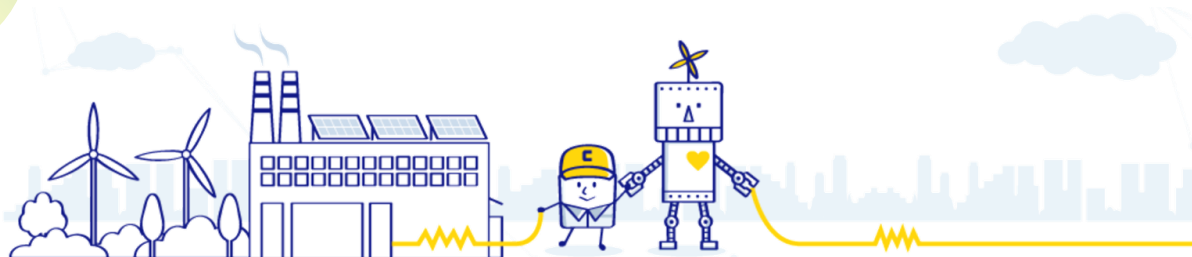


2021

Corporate Social Responsibility Report



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COSEL

Cosel Co., Ltd

Editorial Policy

Cosel Co., Ltd. issued its first Environmental Report in 2000 and has disclosed information on its environmental protection activities ever since.

In 2015, we decided to issue this CSR Report in order to enhance communication with stakeholders by reporting on not only our environmental efforts but all of our initiatives related to corporate social responsibility (CSR).

In the future as well, Cosel Co., Ltd. will strive to contribute to the realization of a sustainable society through our business activities while further enhancing this Report so that it can fulfill its role as a tool for communication with stakeholders.

Reporting Period

May 21, 2020 to May 20, 2021

Referenced Guidelines

ISO26000

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Commitment of Top Management

Cosel's CSR is based on its Management Philosophy of "Living up to our reputation in society by a quality-first approach"

Based on our management philosophy "Responding to the Trust of Society by Putting Quality as the Most Important Priority," Cosel aims to continue to earn the trust of society by balancing contributions to the realization of a sustainable society with our own sustained growth.

We will realize such contributions to the realization of a sustainable society and sustained growth through manufacturing and providing products and services. We consider quality to be vital to realizing these goals.

When we use the word "quality," we use it not simply in the sense of functional quality but to refer to the various types of quality that are essential to the sustainability of society, including the quality of the services and interactions we provide, the quality of the value we provide in response to changing needs, and the quality of our work. Cosel's attitude toward CSR is based on this management philosophy that has been handed down within the organization.

Basic activities to fulfill our social responsibilities

We carry out our business activities based on a customer-oriented, quality-first mindset, in all domains including product planning, development, design, procurement, production, sales and customer-satisfaction activities. We value Cosel Quality, which is generated through the interactions among these business activities.

We believe that continuous quality improvement leads to customer peace of mind, and by extension, to earning the trust of society. Cosel's activities are conducted through systems and structures developed to ensure thorough corporate governance, risk management, and compliance, each of which is fundamental to corporate management that aims to fulfill our social responsibilities. We aim to promote these activities broadly throughout the entire supply chain in addition to the Cosel Group.

Environmental initiatives

In line with our environmental policies and the action guidelines intended to realize them, we actively promote efforts to lessen the environmental impact of our business activities, based on an environmental management system. As a company that develops and manufactures electric products, we believe that we can contribute to the realization of a sustainable society by promoting energy conservation by our customers and in social systems through advancing efforts to lessen the environmental impacts of activities such as procurement and production as well as developing and supplying products that can deliver significant energy-conservation effects by reducing power loss. We believe that our environmental initiatives also will enable solutions to business challenges.

We also believe that it is our mission and responsibility to pass on our precious global environment to future generations in a sound, healthy state.

Taking on the challenges of technological innovation to create new value

The environment in which we do business has undergone massive changes in recent years as we come face to face with a wide range of social issues and challenges. Customers' needs also have grown increasingly diverse with the progress of globalization. This means that the definition of "quality" referred to in our management philosophy also has changed and grown more diverse. We believe it is vital to accurately identify such changes in the concept of "quality" in a timely manner.

Cosel has set "Grasping needs from a customer's perspective and developing high-value added products and services" as the vision in the ninth mid-term management policy. This vision represents our aims to identify the needs of customers and society and what they want to achieve at an early stage, through communication and cooperation with customers, and to create, co-create, and realize new value for the future.

We will advance efforts to realize valuable products and services by boldly taking on the challenges of innovation in technologies and manufacturing that are essential to this vision.

Workplace and human-resource development to enable each and every employee to thrive

The starting point of manufacturing is human-resource development, and above all it is our people who support our business activities and, by extension, our CSR activities. We believe that the growth of each individual employee and evolution of the organization will enable us to adapt to change, while also inspiring peace of mind among customers and leading to our perpetual growth as a company.

We also believe that improving specialized abilities in areas such as technologies, skills and management techniques, as well as sharing our individual ideas, respecting each other, and supporting each other's growth should be fundamental for enhancing our organizational abilities.

This is why we value communication and teamwork so highly.

