

Progress of the Medium- to Long-Term Sustainability Management Plan

In November 2021, the Group formulated its Medium- to Long-Term Sustainability Management Plan. In line with its corporate philosophy, “Everything we do is for our customers,” the Kaga Electronics Group will promote sustainability management that aims to achieve both a sustainable society and its own sustainable growth as a

corporate group. In our efforts, we will also cherish dialogue with customers, business partners, shareholders, investors, employees, local communities, and all other stakeholders. In these ways, we will proactively play our part in the realization of a sustainable society while enhancing our corporate value.

Sustainability Policy

1

We tackle environmental issues through our business activities



2

We respect human rights and nurture human resources



3











We aim to establish mutual trust with society



Identification of Materiality (Key Issues)

Having sincerely considered the various issues and social demands the Company and the world are facing, the Kaga Electronics Group has identified the following key issues that will have a significant impact on its management from the four perspectives of E: Environment, S: Society, G: Governance, and

B: Business. By implementing materiality initiatives addressing these issues through corporate activities, we will contribute to the realization of a sustainable society and promote the further enhancement of 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 problemsUrgent call for carbon neutrality	<ul style="list-style-type: none">Provide products and services designed to help resolve environmental and energy issuesContinue 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 normalHuman 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 normalDevelop human resources by passing down and updating KAGAism
G	Create a sustainable management base	 	<ul style="list-style-type: none">Public calls for more robust corporate governanceGrowing need for business resilience against changes in the operating environment	<ul style="list-style-type: none">Further strengthen corporate governance and complianceThoroughly practice a profit-focused management approach
B	Realize sustainable business growth	  	<ul style="list-style-type: none">Progress in digital transformationComing of a “super-smart” society due to the popularization of ICT, such as IoT and AIIntensification of global competition	<ul style="list-style-type: none">Provide products and services that contribute to the transition to a digital-driven societyCreate new businesses aimed at helping solve social issuesFurther promote global expansion

Objectives of the Medium- to Long-Term Sustainability Management Plan

	Main themes	Issues to be tackled or discussed	Medium-term targets*	Long-term targets
E	Aiming to raise the ratio of renewable energy to total energy consumption to 100%	Introducing renewable energy at domestic sales bases	2024: 40% (1%)	2030:100%
		Introducing renewable energy at domestic manufacturing bases	2024: Determine policies via information gathering and analysis	2030: 50%
		Introducing renewable energy at overseas manufacturing bases	In-house power generation/ external procurement Solar panel/biomass power generation/ renewable energy power generation businesses	2050:100%
	Switchover of company-owned vehicles to EV	Switchover of vehicles used by domestic sales departments to EVs (including HVs, PHVs, and FCVs)	2024: 85% (78.5%)	2030:100%
S	Diversity promotion and human resource management	Securing diversity in core human resources (women, foreign nationals, and mid-career hires)	Ratio of women among new graduates hired as career-track employees 2023: 30% (5.6%)	Ratio of women among new graduates hired as career-track employees 2028: 40%
		Hiring elderly citizens and people with disabilities	Ratio of women among managers 2024: 15% (13.3%)	Ratio of women among managers 2029: 17%
	An optimal balance between work-life management and productivity improvement	Enhancing the content of various programs supporting employees engaged in child rearing, nursing care, and teleworking, etc.	2022: Expansion of various programs 2023: Recognized as an outstanding organization under the Certified Health & Productivity Management Organization Recognition Program	2025: Obtain external certification 2024: Maintain status as an outstanding organization
G	Restructuring the governance structure in response to the revision of the Corporate Governance (CG) Code and the reorganization of the Tokyo Stock Exchange	Increasing the number of independent outside directors so that they account for one third or more of the Board membership	Done in June 2021	Set targets in conjunction with the next round of revisions to the CG Code
		Establish a Nomination and Compensation Committee	June 2022: Determine policies	
		Diversifying the composition of the Board of Directors	Done in November 2021	
	Further strengthening top management's execution of supervisory and oversight functions over business execution	Thoroughly complying with the revised CG Code and other requirements accompanying the Company's listing on the Prime Market	April 2022: Enforced	
		Introducing a commissioned executive officer system	March 2023: Determine policies	
		Transitioning to a “company with committees, etc.” system		

Note: Figures in parentheses are values at the time of the formulation of the plan (November 2021).

Progress of the Medium- to Long-Term Sustainability Management Plan

	Main themes	Issues to be tackled or discussed	Main activities and progress in FY2024/3
E	Aiming to raise the ratio of renewable energy to total energy consumption to 100%	Introduced renewable energy at domestic sales bases	At present, renewable energy-derived electricity accounts for 5.1% of consumption
		Introduced renewable energy at domestic manufacturing bases	Decided to purchase non-fossil certificates toward achieving the goal of 40% renewable energy by FY2024. The Company also decided to quantify greenhouse gas emissions and set a reduction target for FY2024.
		Introduced renewable energy at overseas manufacturing bases	Introduced solar power generation equipment at Towada Factory (December 2023) and Sukagawa Factory (February 2024)
	Switchover of company-owned vehicles to EVs	Switchover of vehicles used by domestic sales departments to EVs (including HVs, PHVs, and FCVs)	Installed solar panels at our new plant in Mexico (April 2024)
			The ratio of electric vehicles in the Company fleet increased by 3.0 percentage points from the previous year to 85.0% (as of March 31, 2024).

Solar panels installed at Fukushima Site



Solar panels installed at a facility in Vietnam



	Main themes	Issues to be tackled or discussed	Main activities and progress in FY2023/3
S	Diversity promotion and human resource management	Securing diversity in core human resources (women, foreign nationals, and mid-career hires)	The ratio of female new graduates in career-track positions was 21.7%, increasing 3.6 percentage points from the previous year due to the implementation of recruitment activities in line with the Action Plan but falling short of the 30% target
		Hiring elderly citizens and people with disabilities	Discussions were held within the Group to increase the ratio of female managers, with each company setting its own target number for female managers. As of April 2024, the ratio of female managers was 17.4%, up 0.9 percentage points from the previous year
	An optimal balance between work-life management and productivity improvement	Enhancing the content of various programs supporting employees engaged in child rearing, nursing care, and teleworking, etc.	Fully achieved statutory employment ratio for people with disabilities (March 31, 2024)
		Aiming to be selected as an outstanding organization under the Certified Health & Productivity Management Organization Recognition Program	Implemented a permanent remote work system as well as revised in-house rules and regulations. New rules came into effect from April 2023
			Certified in March 2024 for second consecutive year

	Main themes	Issues to be tackled or discussed	Main activities and progress in FY2023/3
G	Restructuring the governance structure in response to the revision of the CG Code and the reorganization of the Tokyo Stock Exchange	Increasing the number of independent outside directors so that they account for one third or more of the Board membership	From June 2023 onward, the number of directors has been set at 6 (including 3 outside directors)
		Establishing a Nomination and Compensation Committee	Appointed female Outside Auditor at the June 2023 General Meeting of Shareholders; appointment of female Director at the June 2024 General Meeting of Shareholders was postponed
		Diversifying the composition of the Board of Directors	Implemented since June 2022. No revision of the 2023 Corporate Governance Code
	Further strengthening the supervisory and oversight functions of top management over business execution	Thoroughly complying with the revised CG Code and other requirements accompanying the Company's listing on the Prime Market	Decided to expand the membership of the Group Management Headquarters Council to include delegated executive officers
		Introducing a commissioned executive officer system	Implemented since April 2022
		Transitioning to a “company with committees, etc.” system	Continued to be a company with a corporate auditor system. Considered the need for speedy management and the appointment of female directors, and continued to consider the transition to a company with an audit committee system
			The corporate auditor system will remain in place, but the term of office for directors will be reduced from the current two years to one year (implemented in June 2023)

