainability Committee

Mission

Discuss and address medium- to long–term management matters associated with CSR, environmental(E), social(S) and governance(G) issues, with the specialized committees playing a central role, to help enhance the Company's corporate value through the implementation of cross-organizational initiatives encompassing the Group.

Chair Representative Director, President & COO Ryoichi Kado

- Compliance Committee
- Risk Management Committee
- Information Disclosure Committee
- Environmental Management Promotion Committee
- Diversity Promotion Committee
- Governance Committee

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	7, 13	• Growing seriousness of global warming and other environmental problems • Urgent call for carbon neutrality	• 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	5, 8, 10	• 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	• 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	16, 17	• Public calls for more robust corporate governance • Growing need for business resilience against changes in the operating environment	• Further strengthen corporate governance and compliance • Thoroughly practice a profit-focused management approach
B	Realize sustainable business growth	9, 12, 17	• 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	• Provide products and services that contribute to the transition to a digital-driven society • Create new businesses aimed at helping

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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	• Adoption of renewable energy at domestic sales offices	2024: 40% (1%)	2030: 100%
		• Adoption of renewable energy at domestic manufacturing sites	By 2024: Information gathering/analysis and determination of policy ・In-house power generation/external procurement ・Solar panel/biomass power generation/renewable energy businesses	2030: 50% 2050: 100%
		• Adoption of renewable energy at overseas manufacturing sites		2030: 30% 2050: 100%
	Shift to electricity for company-owned vehicles	• Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV)	2024: 85% (78.5%)	2030: 100%
S	Diversity and human resource management	• 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	• 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	• 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	• Diversification of the Board of Directors	By June 2022: Determination of policy	
		• Full compliance with Corporate Governance Code for Prime Market	Performed in November 2021	
		• Adoption of delegation-based executive officer structure	April 2022: Enactment	
		• Transition to structure of company with committees	By March 2023: Determination of policy	

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*Numbers in parentheses represent values at the time of planning: Nov. 2021

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

	Key themes	Issues to address and issues to examine	Progress in FY2024	Progress in FY2025
E	Achievement of shift to 100% renewable energy	• Adoption of renewable energy at domestic sales offices	Purchased non-fossil certificates and achieved the target of "40% renewable energy.	Purchased non-fossil certificates and achieved the target of "40% renewable energy.
		• Adoption of renewable energy at domestic manufacturing sites	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%.	The self-sufficiency rate by solar power generation reached 8.4% at Towada Plant, and we are considering additional installation. Self-sufficiency rate at Fukushima Office reached 18.4%.
		• Adoption of renewable energy at overseas manufacturing sites	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).	The Mexico Plant received approval for solar power generation and started operation in January 2025, with the self-sufficiency rate reaching 21.2%.The leased manufacturing facility is considering purchasing an IREC (International Renewable Energy Certificate).
	Shift to electricity for company-owned vehicles	• Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV)	Increased conversion rate to electric vehicles by 5.2 points from the previous fiscal year to 90.2% (as of March 31, 2025).	Electric vehicle conversion rate: 90.0% (83.2% including Kyoei Sangyo Co., Ltd., which became a group company in July 2025)

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

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Note: Renewable energy ratio indicates the projected percentage of renewable energy in total consumption at each site.

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

	Key themes	Issues to address and issues to examine	Progress in FY2024	Progress in FY2025
S	Diversity and human resource management	• 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 22.7% Percentage of women in management positions 17.3%	Percentage of female new graduates in general positions 14.8% Percentage of women in management positions 15.2%
	Work–life management and enhancement of productivity	• Enhancement of programs such as childcare/family-care and telework • Acquisition of certification as a Health and Productivity Management Organization	certification for the third consecutive year in March 2025. Health & Productivity Management Policy and initiatives were posted on the Company website.	certification for the third consecutive year in March 2025. Health & Productivity Management Policy and initiatives were posted on the Company website.

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

	Key themes	Issues to address and issues to examine	Progress in FY2024	Progress in FY2025
G	Restructuring the governance structure in response to the revision of the Corporate Governance Code and the reorganization of Tokyo Stock Exchange	• Independent Outside Directors: at least 1/3 • Establishment of Nomination and Compensation Committee	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).	Outside directors were elected at the June 2025 General Meeting of Shareholders, resulting in a board structure of 12 directors, of whom 6 are outside directors.
		• Diversification of the Board of Directors	Following the General Meeting of Shareholders in June 2025, the Company plans to appoint a female director in conjunction with the transition to a company with an audit and supervisory committee.	Following the General Meeting of Shareholders in June 2025, the Company plans to appoint a female director in conjunction with the transition to a company with an audit and supervisory committee.
		• Full compliance with Corporate Governance Code for Prime Market	No revision of Corporate Governance Code, but the Company revised its internal response.	The Company is considering revising its Corporate Governance Code in response to the 2026 revision of the Corporate Governance Code.
	Further strengthening the supervisory and oversight functions of top management over business execution	• Adoption of delegation-based executive officer structure	The operation is ongoing.	The operation is ongoing.
		• Transition to structure of company with committees	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.	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.

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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.

Further Information

Integrated Report

For comprehensive information on the KAGA Electronics Group's sustainability initiatives, as well as financial and non-financial information, please refer to our Integrated Report.

The Integrated Report provides information on management strategy, financial performance, ESG initiatives, human capital initiatives, and disclosures based on the TCFD recommendations.

URL: https://www.taxan.co.jp/en/csr/index.html#gsc.tab=0

Integrated Report

“Everything we do is for our customers”

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