We aim to be a group of autonomous human resources who are able to learn, think, and act on their own. We are confident that broadening the domains in which they can succeed will make work more rewarding of each individual and enable our corporate growth as well.

We will strive to develop a culture and environment in which autonomous human resources can grow, to enable our continued growth as an organization.



谷川正人

President & Chief Executive Officer, Cosel Co., Ltd.

Management Philosophy

Based on our management philosophy, Cosel strives to improve our corporate culture continuously by utilizing the concept and techniques of total quality management (TQM).

In increasingly competitive electronics markets such as the switching power supply market, we strive to demonstrate our presence and competitive advantage while clearly presenting our own unique vision, to meet the expectations of society by providing attractive technologies and products of higher quality.

Management Philosophy

Responding to the Trust of Society by Putting Quality as the Most Important Priority



Charter on Ethics and Standards for Voluntary Action

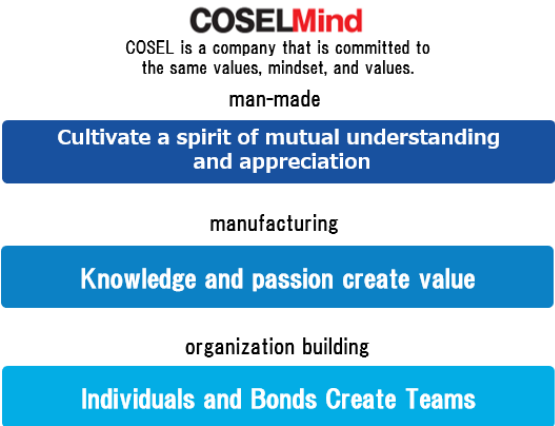
The Charter on Ethics and Standards for Voluntary Action have been established to realize our management philosophy by enabling all executive officers and employees of the Cosel Group to be deeply aware of their social responsibilities, comply thoroughly with applicable laws and regulations in all business activities, and act in accordance with social ethics.

Charter on Ethics

- (1) Compliance with laws and social norms**
Comply with laws, social norms, common sense, and rules, as well as the spirit thereof, in addition to internal rules and regulations such as this charter in all business activities, and ensure that the Cosel Group's business activities are conducted properly in a manner that complies with social ethics.
- (2) Contribution to society**
Make efforts to provide world-leading products and services that meet market needs and contribute to society by doing so.
- (3) Respect for human rights**
Respect the basic human rights of all and never commit any act of discrimination or any act that violates the dignity of individuals.
- (4) Information disclosure**
Disclose information properly and conduct fair, just, and transparent business activities.
- (5) Environmental conservation**
Conduct business activities in consideration of the environment and safety in order to coexist with nature and protect the global environment and natural resources.



The meaning of the Charter on Ethics and Standards for Voluntary Action



The awareness, values, and thinking that should be shared by Cosel are described in the "Cosel Mind" (pamphlet), which is distributed Companywide to ensure thorough understanding.

Standards for Voluntary Action

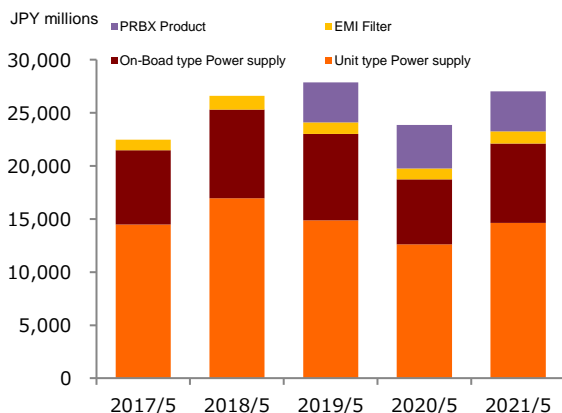
- (1) Sincere response to customers
We will value the opinions of customers and utilize them in all business activities including product development.
- (2) Quality first
We will continue our efforts to provide the best quality products and services that satisfy our customers.
- (3) Product labels, explanations, and ads
We will provide our customers with accurate knowledge on the use of our products and give them a sense of security and satisfaction.
- (4) Fair and just transactions
We will conduct fair and just transactions such as procurement and sales.
- (5) Relationship with anti-social forces
We will never form a relationship with any anti-social forces or groups that pose a threat to the order and safety of civil society.
- (6) Timely information disclosure
We will disclose proper information to our shareholders, investors, and customers in a timely manner so that they can correctly understand the financial health and general business activities of Cosel and the Cosel Group.
- (7) Prohibition of insider trading
We will never conduct stock transactions that fall under insider trading or might be suspected as insider trading.
- (8) Confidentiality
We will never leak confidential information without good reason.
- (9) Protection of company property
We will take good care of all company properties that create corporate value and never commit any act that would damage them.
- (10) Protection of intellectual property
We will work hard to protect our intellectual properties and take all possible measures not to violate the intellectual property rights of others.
- (11) Responsible performance of duties
We will perform our duties responsibly in accordance with laws and internal rules and regulations.
- (12) Distinction between private and public matters
We will clearly distinguish corporate roles from private roles and never confuse corporate interests with personal interests.
- (13) Maintenance of a healthy and safe workplace
We will comply with laws and internal rules and regulations concerning a safe and healthy workplace and work hard to create such a work environment.
- (14) Respect for human rights
We will respect human rights and work hard to create a workplace free of discrimination against sex, age, place of origin, race, belief, religion, disease, or disability.
- (15) Prohibition of sexual harassment
We will never commit sexual harassment in any way.
- (16) Prohibition of power harassment
We will never engage in any behavior outside the proper scope of business that slanders the personality or violates the dignity of the person or commit harassment by taking advantage of a superior position of power.
- (17) Privacy protection
We will respect personal information to the maximum extent and never infringe, misappropriate or disclose such information falsely.
- (18) Overseas operations
We will respect local laws, customs, and cultures while conducting our business activities overseas.
- (19) Environmentally-conscious business activities
We will comply with environmental laws and internal environmental rules and reduce adverse environmental impact in all business activities to conserve the global environment.
- (20) Contribution to society
As a good corporate citizen, each of us will strive to contribute to the realization of a good society.
- (21) Political involvement
We will take a neutral stance to politicians and political groups and never provide any improper benefits or favors to them.