Directors and Auditors

As of June 26, 2024

Directors



Representative Director,
Founder & CEO

Isao Tsukamoto

- 1968 Founded KAGA ELECTRONICS CO., LTD. (private management)
- 1968 Established KAGA ELECTRONICS CO., LTD. President
- 2007 Founder & CEO
- 2022 Representative Director, Founder & CEO
- 2023 Representative Director, Founder & CEO

Significant positions concurrently held

- 2021 Outside Board Director, ITbook Co., Ltd. (Currently SAAF Holdings Co., Ltd.) (to present))
- 2024 Outside Board Director, Solekia Limited (to present)



Representative Director,
President & COO

Ryoichi Kado

- 1980 Joined KAGA ELECTRONICS CO., LTD.
- 1991 General Manager of Sales Department, Sales Headquarters
- 1995 Director, General Manager of East Japan Sales Department, High Tech Business Division
- 2002 Managing Director
- 2005 Senior Managing Director, Chief of Specific Industry Sales Headquarters
- 2012 Vice President
- 2014 President & COO
- 2022 Representative Director, President & COO
- 2023 Representative Director, President & COO



Director, Senior Managing
Executive Officer

Shintaro Kakei

- 1980 Joined ITOMAN Co., Ltd.
- 1993 Joined KAGA ELECTRONICS CO., LTD.
- 2000 Division Director of Overseas Business Division, Electronics Sales Headquarters
- 2000 Director
- 2005 Managing Director
- 2014 Senior Managing Director
- 2022 Director, Senior Managing Executive Officer



Outside Director

Susumu Miyoshi

- 1963 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
- 2001 Executive Vice President and Representative Director
- 2002 President of Osaka Toyopet Co., Ltd. (currently Osaka Toyota Motor Co., Ltd.)
- 2005 Advisor to Toyota Motor Corporation Chairman of Osaka Toyopet Co., Ltd.
- 2015 Director of the Company



Outside Director

Noritomo Hashimoto

- 1977 Joined Mitsubishi Electric Corporation
- 2009 Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Executive Officer, in charge of General Affairs, Human Resources and Public Relations
- 2012 Director, Chairman of the Nomination Committee, Chairman of the Compensation Committee, Senior Vice President, in charge of Corporate Strategic Planning and Operations of Associated Companies
- 2012 Director, Member of the Nomination Committee, Senior Vice President, in charge of Corporate Strategic Planning and Operations of Associated Companies
- 2016 Director
- 2016 Advisor
- 2019 Director of the Company

Significant positions concurrently held

- 2021 Outside Director of IBOKIN CORP. (present position)
- 2024 Outside Director of Susumu Holdings Corporation (present position)
- 2024 Outside Director of Susumu Co., Ltd. (present position)



Outside Director

Mamoru Yoshida

- 1979 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
- 2012 Managing Executive Officer, Panasonic Corporation, President, AVC Networks Company
- 2013 Managing Director, in charge of Technology, Intellectual Property, and Information Systems, Panasonic Corporation
- 2015 Managing Director, Senior Vice President of Appliances Company, President of Air-Conditioner Company, in charge of TV Business, Panasonic Corporation
- 2016 Senior Audit & Supervisory Board Member, Panasonic Corporation
- 2024 Director of the Company

Significant positions concurrently held

- 2020 Outside Director, NEC Networks & System Integration Corporation (current position)
- 2022 Outside Director, Nuvocon Technology Corporation Japan (current position)

Auditors



Auditor (Full-time)

Eiji Kawamura

- 1979 Joined KAGA ELECTRONICS CO., LTD.
- 1985 President of TAXAN (UK) LTD.
- 1993 General Manager of Overseas Sales Department, Sales Headquarters No. 2
- 2005 Executive Officer, General Manager of Accounting Division and General Manager of Information Systems Department
- 2012 Executive Officer Chief of Administration Headquarters
- 2012 Director, Chief of Administration Headquarters and General Manager of Accounting Division
- 2015 Managing Director, Head of Administration Headquarters
- 2022 Director, Managing Executive Officer Head of Administration Headquarters
- 2023 Auditor (Full-time)



Outside Auditor

Susumu Kitsunai

- 1997 Joined Tokyo Office of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
- 2001 Registered as Certified Public Accountant
- 2002 Opened Kitsunai Certified Public Accountant Office as Representative (present position)
- 2004 Established Asia Alliance Partner Co., Ltd. as Representative Director (present position)
- 2018 Auditor of KAGA ELECTRONICS CO., LTD.

Significant position concurrently held

- 2022 Outside Director of Agent Insurance Group, Inc.



Outside Auditor

Yoichi Sato

- 1977 Assistant Judge at Tokyo District Court
- 1989 Judge at Tokyo District Court
- 1996 Judge at Tokyo High Court
- 2016 Admitted to the bar, Joined Alpha Partners Law Offices (present position)
- 2018 Auditor of KAGA ELECTRONICS CO., LTD.

Significant position concurrently held

- 2021 Auditor of Bouygues Asia K.K.



Outside Auditor

Kyoko Oyanagi

- 2002 Joined Sanken Outsourcing K.K.
- 2004 Joined Sugata Labor Management Office (currently Sakura Management Office)
- 2005 Registered as a labor and social security attorney
- 2006 Executive Director, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association)
- 2016 Representative of Social Insurance and Labor Advisors Corporation, Sakura Management Office (present position)
- 2023 Auditor of KAGA ELECTRONICS CO., LTD.

Significant position concurrently held

- 2020 Chairperson, Tokyo Labor Improvement Promotion Association (Labor insurance affairs association) (present position)

Executive Officers

Founder & CEO	Isao Tsukamoto	
President & COO	Ryoichi Kado	
Senior Managing Executive Officer	Shintaro Kakei	
Managing Executive Officers	Motonori Toshinari	
	Mitsuhiro Nohara	
Senior Executive Officers	Mitsuhiro Ikeda	President of EXCEL CO., LTD.
	Takeshi Tsukamoto	Representative Director, President of KAGA FEI Co., Ltd
	Takao Okabe	Division Director of EMS Business Division
	Yasuhiro Ishihara	Head of Administration Headquarters

Executive Officers	Shoji Seki	Senior Managing Director of KAGA SOLUTION NETWORK CO., LTD.
	Hiroki Suzuki	President of DIGITAL MEDIA LAB., INC.
	Hiroaki Maruyama	Director, Managing Executive Officer of KAGA FEI Co., Ltd.
	Kazuhira Watanabe	Division Director of Communication Network Sales Division
	Hironaga Nagasaka	EXCEL CO., LTD.
	Takahiro Urazawa	Representative Director, President of KAGA SPORTS CO., LTD.
	Katsutoshi Suzuki	Representative Director, President of KAGA DEVICES CO., LTD.
	Satoshi Eguchi	Representative Director, President of KAGA MICRO SOLUTION CO., LTD.
	Mitsuhiro Kumabe	Representative Director, President of KAGA SOLUTION NETWORK CO., LTD.
	Hitoshi Koujitani	General Manager of Corporate Strategy Office, General Manager of Sales Strategy Office
	Kenji Shimazaki	Managing Director of KAGA SOLUTION NETWORK CO., LTD.
	Zhen Zhou Zhu	China Supervisor
	Norio Takekuma	Supervisor of ASEAN Headquarters and President of KAGA ELECTRONICS (THAILAND)

Corporate Governance

Basic approach and structure of corporate governance

KAGA ELECTRONICS recognizes that enhancing corporate governance is a key management issue. The Company is therefore building a corporate governance system with the fundamental policies and aims of ensuring total compliance with corporate ethics, laws, and regulations, reinforcing internal control systems, and securing the soundness, efficiency, and transparency of business operations to improve its corporate value. Moreover, in light of the importance of corporate governance, the Company maintains the Sustainability Committee and the Nomination and Compensation Committee, thereby strengthening its corporate governance structure.

