

Medium- to Long-Term Sustainability Management Plan

**KAGA ELECTRONICS CO., LTD.
November 25, 2021**

TSE 1st section 8154



I am Kado of KAGA ELECTRONICS CO.,LTD. Thank you very much for your continued support and cooperation in our IR activities.

Next, I would like to explain the Kaga Electronics Group's Medium- to Long-Term Sustainability Management Plan, which was announced today.

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.



First of all, KAGA ELECTRONICS has established the sustainability policy as our basic approach to the SDGs, so I would like to explain it.

As stated in this preamble, 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, and all other stakeholders. We will work to increase our corporate value as we play an active role in achieving a sustainable society.

The following 3 items are included in our Sustainability Policy.

The first is to 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.

The second is to respect human rights and develop human resources. We will respect the human rights of all stakeholders, regardless of their gender, age, nationality, or other personal attributes. In addition, 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.

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

Sustainability promotion structure

The Kaga Electronics Group views the promotion of sustainability as a key management issue. We have established an SDGs Committee chaired by the President and COO of Kaga Electronics Co., Ltd., and, under this committee, have created working groups for "Environment," "Society," and "Governance." In this way, we have established a management structure that promotes sustainability across the Group.

Under commitment by top management and collaboration among business divisions, we act through these working groups to formulate policies, measures, and goals that address ESG issues, to manage progress, and to otherwise promote sustainability within the Group as a whole.



In April this year, we announced the establishment of the SDGs Committee, which is our promotion system.

I, as President, chaired the committee, and the committee members were 5 directors who were responsible for business and administrative divisions. We have designed a management system to promote sustainability management across the Group by assigning environmental, social, and governance working groups directly under the committee.











Under the commitment of top management, and in cooperation with business divisions and Group companies, we have formulated policies and measures to address ESG issues, with the aim of making a Group-wide effort.

The Committee has met 3 times since April. The working groups have met 7 times to 8 times each and have had active discussions and deliberations on each theme.

One of the outputs of this plan is the Medium- to Long-Term Sustainability Management Plan, which was announced today.

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

This slide shows some of the key issues that we have discussed and identified.

We have taken a sincere look at the various challenges we face globally and the demands of society and have identified 4 key issues that will have a significant impact on our operations from the perspectives of the environment, society, governance, and business.

By addressing these important issues, we will practice corporate activities that contribute to the realization of a sustainable society and promote further enhancement of corporate value.

Specifically, in terms of the environment, we will create a clean global environment. In society, we will create a company that is easy to work for and a prosperous society. In governance, create a sustainable management base. In the area of business, our key challenge is to achieve sustainable business growth.

For details on each of these, please see the next page for a list of themes, targets, and KPIs to be addressed.

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 	2024: 40% (1%) By 2024: Information gathering/analysis and determination of policy	2030: 100% 2030: 50% 2050: 100%
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> Adoption of renewable energy at overseas manufacturing sites 	<ul style="list-style-type: none"> In-house power generation/external procurement Solar panel/biomass power generation/renewable energy businesses 	2030: 30% 2050: 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	

*Numbers in parentheses represent current values



Finally, I would like to extract only the main items regarding medium- to long-term sustainability goals and major KPIs.

In the area of the environment, we will work to achieve 100% renewable energy for the energy we consume in our business activities. We are currently using about 1% of renewable energy at our sales offices in Japan, but we aim to achieve 40% by 2024, 3 years from now, and 100% by 2030.

On the other hand, in our EMS business, we have our own factories in 21 locations in 10 countries in Japan and overseas. Therefore, we have set long-term goals for the energy we use: 30% to 50% by 2030 and 100% by 2050. In order to implement the plan, we will spend the next 3 years collecting and analyzing information to determine whether we should generate our own power or procure it from external sources. We will also decide whether solar panels or biomass power is the best way to generate our own electricity.

Through these efforts, we would also like to consider the declaration of RE100.

In society, we will work on diversity and human resource management, as well as work-life management and productivity improvement.

In particular, to ensure the diversity of our core human resources, we will increase the ratio of women in management positions from the current 13% to 15% by 2024. As a preliminary step, we are planning to increase the ratio of women in newly hired general positions from the current 6% to 30%.

Lastly, with regard to governance, as part of the restructuring of our governance system in response to the revision of the CG Code and the reorganization of the Tokyo Stock Exchange, we have already implemented the establishment of at least one-third independent outside directors and the Nomination and Compensation Committee in June of this year. We hope to decide and propose a policy for diversification of the Board of Directors at next year's general meeting of shareholders.

We also plan to introduce a delegated executive officer system in April next year to further strengthen our management supervision and execution functions. We would like to decide on a policy for a company with committees by March 2023.

In this way, we are committed to sustainability management.

Thank you very much for listening.

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**“Everything we do is
for our customers**



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