Company Overview

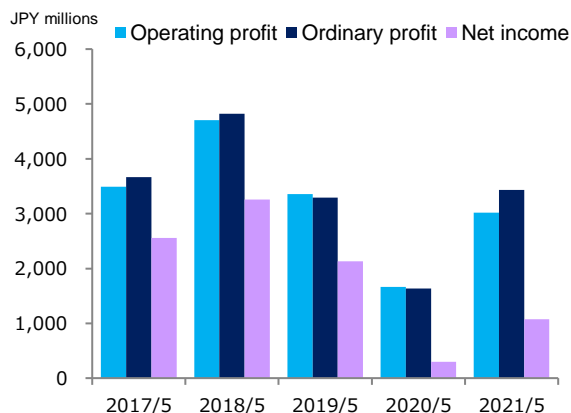
■ Company name:	COSEL Co., Ltd.
■ Headquarters:	1-6-43 Kami-Akae Machi, Toyama City, Toyama Prefecture, 930-0816 Japan
■ Lines of business:	Manufacture and sale of electronic devices and electric machinery
■ Main products:	Regulated DC power supplies (such as switch mode power supplies)
■ Representative:	Masato Tanikawa
■ Established:	July 26, 1969
■ Capital:	2,055 million yen (as of May 2021)
■ Net sales:	27,020 million yen (consolidated, period ended May 31, 2021)
■ Employees:	698 (consolidated, period ended May 31, 2021)
■ Affiliates:	COSEL U.S.A. INC. (San Jose, USA) COSEL EUROPE GmbH (Frankfurt, Germany) COSEL Asia Ltd. (Hong Kong, China) COSEL (Shanghai) Electronics Co., Ltd. (Shanghai, China) Wuxi COSEL Electronics Co., Ltd. (Wuxi, China) Shanghai Cosel International Trading Co., Ltd. (Shanghai, China) COSEL Vietnam Co., Ltd. (Ho Chi Minh City, Vietnam) Powerbox International AB (Gunesta, Sweden)

Financial Standing (Consolidated)

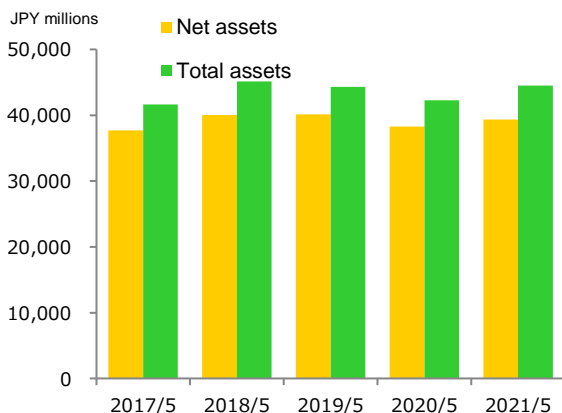
Sales



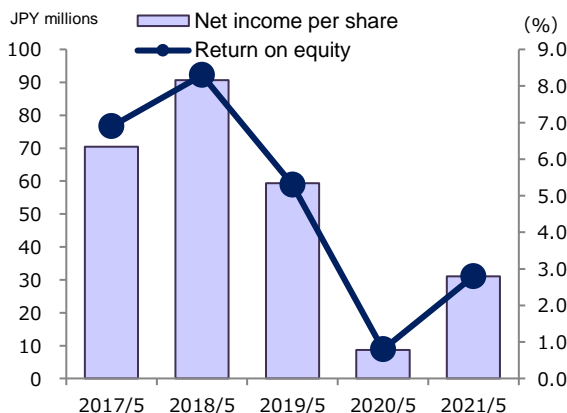
Operating profit/Ordinary profit/Net income



Net assets/Total assets



Net income per share/Return on equity



Business Outline

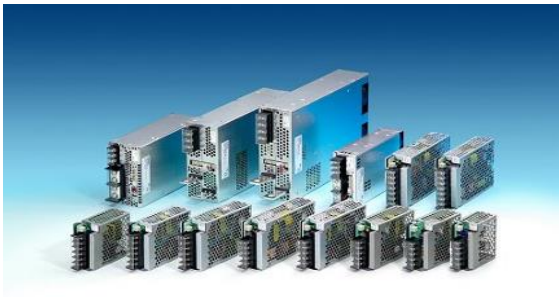
Electronics products such as industrial and consumer devices are made using numerous electronic components, such as semiconductor devices. For this equipment to operate, it is essential to convert the alternating-current (AC) electrical power delivered to factories and households to stable direct-current (DC) electricity. Cosel's regulated DC power supplies make this possible.