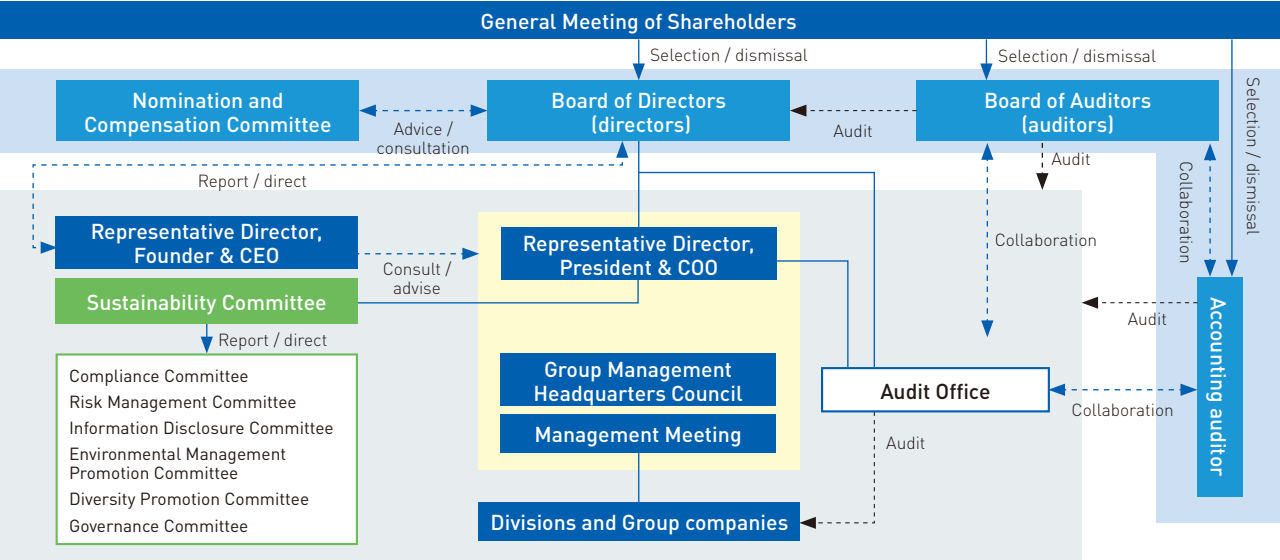
KAGA ELECTRONICS is a company with a board of directors and board of auditors. It has adopted a corporate governance system based on collaboration among its Board of Directors, auditors, and Board of Auditors as well as with the accounting auditor. In principle, the Board of Directors meets once a month and holds extraordinary meetings on a flexible basis.

The Board of Directors makes decisions on important matters related to items stipulated by laws and regulations

as well as to management, and it supervises the execution of duties by directors.

Consisting of six directors, including three each of internal and outside directors, the Board of Directors is capable of sufficiently discussing the aforementioned matters and making accurate and swift decisions. In addition, it switched to a commissioned executive officer system on April 1, 2022, in order to further enhance corporate governance. Based on this system, the Company has even more clearly defined the roles of individuals tasked with management decision making and supervision and those tasked with business execution, thereby facilitating the separation of functions. Moreover, with this move the Company secured a structure capable of responding swiftly to changes in the external environment even as it strengthened both Board of Directors functions and executive functions. The Board of Auditors consists of four auditors, including three outside auditors. Auditors regularly attend Board of Directors meetings while proactively participating in other important internal meetings as part of their duties.

Corporate Governance Organizational Diagram



Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee in an effort to secure the transparency and objectivity of its process for nominating candidates for directors and auditors, evaluating their performance and determining remuneration for these individuals. The Nomination and Compensation Committee consists of at least three directors selected by the Board of Directors, a majority of whom shall be independent outside directors, and the chairperson of the committee shall be selected from the independent outside directors.

Sustainability Committee

The Sustainability Committee is chaired by the Representative Director, President & COO. Subordinate to this committee, the Company has established the Compliance Committee, Risk Management Committee, Information Disclosure Committee, Environmental Management Promotion Committee, Diversity Promotion Committee, and Governance Committee. These organizations work to ensure appropriate decision-making and execution of business operations throughout the Group while formulating policies, measures, and targets for ESG issues and monitoring related progress.

Board of Auditors

The Board of Auditors, comprising four auditors, including three Outside Auditors, meets once a month in principle and as needed. The appointment of three Outside Corporate Auditors also allows the Company to oversee its management from a third-party perspective.

Audit Office

The Company established an Audit Office under the direct authority of the Representative Director, President & COO. The Audit Office works in collaboration with the Administration Headquarters, etc., conducting audits to assess the appropriateness of business activities undertaken by Group companies and other entities, monitor the status of management resources they use, and confirm that they are in compliance with laws and regulations, the Articles of Incorporation, and other internal rules. Moreover, pursuant to the Financial Instruments and Exchange Act, the Audit Office conducts evaluations of internal control systems.

Outside officers

The Company has appointed three outside directors and three outside auditors. Based on the Tokyo Stock Exchange standards on independence, we appoint outside officers who do not have any special interests in the Company and who have extensive experience and broad powers of judgment in corporate management. The auditors are also required to have highly specialized knowledge and maintain independence from management executives.

The Company has established a staff office for the Board of Directors that distributes materials related to matters for

deliberation by the Board to all officers, including outside officers, ahead of each meeting day. The staff office provides supplementary explanations to the outside officers when needed to ensure that adequate information is imparted in advance. This helps support lively debate at Board of Directors meetings. By the end of each fiscal year, the staff office sets the schedule for the regular Board of Directors meetings for the following fiscal year and notifies all officers, including outside officers, of this schedule in order to improve attendance.

