

November 25, 2021

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Notice Regarding the Formulation of Medium- to Long-Term Sustainability Management Plan

Based on "Promotion of SDGs Management," one of the four basic policies of Medium-Term Management Plan 2024 announced today, Kaga Electronics Co., Ltd. has formulated a Medium- to Long-Term Sustainability Management Plan, with details as follows.

1. 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.

2. 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.

3. Identifying 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	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 KAGAism
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

4. Medium- to long-term sustainability targets and major KPIs

	Key themes	Issues to address/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 	2024: 40% (1%)	2030: 100%
		<ul style="list-style-type: none"> 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%
		<ul style="list-style-type: none"> Adoption of renewable energy at overseas manufacturing sites 		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 	June 2021: Performed	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 	By June 2022: Determination of policy	
		<ul style="list-style-type: none"> Full compliance with Corporate Governance Code for Prime Market 	November 2021: Performed	
		<ul style="list-style-type: none"> Adoption of delegation-based executive officer structure 	April 2022: Enactment	
	<ul style="list-style-type: none"> Transition to structure of company with committees 	By March 2023: Determination of policy		

*Numbers in parentheses represent current values