In particular, switch mode power supplies are our main products. They are employed in many electronic devices such as those used in information and telecommunications systems, medical devices, and factory-automation equipment because they are compact, lightweight and highly efficient.

Regulated DC power supplies can be described as the hearts of these products, and they truly hold the key to the future of the age of electronics.

Through never-ending interaction with new technologies, we continue to develop highly reliable products that will help to build the future of electronics.

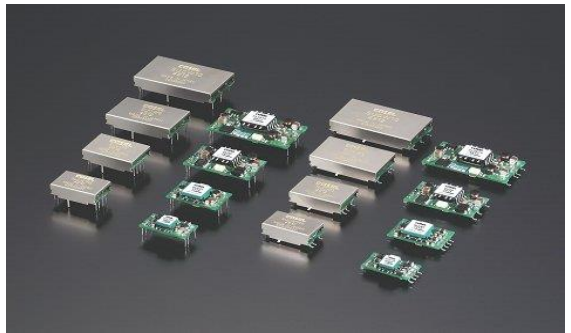
Our products



Unit power supplies

Power supplies enclosed in cabinets

* Mainly AC-DC converters



Onboard power supplies

Power supplies implemented on customers' circuit boards

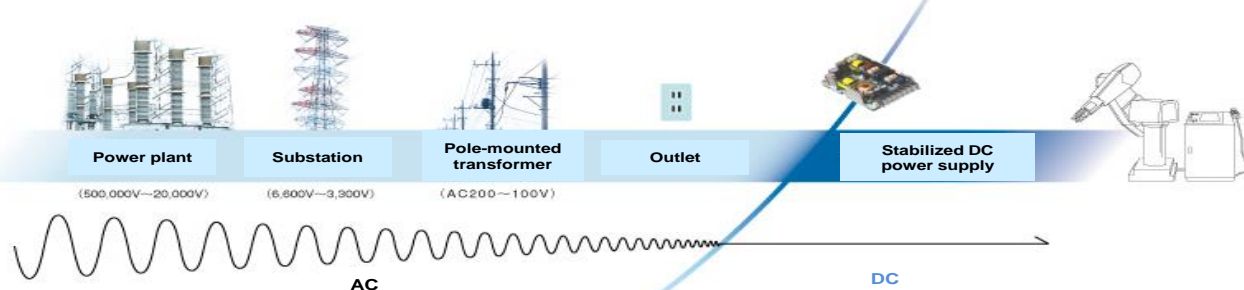
* Mainly DC-DC converters



Noise filters

Prevention of malfunctioning caused by noise introduced from power-supply lines

<Delivery of electricity>



Examples of Use of Regulated DC Power Supplies: Part 1

Signs

Industrial equipment

Communication equipment



Stadium large LED sign board

Advertising information signboard



Industrial robot



Mobile phone base station

Medical equipment

CP applied equipment



CT scanner



Ticket-vending machine



ATM

Other equipment



EV charger



Various control boards



Large LED Sign for advertisement



LED lighting



High speed train ATC on-board equipment



Power converter for wind power generator

Cosel's regulated DC power supplies are used in a wide range of industrial machinery, from devices out of view from the general public to machinery operating inside factories.

Head office



Site: 8,990 m²

Total floor area: 11,694 m²

60 kW solar panels



R&D Center



Site: 4,906 m²

Total floor area: 8,206 m²

Tateyama Factory



Site: 47,367 m²

Total floor area: 11,579 m²

150 kW solar panels



Training Center



Total floor area: 884 m²

History

Our history since our founding (in 1967) is summarized below.
 A development building was completed on the head office site in November 2018, to contribute to our success and survival in competitive markets. By bringing together development divisions, We carry out new-product development with a sense of urgency while also striving to deploy the technologies it develops horizontally across the organization, to bring attractive products to market.