Attendance at Board of Directors Meetings for the fiscal year ended March 31, 2024

Name	Position and assignment at the Company	Status of attendance at Board of Directors meetings held during the year ended March 31, 2023		Committee membership	
		Attendance (times)	Attendance rate [%]	Nomination and Compensation Committee	Sustainability Committee
Isao Tsukamoto	Representative Director, Founder & CEO	17 / 19	89.5	● 5/6 (83.3%)*2	
Ryoichi Kado	Representative Director, President & COO	19 / 19	100.0	● 6/6 (100%)*2	● 3/3 (100%)*2
Shintaro Kakei	Director, Senior Managing Executive Officer	19 / 19	100.0		● 3/3 (100%)*2
Susumu Miyoshi	Outside Director	19 / 19	100.0	● 6/6 (100%)*2	
Noritomo Hashimoto	Outside Director	18 / 19	94.7	● 6/6 (100%)*2	
Mamoru Yoshida*1	Outside Director	—	—	● —	

Outside : Outside directors Independent : Independent directors as defined by the rules of the Tokyo Stock Exchange ● : Committee chair ○ : Committee member
*1 Mamoru Yoshida was newly appointed on June 26, 2024.
*2 Number of times each meeting was attended [Attendance rate]

Areas of specialty of Directors and Auditors

Name		Corporate management	Global business	Sales and marketing	Law and risk management	Finance and accounting	Personnel management and human resource development	Technology and manufacturing	IT and digital technology
Directors	Isao Tsukamoto	●	●	●		●			
	Ryoichi Kado	●	●	●			●		
	Shintaro Kakei		●	●				●	●
	Susumu Miyoshi	Outside Independent	●	●	●	●			
	Noritomo Hashimoto	Outside Independent	●		●		●	●	
	Mamoru Yoshida	Outside Independent	●	●				●	●
Auditors	Eiji Kawamura		●			●	●		●
	Susumu Kitsunai	Outside Independent	●	●		●			
	Yoichi Sato	Outside Independent			●		●		
	Kyoko Oyanagi	Outside Independent	●		●		●		

Note: Up to four skill categories are presented per individual in line with the Company's expectations regarding their contributions in their respective areas of specialty. The above matrix does not fully describe the expertise possessed by each individual.

Remuneration system for officers

The Company's basic policy regarding remuneration for its directors is to structure a remuneration system that is linked with shareholder interests and that robustly incentivizes these individuals to strive for ongoing improvement in corporate value, with the aim of securing and retaining excellent human resources capable of practicing and realizing its corporate philosophy. To this end, the Company strives to set remuneration for each director at a level commensurate with their assigned responsibilities. Specifically, remuneration for executive directors

comprises basic fixed remuneration, performance-linked remuneration, and share-based remuneration. Remuneration for outside directors, who are tasked solely with exercising supervisory functions, consists only of basic remuneration due to the nature of their duties. The Company has also made it a rule to ensure that procedures for determining remuneration for directors are rational, objective and transparent as is the content of such remuneration itself.

Total amount of remuneration for the year ended March 31, 2024

	Total remuneration, etc. (millions of yen)	Number of recipients
Directors (Of which, outside directors)	769 [32]	7 [3]
Auditors (Of which, outside auditors)	38 [14]	4 [3]

Evaluating the effectiveness of the Board of Directors

Outside directors with ample management experience and international perspectives engage in lively discussions at each meeting of the Board of Directors, asking questions and offering advice from a variety of perspectives regarding the execution of executive officers' duties. They also endeavor to obtain necessary information on important legal amendments and trends in corporate governance as appropriate. In addition, each director is subject to mutual checks and balances, principally through the free and vigorous exchange of opinions among the members.

Furthermore, once a year, all directors (including outside directors) are asked to participate in a self-assessment survey on the effectiveness of the Board of Directors (i.e., its composition, operation, functions, provision of information to outside directors, governance structure, etc.). The results are then analyzed and evaluated. While the results of fiscal 2023's evaluation indicate that the effectiveness of the Board of Directors as a whole has been maintained at a certain level, we share the view that the Board of Directors should be strengthened going forward by ensuring diversity and other measures.

Main agenda items at Board meetings

In fiscal 2023, the Board of Directors, in accordance with the Board of Directors Rules, deliberated on important matters ranging from the approval of budgets in addition to statutory items and the settlement of accounts to the determination of management policies, strategies, and

plans in addition to M&A projects and the executive structure. Also, this committee receives reports from each business division on the status of activities and medium- and long-term plans.

Major deliberations by the Board of Directors in FY2023

Corporate Strategy Sustainability Governance	The Medium-Term Management Plan	Report on progress of the Medium-Term Management Plan and financial results
	Sustainability	Sustainability Committee Activity Report
	Directors and Officers	Personnel changes for directors and auditors (including group companies), compensation, Directors and Officers Liability Insurance, liability limitation agreement with outside auditors, establishment of mandatory retirement age for Group companies, introduction of restricted share-based remuneration system for actively employed, delegated executive officers
	Governance	Board effectiveness assessment, policy shareholdings, corporate governance reporting, securities reporting, cost of equity capital
	General Meeting of Shareholders	Matters related to the General Meeting of Shareholders
	Human Resources	Changes in benefits, performance-linked bonuses, promotion of male employees taking childcare leave, employee wage increases, awards and penalties
	Related to systems and DX	Replacement of groupware
Audit & Internal Control Risk Management and Finance & Accounting Compliance	Audits	Internal Audit Annual Activity Report, Internal Audit Plan, External Audit Fees
	Internal Control	Effectiveness judgment in internal control, internal control report
	Finance & Accounting	Matters related to financial statements, budgets, cash pool updates for affiliates, dividends from affiliates, borrowing facilities, and dividends
	Related to Compliance	Revised Statement of Authority
	Litigation and Arbitration	Litigation Settlement Report, Litigation Expenses

Internal Control / Compliance

Basic approach to internal control systems

The Kaga Electronics Group is aware that enhancing corporate governance is an important management issue. Our fundamental policy is ensuring compliance with corporate ethics and laws and regulations and reinforcing internal control systems while maintaining the soundness, efficiency and transparency of management and raising corporate value.

To this end, the Company has defined its basic approach to internal control systems. Moreover, the Company has established Rules on Officers and Board of Directors Rules to ensure the proper execution of duties by directors and the Board of Directors. The directors monitor one another’s execution of duties at regular and extraordinary meetings of the Board of Directors. The Company has also established Organization Rules, Rules on the Allocation of Work Duties, Rules on Work Authority, and Rules on Internal Approval to

clarify the scope of authority of each director. As a company adopting a system of corporate auditors, each auditor, including each outside auditor, conducts detailed audits on the execution of duties by directors.

In addition, the Company has formulated the Basic Compliance Rules, which serve as a code of conduct to ensure compliance with laws and regulations and the Articles of Incorporation as a means to enable the proper execution of duties by employees of the Company and Group companies. And, to make this effective, the Company has also set up the Compliance Committee under the umbrella of the Sustainability Committee chaired by the President & COO. In this way, the Company secured a structure to ensure the appropriate execution of business throughout the Group.

Risk management system

Potential risks that the Group faces include factors relating to economic conditions, exchange rate fluctuations, country risks, price competition and rivalries, product procurement capabilities, internal brand risks, legal regulation, market risks, major litigation, severance pay obligations, personal information, accidents, the environment, and information management. As part of efforts to create the needed appropriate systems to manage every risk the Group may face, the Company has designated divisions tasked with handling specific risks while appointing risk control officers and managers tasked with spearheading risk

countermeasures undertaken by such division.

Should any of the above risks occur, the respective departments will immediately take necessary and appropriate measures to minimize the incurrence of damage under the direction and supervision of the Risk Management Manager.

In addition, by establishing the Risk Management Committee as a subordinate body of the Sustainability Committee, we have put in place a system for taking prompt and appropriate action to address foreseeable risks in the Group.

Ensuring appropriate operations at Group companies

The Company has established Rules on the Management of Affiliated Companies to ensure appropriate business operations at affiliated companies and executes controls based on these rules. In addition, it is required that any coordination among Group companies as well as any actions taken on important matters are first discussed by the Company’s Management Meeting and Board of Directors before decisions are made.

The Company’s Audit Office conducts audits in collaboration with the Administration Headquarters and other business units to ensure that business activities

undertaken by Group companies meet unified standards and to confirm the appropriateness and compliance of their operations with laws and regulations as well as the Articles of Incorporation. The Office also provides guidance for improvements in business activities.

Furthermore, Group companies submit the minutes from all Board of Directors meetings to the Company and make monthly reports on business activities, the status of budget implementation, and important matters relating to ensuring the appropriateness of business activities.

Efforts toward the elimination of antisocial forces

The basic position of the Kaga Electronics Group is to maintain no relationships whatsoever with antisocial forces that threaten social order and safety and to remain resolute in its refusal of all improper demands from antisocial forces as set forth in its Fundamental Compliance Rules and Employment Rules.

In cases where the Company is subject to improper demands from antisocial forces, the General Affairs

Department and Sustainability Committee work together, acting in collaboration with crisis management advisors and company attorneys on an as necessary basis to ensure proper and organized responses to such incidents. The Company also holds regular discussions with company attorneys, meets with police departments and other external specialized organizations, and participates in training and other activities to gather relevant information on antisocial forces.

Human Capital-related Initiatives

Developing Autonomous Human Resources to Drive Further Growth



Ken Ishizaki
General Manager,
Administration
Headquarters Personnel
Department

Our Basic Concept on Human Resources and Initiatives to Develop Human Resources

The Kaga Electronics Group’s approach to human resources can be summarized into a single sentence, “People are our greatest asset.” In line with this approach, we have worked to nurture independent, autonomous, and self-motivated individuals with a strong spirit. In the course of human resource management, we remain mindful of what can be done to maximize the value of our human resources and bring out their full potential while encouraging them to exercise their unique strengths as Kaga Electronics Group employees.

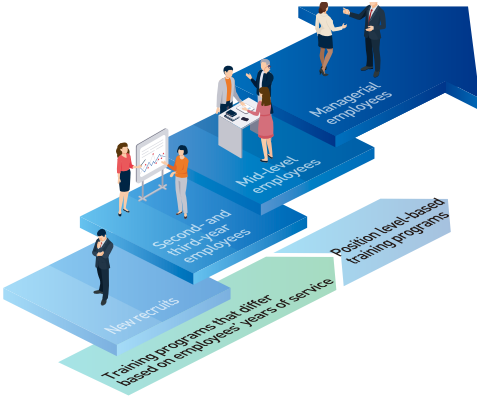
At the core of our training system are in-house position level qualification systems and training programs that differ based on employees’ years of service. The former grants membership to each employee upon joining the Group and, as they accumulate experience, promotes them to leader, chief, manager, general manager and, ultimately, senior general manager. These titles, however, do not necessarily reflect job functions.

For example, an individual at the “leader” rank could be appointed to a manager position if deemed to possess management skills. Likewise, a general manager can be appointed from among individuals who have only reached the “manager” level.

Composition of the Personnel System

Qualification level	Position		
Senior General Manager (SGM)	Executive Officer / General Manager	Manager	Section Manager
General Manager (GM)			
Manager (M)			
Chief (C)	Employee		
Leader (L)			
Member (MB)			

In our training programs, which differ based on employees’ years of service, we provide extensive training for new employees, including post-employment training, sales mindset training, factory tours (manufacturing training), semi-annual follow-up training, and basic technology study sessions. Thereafter, from their second to fifth year, employees are required to undergo annual training. Once reaching approximately the sixth year, employees are promoted to leaders, and from there will participate in a qualification-based training program called Leader Training. Operating alongside the merit-based system, the speed of promotion varies.



Nurturing Global Human Resources Based on the EMS Business, Which Is Expanding Overseas

With regard to the development of global human resources, the EMS Business Division serves as a hub from which employees are dispatched to overseas assignments. Newly hired graduates are assigned to the EMS Business Division, and, once they have two to three years of experience in executing the business scheme in Japan and on overseas business trips under their belts, they are dispatched. We also assign salespersons who joined the Group as mid-career hires to the EMS Business Division and then dispatch them to overseas destinations after they have amassed front-line experience for several months. Meanwhile, KAGA MICRO SOLUTION, a manufacturing subsidiary, recruits mid-career hires specialized in manufacturing, seconding them to the Production Center of the EMS Business Division once they gain proficiency. Following this secondment, they are transferred to overseas bases. Going forward, we aim to nurture human resources capable of handling overseas production management. To this end, we plan to promote similar initiatives, for example, assigning new recruits to KAGA EMS TOWADA CO., LTD. for stints at domestic factories such as Kyokuto Electric Co., Ltd. prior to being sent abroad.

To leverage the capabilities of foreign national employees, each year KAGA EMS TOWADA accepts technical trainees from Indonesia and Vietnam, taking advantage of a government-sponsored foreign technical intern training program. These trainees are given the option of either returning to their home countries after a three-year training period or obtaining a “specific skill” certification and continuing their career at KAGA EMS TOWADA. Meanwhile, Kyokuto Electric has several foreign engineers on its rolls, and in addition to quality-control work and interpretation, is actively involved in the training of its technical interns.

In terms of the promotion of foreign employees, in April 2023, Zhen Zhou Zhu, China Supervisor, was appointed as the Company’s first foreign executive officer.

Initiatives to Promote Diversity & Inclusion

In terms of women’s empowerment, we are making steady progress toward achieving the goals set forth in our Medium- to Long-Term Sustainability Management Plan to increase the consolidated ratio of women in managerial positions to 15% by 2024 and 17% by 2029. However, when looking at KAGA ELECTRONICS on a non-consolidated basis, along with its domestic Group companies, this ratio is not steadily growing. With this in mind, we have formulated targets aligned with the situation of each Group company. Furthermore, we are assiduously promoting initiatives to raise the ratio of women newly hired as career track employees to 30%. We recognize a need to focus on the nurturing of our female employees at a robust pace at KAGA ELECTRONICS and other domestic companies.

As an investment in human capital, in addition to a sharp increase in the number of male employees utilizing the new childcare leave system, the Company also implemented a Groupwide wage increase in March 2024.

Together with Our Employees

The most important management resource for a trading company is undoubtedly its human resources. To drive sustainable growth, we promote the development of human resources and the creation of an environment that enables the execution of our action guideline F.Y.T. (pronounced “fight”). This guideline expresses our commitment to always be Flexible to change, always Youthful, always boldly Taking on challenges.”

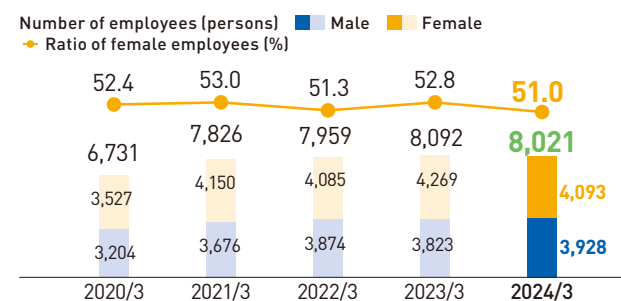
Implementing the idea that “everyone is a corporate manager”

Human resource strategy / Diversity management

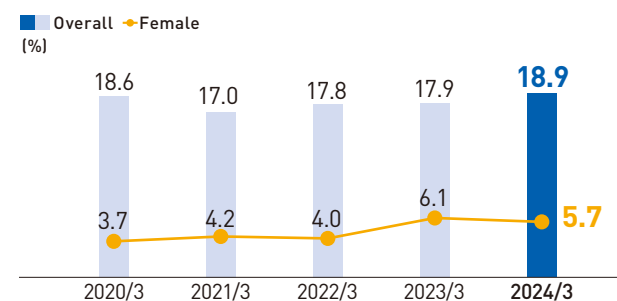
As our business activities become more global and the market environment undergoes abrupt change, diversity and taking on challenges are keys driving sustainable growth. This is because diversity enables us to look at risk as an opportunity, and when we take on challenges we can take full advantage of these opportunities. To make this a reality, the Kaga Electronics Group promotes

diversity management in terms of making effective use of diversity in human resources and work styles. At the same time, we respect our human resources who continue to take on challenges with an attitude that sees each of us as a corporate manager. Accordingly, we will keep maintaining our corporate culture of encouraging taking on challenges and tolerating any resulting failure.