	Business Achievement	Quality management/ Environment management	QC circle
FY1967	Established as Kimura Electronics Sales Inc. (Private company)		
FY1969	Established ELCO Co., Ltd.		
FY1973	Completed Head Office and Factory at Kamiakae-machi Toyama		
FY1978	Concentrated the recourses in Power Supply business	Organized Quality management Dept	Introduced QC Circle activity
FY1979			Held 1st company-wide QC circle contest
FY1980	Expanded Head Office		
FY1982		Introduced and started TQC guidance meeting. Obtained the first UL standard certification for J series	
FY1983	Selected a Model factory that is the most efficient among small and mid-sized business in Toyama	Introduced management by policy(planning a long-term and annual management plan)	Participated in a QC Circle contest outside Cosel for the first time
FY1984	Awarded an excellent company prize from Small and Medium Enterprise Agency		
FY1986	Selected a Model factory that is the most efficient one from Small and Medium Enterprise Agency	Certified the CSA standard for KMC series	
FY1987		Certified the first EN standard by TUV for PMC series	Participated in all Japan QC Circle contest
FY1988	Awarded the small and mid-business center prize from Small and Medium Enterprise Agency	Introduced Toyota Production System. Obtained the first 3-mark(UL/CSA/TUV) safety standard certification for P series	Became a secretary for Toyama Region of QC Circle,Hokuriku Branch
FY1989	Completed Tateyama factory at Tateyama-machi Toyama		
FY1992	Changed company name to COSEL CO., LTD. from ELCO CO., LTD.	Introduced V.I(Visual Integration)	Became a chief company of QC Circle activity in Toyama, Hokuriku area
FY1993		Certified ISO9001 as first certified company in Toyama	
FY1994	Shares listed as an over-the-counter stock in Tokyo Exchange Stock		
FY1996		Introduced TPM activity	
FY1998	Awarded as a contributed company for Toyama district promotion from Ministry of land and infrastructure	Started KI activity	
FY1999	Shares listed on the Second Section of the Tokyo Stock Exchange and Nagoya Stock Exchange	Awarded a TPM prize in 1st class for our excellent achievement Certified ISO14001	
FY2000	Shares listed the First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange		
FY2002	Expanded Head Office	Started KI activity	
FY2003			Chief company of QC Circle activity in Hokuriku area
FY2004		Started TQM guidance by an external consultant	
FY2005	Established Noise Filter business	Started TQM guidance for our subsidiary companies by an external consultant	Awarded "Ishikawa prize" that is the most authoritative about QC Circle activity in Japan.
FY2006		Completed RoHS Directive for all models	Our president was awarded "an enthusiastic employer about QC circle activity" prize. Participated in the all Japan QC circle presentation contest first time.
FY2007	Expanded Tateyama factory		Became a secretary of QC Circle activity in Toyama, Hokuriku area
FY2008		Started CINPR and KYT (Self-TQM)	Awarded Gold prize in JHS division of all Japan QC Circle presentation contest
FY2009			Awarded "Ishikawa prize" that is the most authoritative about QC Circle activity in Japan.
FY2012	started production in China		
FY2015	Completed incorporation of Vietnam Plant. Cosel Vietnam Co., Ltd., a transformer-manufacturing subsidiary.		Awarded "Ishikawa prize" that is the most authoritative about QC Circle activity in Japan.
FY2018	Acquired The Powerbox. Completed R & D Center.		
FY2019			Awarded "Ishikawa prize" that is the most authoritative about QC Circle activity in Japan.Became a secretary of QC Circle activity in Toyama, Hokuriku area
FY2020			Awarded "Ishikawa prize" that is the most authoritative about QC Circle activity in Japan.Awarded Gold prize in JHS division of all Japan QC Circle presentation contest

Together With Our Customers

Our basic thinking on quality

Cosel has established the quality policy “Live up to our reputation in society by a quality-first approach,” based on our management philosophy (organizational goal) of “Responding to the Trust of Society by Putting Quality as the Most Important Priority.”

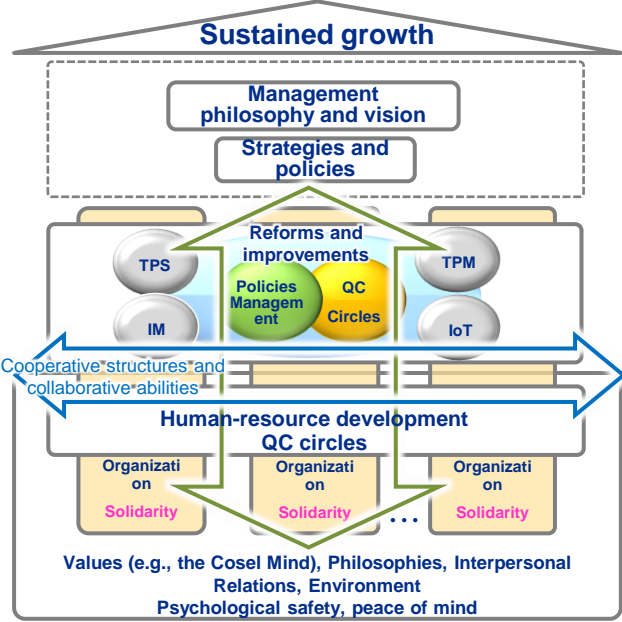
The bases of quality activities are product reliability and delivery of peace of mind to customers. We believe that these will enable us to earn the trust of society.

To realize this policy, we have identified the concept of total quality management (TQM) as a pillar of management, and we aim to link this concept to our sustained growth as an enterprise through raising the levels of quality of not only our products and services but also our work and our management.

Cosel will strive to improve quality at all stages from product planning and development through production, sales, and service, in order to provide our customers with attractive products and services that win their trust and deliver peace of mind and satisfaction.

TQM concept

We have conceptualized our thinking on TQM as illustrated to the right, and we strive to ensure its thorough understanding throughout the organization.



Development of the quality assurance system

Cosel's quality management system (QMS) has been developed in accordance with the requirements of ISO 9001, the international quality management standard, and we monitor each process and carry out improvement activities as appropriate.