Number of employees / Ratio of female employees (consolidated)



Ratio of managers



Pursuing a comfortable working environment

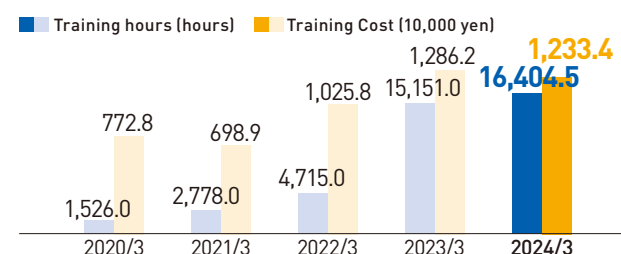
Employee education, training, and income compensation programs

At the Kaga Electronics Group, we support the career development of employees through training for new recruits, annual training, rank-based training, and other forms of education, as well as by providing assistance through correspondence courses.

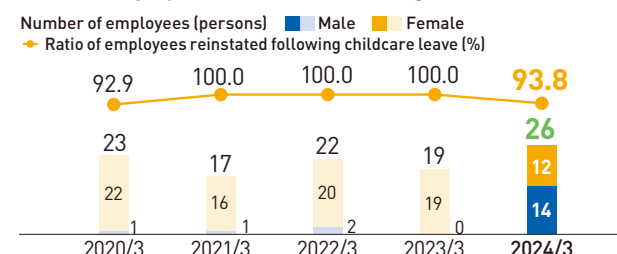
Every year, we grant a total of six days of paid “refresh leave,” which is separate from annual paid leave, to all employees. We also instituted a sick leave program for those who develop one of three specified types of serious disease (cancer, cerebral stroke, or myocardial infarction)

to help them secure their income during their hospitalization and absence from work. Specifically, employee entitlement for paid sick leave is accumulated in step with years of service, for a maximum of 20 days. Employees are also allowed to take hourly paid leave. Furthermore, to encourage male employees to utilize childcare leave, a new specialized childcare leave system was established on April 1, 2023. Through such initiatives as these, we aim to strike a good work-life balance and thus realize a safer work environment for employees.

Training Hours / Training Cost (per person)

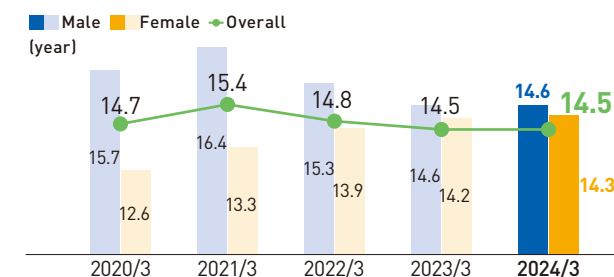


Number of employees who took childcare leave / Ratio of employees reinstated following childcare leave

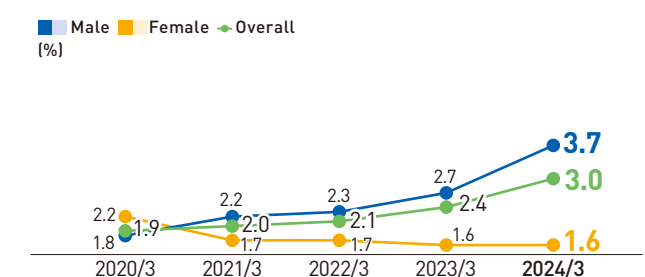


Note: Includes employees who took specialized childcare leave

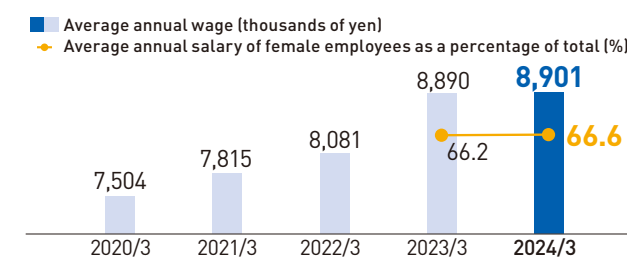
Average length of service / Job turnover rate



Attrition Rate

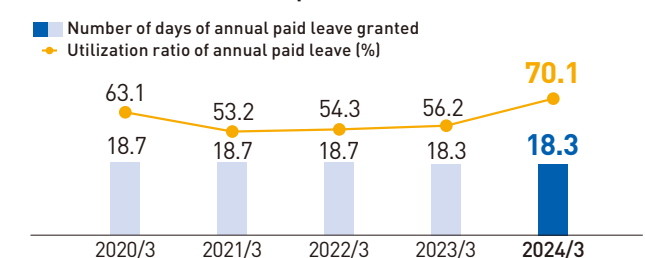


Average annual wage (including bonus)



Note: The average annual wage for the fiscal years ended March 31, 2022 and March 31, 2023 include special stock incentives.

Number of days of annual paid leave granted / Utilization ratio of annual paid leave



Note: Average of all employees, excluding the number of annual paid leave days carried over to the subsequent fiscal year

Recognized as a 2024 Certified Health & Productivity Management Outstanding Organization

We believe that it is essential for each and every employee to be healthy both mentally and physically, and to be a group of professionals with integrity and high corporate ethics. We have been making various efforts toward health management, such as organizing a Health Management Promotion Committee and conducting stress checks. In recognition of these efforts, we were recognized as a 2024 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category), the second consecutive year of our receiving such recognition.



Promotion of employees' physical and mental health

With the aim of supporting the maintenance and improvement of employee health as well as betterment of work-life balance, the Kaga Electronics Group has established its own welfare facilities. In addition to maintaining company villas in four locations in Japan, the Company owns two cruiser boats (Yokohama and Kyoto).

Moreover, the Company provides employees with access to resorts in Japan and abroad, contract golf courses, and other facilities. Furthermore, in August 2023, we opened a training room for employees in the Kaga Electronics Head Office building that boasts the latest in AI-equipped machines that help ensure optimal training tailored to each employee's physical characteristics through the use of electronic tags, and, in June 2024, we opened a similar training room in the Head Office Building Annex. We will continue to implement various health promotion initiatives so that all of our employees can voluntarily maintain and improve their health.



Training room opened in Kaga Electronics Head Office Building Annex

SDGs Contribution Award

Based on its corporate philosophy, “Everything we do is for our customers,” as outlined in its Sustainability Policy, the Kaga Electronics Group will contribute to the realization of a sustainable society by striking a balance between solving social issues and sustaining growth as a corporation through its business activities. To achieve this, an award system was established in 2022 aimed at fostering a corporate culture in which each and every employee of the Company is encouraged and motivated to take an

interest in and work toward SDGs on a daily basis. Winners are awarded shares of the Company's stock.

In the fiscal year ended March 31, 2023, sales of energy-saving commercial products (e.g., thermal barrier sheets) and environmentally friendly cellulose packaging materials won in the individual categories while smart road lamps and building air conditioning control panels won in such group categories as design and contracted manufacturing projects.

Together with Our Customers

The Kaga Electronics Group proposes and provides value-added products and services that swiftly meet changes in the times based on its corporate philosophy of “Everything we do is for our customers.” By doing so, we support the technological innovation and production streamlining of our customers worldwide.

To deliver high-quality products and services

Quality control system

Within its EMS Business Division, the Company established the Production Center. Together with KAGA EMS TOWADA CO., LTD., which has extensive experience in the automotive industry and is positioned as the EMS mother factory, the center works to enhance production technology and quality control Groupwide in cooperation with EMS production bases in North America, Europe, the ASEAN region, China, and elsewhere.

In addition to actualizing our commitment to “putting quality first and manufacturing products that satisfy our customers,” we have established working groups to handle quality assurance, production control, production technology, IT-based production innovation, global procurement, SDGs, etc., at every site with the overarching purpose of sharing and standardizing various indicators

and standards across the Group. Furthermore, in addition to pursuing such lateral development as the supplementation of know-how and resources, we conduct regular inter-site business trip exchange meetings in order to improve quality and customer service.



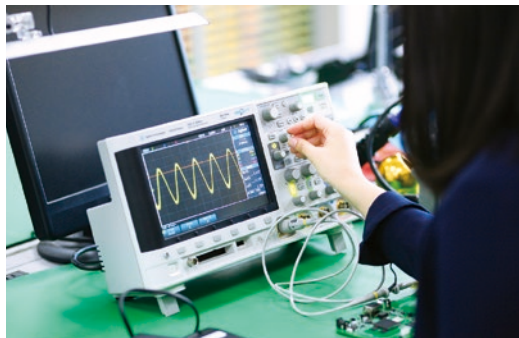
A Production Center-led exchange of overseas engineers

Pursuing our philosophy of “Everything we do is for our customers”

Efforts to enhance quality

The Company’s Engineering Department controls the technological resources of the entire Group, from planning and development to design, manufacturing and quality assurance, and works to ensure the effective use and optimization of these resources, strengthen technological capabilities, and expand business across the organization. The Quality Assurance Department, one of the bodies of the Engineering Department, seeks to enhance development quality and manages safety standards throughout the Group.

This department works with other departments responsible for quality within the Group, depending on the circumstances, in order to resolve issues.



Prototype evaluation using a measurement device

Status of ISO 9001 certification

KAGA ELECTRONICS and the following Group companies have attained ISO 9000 series certification, an international standard for quality management. The Company is striving to further enhance customer satisfaction through the continuous improvement of its quality management system.

- Japan:** KAGA ELECTRONICS CO., LTD., AD DEVICE CO., LTD., KAGA MICRO SOLUTION CO., LTD., KAGA FEI Co., Ltd., NV DEVICES CO., LTD., KAGA EMS TOWADA CO., LTD., Kyokuto Electric Co., Ltd., KAGA TECHNO SERVICE CO., LTD.
- Overseas:** KAGA (H.K.) ELECTRONICS LIMITED, KAGA (SHENZHEN) ELECTRONICS LTD., KAGA COMPONENTS (MALAYSIA) SDN.BHD., KAGA ELECTRONICS (THAILAND) COMPANY LIMITED, KD TEC (Czech Republic) s.r.o., SUZHOU TAXAN KAGA TRADING CO., LTD., KAGA TECHNOLOGY (SUZHOU) ELECTRONICS CO., LTD., PT KAGA ELECTRONICS INDONESIA, HUBEI KAGA ELECTRONICS LIMITED, TAXAN MEXICO, S.A. DE C.V., KAGA ELECTRONICS (VIETNAM) CO., LTD., KD TEC TURKEY ELECTRONIK SANAYI VE TICARET LIMITED SIRKETI, KAGA ELECTRONICS INDIA PRIVATE LIMITED, KAGA FEI AMERICA, Inc., KAGA FEI EUROPE GmbH

Together with the Community

Cognizant of the importance of its social responsibilities as a company, the Kaga Electronics Group contributes to sports promotion and to the local community through its business sites worldwide, and actively undertakes activities that help drive advances in education, art, and culture.

Contributing to the local community

The Kaga Electronics Group, which conducts business activities around the world, takes on a variety of social contribution activities at its sites in Japan and overseas as well.

Among its overseas sites, TAXAN MEXICO S.A. DE C.V. (Mexico), where a new plant began operation in April 2024, conducted Pink Ribbon activities to raise the screening rate for breast cancer and encourage its early detection, while KAGA ELECTRONICS (THAILAND) COMPANY ., Limited (Thailand) conducted a campaign that involved 460 employees planting 3,000 trees in the Si Racha District.

KAGA EMS TOWADA CO., LTD. conducts regular cleanup activities not only around its plants but at local tourist spots and also organizes plant tours for local junior high school students as part of their social studies courses. KAGA MICRO SOLUTION CO., LTD. offers work experience training and internship programs to local junior high schools in addition to conducting cleanup activities in the areas surrounding its plants. Kyokuto Electric Co., Ltd. also contributes to the beautification of the local environment through cleanup activities around its plants. In addition, KAGA EMS TOWADA received a letter of appreciation from the Towada Police Station for its contribution to the development of a safe and secure community through the provision of training, lifestyle guidance, and supervision of foreign technical intern trainees as well as the provision of driving instruction and cooperation in crime prevention activities aimed at eliminating traffic violations and accidents, given that many of its employees commute to work by car. We remain committed to promoting initiatives that are rooted in each local community.



Tree Planting in Si Racha District, Thailand (KAGA ELECTRONICS (THAILAND))



Pink Ribbon activities (TAXAN MEXICO)



Plant tour for local junior high school students (KAGA EMS TOWADA)



Work experience training for local junior high school students (KAGA MICRO SOLUTIONS)

Supporting education and welfare

At KAGA ELECTRONICS, the Founder & CEO Isao Tsukamoto gives lectures to students as a specially appointed professor for the Faculty of Service Innovation, Chiba University of Commerce. Tsukamoto speaks at such events as study sessions for young corporate managers who run SMEs.

In addition, the Company contributes to society in a wide range of fields related to education, the arts, and culture, for example, co-sponsoring “The Marriage of Figaro,” a Kyogen-style opera supported by the Ministry of Foreign Affairs and other organizations, and Hamamatsu Jazz Week held in Hamamatsu City, Shizuoka Prefecture.



Tsukamoto lectures to students at Chiba University of Commerce



Hamamatsu Jazz Week

Together with the Earth

The Kaga Electronics Group views the 21st century as the century for protection of the global environment and, with this in mind, conducts business activities based on an awareness of energy and resource conservation that includes reducing CO₂ and other greenhouse gases and verifying the environmental load of the products and services it handles.

Environmental Policy

The Kaga Electronics Group looks to the future of electronics at all times, striving to meet customer needs as well as to preserve and enhance the natural environment in order to protect our irreplaceable Earth.