We strive to promote quality assurance activities at all stages from the start of the manufacturing process through the time when customers finish using our products, in order to deliver products that will satisfy our customers. Specifically, we pursue customer satisfaction by identifying key points in every stage of our business activities, from product planning through product development, production, sales, and customer care.

Based on inputs such as valuable customer feedback, we accurately identify customer needs and plan products to meet them. At the product-development stage, we verify quality utilizing functional, performance, environmental, and other indicators, while designing products that customers can use with peace of mind. We also emphasize quality at the product-planning stage, endeavoring to prevent potential defects through expert design review and use of methods such as failure mode and effects analysis (FMEA) and design review based on failure mode (DRBFM).

At the production stage, we perform thorough quality control in each process and ship only products that have passed inspection.

We employ a bar-code system that enables us to trace when the components used in products shipped were delivered to us, so we can narrow down swiftly the affected lots in the event of any abnormalities.

As part of customer care, we provide technical support through a toll-free telephone number and a contact form on our website, and our dedicated support team strives to respond to inquiries from customers swiftly and accurately.

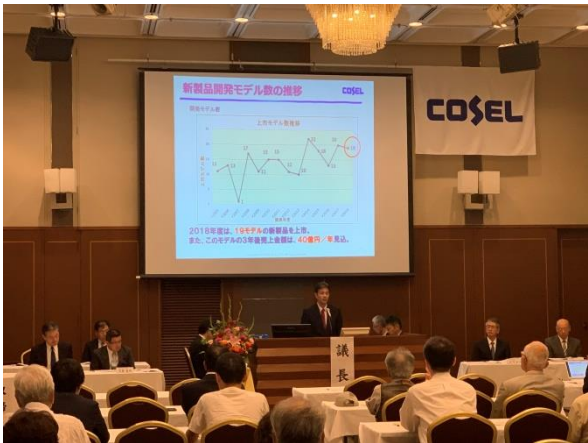
The entire organization strives together as one to deliver attractive products and services that win customers' trust and inspire peace of mind and satisfaction.

With Our Shareholders and Investors

Regular general meetings of shareholders

Cosel holds a regular general meeting of shareholders each year in early August. The meeting on August 12, 2020 was held at the Toyama Chamber of Commerce and Industry. Shareholders asked us numerous questions in the meeting, which served to enhance communication and deepen their understandings of Cosel.

At each regular general meeting of shareholders, we survey attendees to collect a wide range of opinions and requests on matters ranging from the content of the presentations to corporate management. We strive to utilize what we learn from these surveys in our future activities.



Enhancement of tools for providing information

The Cosel website has a “Investor Relations” page on which we provide many shareholders and investors with timely and equitable access to information. On our website we strive to make a wide range of information available easily, through content concerning management strategies, financial information, and settlement of accounts in addition to descriptions of our businesses and summaries of business performance.

We also have established a Website Committee that deliberates on topics and issues in operating the Cosel website, striving to implement continual improvements to make it easier to use, including enhancement of its content and improving speed of access.



Partnerships with clients

Cosel strives to build transparent relationships based on mutual trust that enable coexistence and coprosperity with our partners or clients, from a global perspective of equity and impartiality in compliance with laws and social norms. We believe that it is vital to make our partnerships with clients even stronger by maintaining and building on these relationships.



Green procurement in the supply chain

Cosel's products are made using a wide range of materials, and we consider it essential to ensure that they never contain any substances that could have negative effects on the planet or on human beings, not only when customers use them but also when they are disposed of at the end of their product lives and beyond.

Since it would be difficult for Cosel to realize goal through its own efforts alone, we engage in green procurement in cooperation with the numerous enterprises that make up our supply chain.



Community contribution activities

Cosel's Standards for Voluntary Action state, "as a good corporate citizen, each of us will strive to contribute to the realization of a good society."

We value interaction and communication with the local community, and we want to contribute to and be involved in community development.

Some specific examples of such activities are shown below.

Support for athletics: Jointly organizing "Cosel Cup Challenge Super Kids" with a local broadcaster

Internships: Enabling students to deepen their understanding of work, business, and society and to prepare for their professional careers through gaining work experience

Blood donation: Holding employee blood drives in cooperation with the Japanese Red Cross Society's Blood Center

Fund-raising: Donating the proceeds from a Company bazaar and money collected from employees to the Community Chest of Toyama

We conduct the above and other activities every year.



Aiming for rewarding workplaces

Cosel's activities to realize a sound work-life balance include support for childcare and long-term care to enable employees to live more enriched lives, reflecting consideration for employees' health and safety, health management, and balances between work and home life. We also aim to realize fulfilling work environments by creating workplaces full of vitality in which employees can tackle any challenges.

Programs toward this end include health and safety patrols, health-consultation events with an industrial physician, a thorough leave system (e.g., encouraging employees to take annual paid leave and offering refreshment leave, healthcare/volunteer leave, maternity leave before and after childbirth, a program of shortened working hours for childcare, and family-care leave), encourage employee club activities, and operate an awards system.

We intend to continue providing employees with more comfortable workplaces and making various improvements so that Cosel and its employees can grow together.

Topics

■ Efforts to stop the spread of COVID-19

Our responses to the COVID-19 pandemic included establishing and thoroughly publicizing and enforcing within the organization a "Code of Conduct to Stop the Spread," intended not only to keep employees and their families safe but also to keep the virus out of Company facilities and help stop its spread.