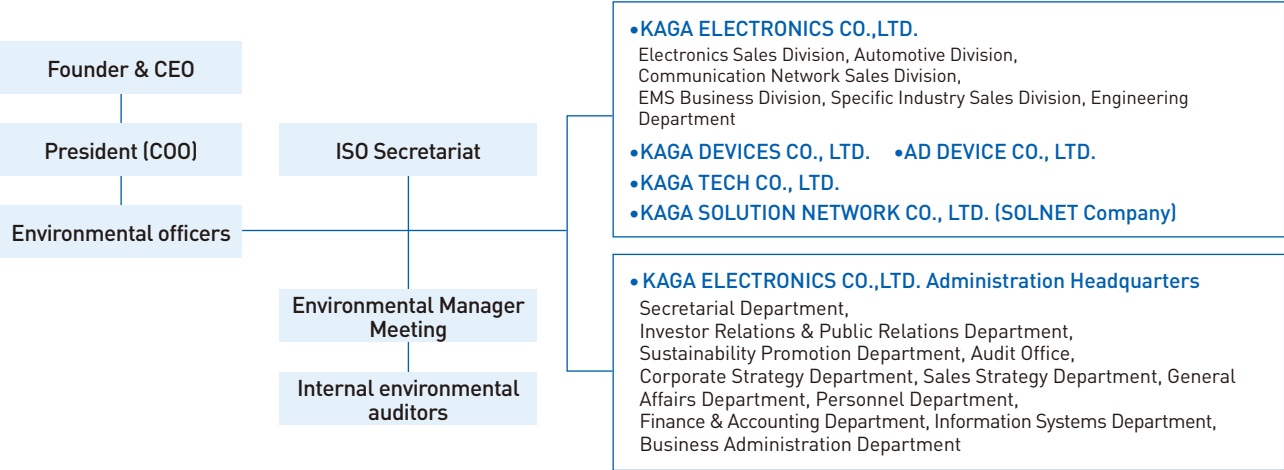
- 1 The Kaga Electronics Group shall establish an environmental management system that involves all employees and promote ongoing improvement of this system to preserve the global environment and prevent pollution in all of our business activities to provide products and services.
- 2 In executing our business activities, we shall strictly adhere to environmental laws, regulations and related requirements as well as comply with all other requirements agreed upon by the Kaga Electronics Group.
- 3 We shall strive to prevent pollution and enhance the environment through non-wasteful office and business activities based on a philosophy of conserving energy and resources.
- 4 We shall set targets for the following requirements to the extent possible for the products and services that the Kaga Electronics Group handles and regularly review the progress of our activities.
 - Must be composed of environmentally friendly substances
 - Must be able to cut waste through reuse and recycling
 - Must be designed with energy and resource conservation in mind using the latest electronics technology
- 5 We shall provide education to all employees to increase their awareness of the need for environmental protection and to ensure their understanding of our Environmental Policy.
- 6 Our Environmental Policy shall be disseminated widely throughout society through such means as the Kaga Electronics Group website and corporate profile.

Environmental management system

The Kaga Electronics Group established an environmental management system based on its Environmental Policy. Under the system, environmental officers, the ISO Secretariat, the Environmental Manager Meeting, and internal environmental auditors team up and, guided by the president, conduct environmental management at

KAGA ELECTRONICS and its Group companies. In addition, we have attained ISO 14001 certification, an international standard for environmental management systems, at the Company and 20 sites at four Group companies in Japan. We are strengthening our system through a PDCA cycle.

Environmental management system



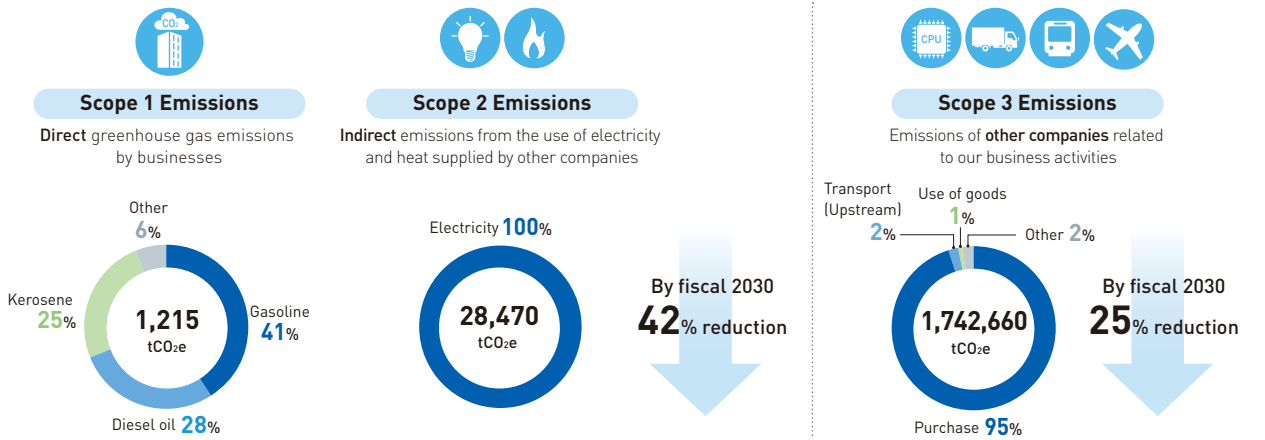
Note: KAGA FEI, KAGA EMS TOWADA, EXCEL, KAGA TECHNO SERVICE CO., LTD., Kyokuto Electric Co., Ltd., and NV DEVICES CO., LTD have each acquired ISO 14000 certification for their respective environmental management systems.

Initiatives to reduce environmental burden

Greenhouse gas emission status and reduction targets

Although the Company has historically calculated greenhouse gas emissions only for specific sites, in the interest of ensuring continuous emissions management and transparent information disclosure, we have calculated Scope 1, 2, and 3 emissions for the fiscal year ended March 31, 2024. Basing our calculations on figures for the fiscal year ended March 31, 2024, we have

set a reduction target of 42% for Scope 1 and 2 emissions and 25% for Scope 3 emissions by fiscal 2030. The Group is committed to understanding the current situation and working toward achieving its goals. Emissions for the year ended March 31, 2024 are as follows.



Achieving 100% renewable energy use

The KAGA ELECTRONICS Head Office Building is designed for energy conservation. Notably, it features an exterior air-intake double-skin* curtain wall that brings outside air into offices to reduce the heat load, introduce natural ventilation, and improve sound insulation.

In addition, the Group has installed renewable energy facilities employing solar panels at manufacturing sites in Aomori and Fukushima prefectures in Japan as well as at overseas manufacturing sites in China, Vietnam, and Mexico. Most of these installations account for several dozen percent of their respective facility's annual

electricity consumption, with the largest plant in Vietnam expected to cover more than 70% of its electricity needs. We will continue our efforts to achieve 100% renewable energy by installing more solar panels and storage batteries, as well as making other environmental considerations.

Introducing solar panels at manufacturing bases



TAXAN MEXICO's New Plant

* Double skin refers to a construction technique in which a building's exterior walls are partially or fully covered with a double layer of glass.

Biodiversity conservation activities

In 2023, the Company installed a biotope type rooftop garden at its Head Office building to preserve biodiversity and protect the natural environment through the cultivation of living organisms and plants, as well as to preserve species and create an environment conducive to their habitat.

We will continue to regularly survey the habitat of living organisms and plants and provide information through the Company's website.

*A cohesive space in which local wildlife lives.



The biotope on the roof of our Head Office building