Basic actions to stop the spread

- Thorough handwashing, sanitizing, and gargling
- Wearing masks
- Practicing social distancing
- Personal health management (e.g., taking temperature every morning, checking for cold-like symptoms)

While at the time of writing it appears there still are no signs of the pandemic coming under control, we will continue striving to stop the spread of COVID-19 through revising the action policies as circumstances change and keeping all members of the organization up to date.



SDGs Initiatives

SUSTAINABLE DEVELOPMENT GOALS

世界を変えるための17の目標



The Sustainable Development Goals (SDGs) are international targets for the period from 2016 to 2030, introduced in the 2030 Agenda for Sustainable Development adopted by a United Nations Summit in September 2015.















The SDGs consist of the following 17 goals and 169 specific targets.

Cosel plans to engage in various activities to contribute to achieving the SDGs.

GOAL No.	Contents
1	Economic growth must be inclusive to provide sustainable jobs and promote equality.
2	The food and agriculture sector offers key solutions for development, and is central for hunger and poverty eradication.
3	Ensuring healthy lives and promoting the well-being for all at all ages is essential to sustainable development.
4	Obtaining a quality education is the foundation to improving people's lives and sustainable development.
5	Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.
6	Clean, accessible water for all is an essential part of the world we want to live in.
7	Energy is central to nearly every major challenge and opportunity.
8	Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs.
9	Investments in infrastructure are crucial to achieving sustainable development.
10	To reduce inequalities, policies should be universal in principle, paying attention to the needs of disadvantaged and marginalized populations.
11	There needs to be a future in which cities provide opportunities for all, with access to basic services, energy, housing, transportation and more.
12	Responsible Production and Consumption.
13	Climate change is a global challenge that affects everyone, everywhere.
14	Careful management of this essential global resource is a key feature of a sustainable future.
15	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.
16	Access to justice for all, and building effective, accountable institutions at all levels.
17	Revitalize the global partnership for sustainable development.

The Cosel Group's CSR Priorities (Based on ISO 26000) and SDGs Initiatives

■ The Cosel Group's CSR Priorities (Based on ISO 26000) and SDGs Initiatives

ISO26000 core topic	CSR priority	Theme of initiatives in response to CSR priority	Related SDGs theme (9/17 items) and goal identified for each of 17 SDGs
Governance	1. Complying with the Letter and the Spirit of the Law, as a Good Corporate Citizen	1. Enhancement of the risk management structure 2. Compliance and permeation of the Management Philosophy 3. Enhancement of the corporate governance system 4. Information Security Measures 5. Business Continuity Planning (BCP) Initiatives	
Human rights	2. Awareness and Action from a Global Perspective	1. Continual investment in human rights 2. Diversity and Inclusion	   <p>5. Achieve gender equality and empower all women and girls 10. Reduce inequality within and among countries 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>
Labor practices	3. Workplaces Full of Vitality and Human-resource Development	1. Creating safe, healthy workplaces 2. Stabilization of employment 3. Promotion of work-life balance 4. Creating fulfilling, rewarding workplaces	   <p>3. Ensure healthy lives and promote well-being for all at all ages 5. Achieve gender equality and empower all women and girls 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>
Environment	4. Environmental Protection	1. Environmental Policy 2. Environmental Management System 3. Promoting Efforts toward a Zero-carbon Society 4. Promotion of environmental management of chemical substances 5. Promoting a recycling-oriented society 6. Environmental indicators	  <p>12. Ensure sustainable consumption and production patterns 13. Take urgent action to combat climate change and its impacts</p>
Fair business practices	5. Fair and Equitable Transactions	1. Promoting CSR procurement	   <p>10. Reduce inequality within and among countries 12. Ensure sustainable consumption and production patterns 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>
Consumer issues	6. Building improved relations of trust with stakeholders	1. Continual Improvements to the Quality 2. Enhancement of the Customer Support 3. Disclosure to Shareholders and Investor Relations	 <p>12. Ensure sustainable consumption and production patterns</p>
Community participation and progress	7. Community involvement and community development - Taking on the challenges of technological innovation to create new value -	1. Management to realize customer value/enhancement of cooperation in new-product development 2. Continual investment in society 3. Promotion of joint industry-academy research	  <p>9. Promoting resilient infrastructure development, inclusive and sustainable industrial development, and innovation 17. Revitalize the global partnership for sustainable development</p>

Complying with the Letter and the Spirit of the Law, as a Good Corporate Citizen

Enhancement of the risk management structure

Risk compliance initiatives

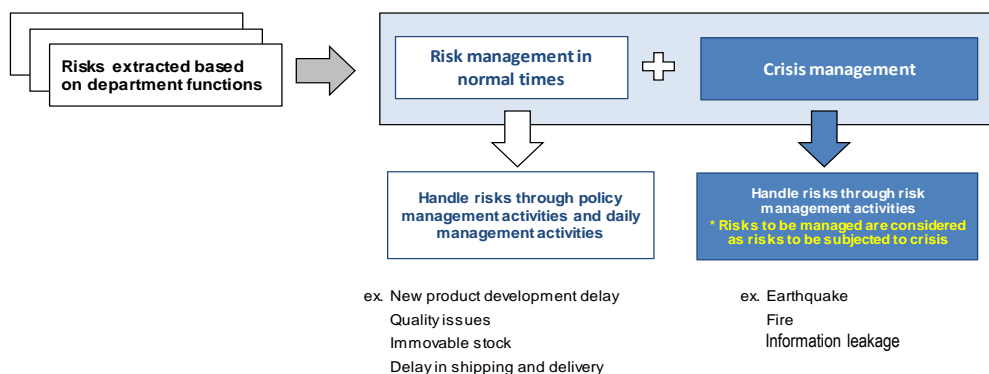
Cosel has established Risk Management Regulations and addresses corporate risks in line with the following categories.

In normal times, each division plays the main role in risk management, which is treated as an item subject to annual policy management and daily management in each division as part of its policy management activities.

For crisis management in response to contingencies such as disasters, accidents, and fires, we have established Regulations on Responding to Crisis Situations under which we give top priority to protecting human life, rescue, and minimizing the impact on customers in accordance with the Emergency Initial Response Manual and other rules and regulations. In addition, the Risk Management/Compliance Committee reviews and assesses subject risks and studies and implements related countermeasures.

In addition, we have established Business Continuity Plan (BCP) Regulations and maintain a system to enable the swift resumption of business operations in response to contingencies.

Outline of risks



Compliance

As it aims to ensure thorough legal and regulatory compliance (hereinafter referred to simply as “compliance”), the Cosel Group has established the Charter on Ethics and Standards for Voluntary Action as principles to be followed by all Group employees. We strive to ensure that all members of the organization thoroughly understand and follow this charter and standards.

Compliance is a basic part of everyday business. To ensure that all employees understand this, the General Affairs Department develops and maintains related systems and carries out training and awareness-raising activities, with the General Affairs Director serving as the Chief Compliance Officer.

The Auditors' Office, the internal auditing organization under the direct control of the President, verifies whether business is being conducted in compliance with laws and regulations, the articles of incorporation, and internal rules and regulations and reports its findings to the Board of Directors and the Board of Auditors.

The Board of Directors reviews the compliance system on a regular basis and strives to identify any issues and implement improvements in response.

Compliance and permeation of the Management Philosophy

Compliance Education

To prevent compliance violations, it is essential that not only managers but all employees recognize the risks of compliance violations in their work and understand what kinds of acts constitute violations of laws and regulations.

Cosel holds an educational program on compliance for all employees once a year, intended to prevent violations of the rules of employment and the Financial Instruments and Exchange Act (i.e., insider trading) and other laws and regulations. By offering this program continuously, we aim to ensure that compliance-oriented values and attitudes take firm root in the organization.



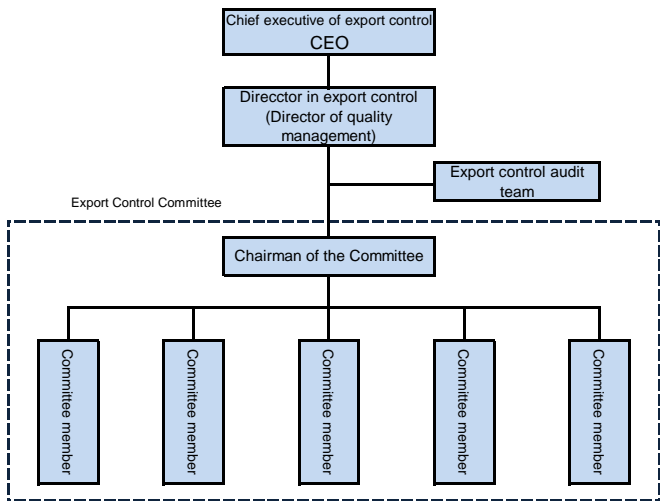
Response to Security Export Control Regulations

Cosel’s security export controls

Amid global efforts to prevent proliferation of weapons of mass destruction and excessive accumulation of conventional weapons, companies are expected to strengthen their voluntary export controls in response to the need for nonproliferation export controls.

Cosel has developed internal rules on implementing export controls and established the Export Control Committee to maintain its controls, as part of our voluntary export control efforts.

Export control system



Determination of whether products are subject to controls

In order to prevent products that are subject to export controls from being exported without permission, we examine all our products in light of applicable laws to check whether they are subject to control prior to exporting them.

Transaction screening

We perform transaction screening on customers prior to commencing transactions with them, in order to prevent transactions with companies or individuals that could be involved in the development or manufacture of weapons of mass destruction.

Education

We provide regular training for employees in divisions that could be involved in export operations.

Reporting to government agencies

We have established the Security Export Control Rules as part of our compliance program (CP) for export control. We verify whether business operations are conducted in line with the CP and report our findings to the Ministry of Economy, Trade and Industry.

Responsible political involvement

Cosel’s Standards for Voluntary Actions state, “We take a neutral stance to politicians and political groups and never provide any improper benefits or favors to them.” We also comply with the Public Offices Election Act, the Political Funds Control Act, and other laws and regulations related to politics, and we make no contributions or donations to individual politicians that would be prohibited by law.

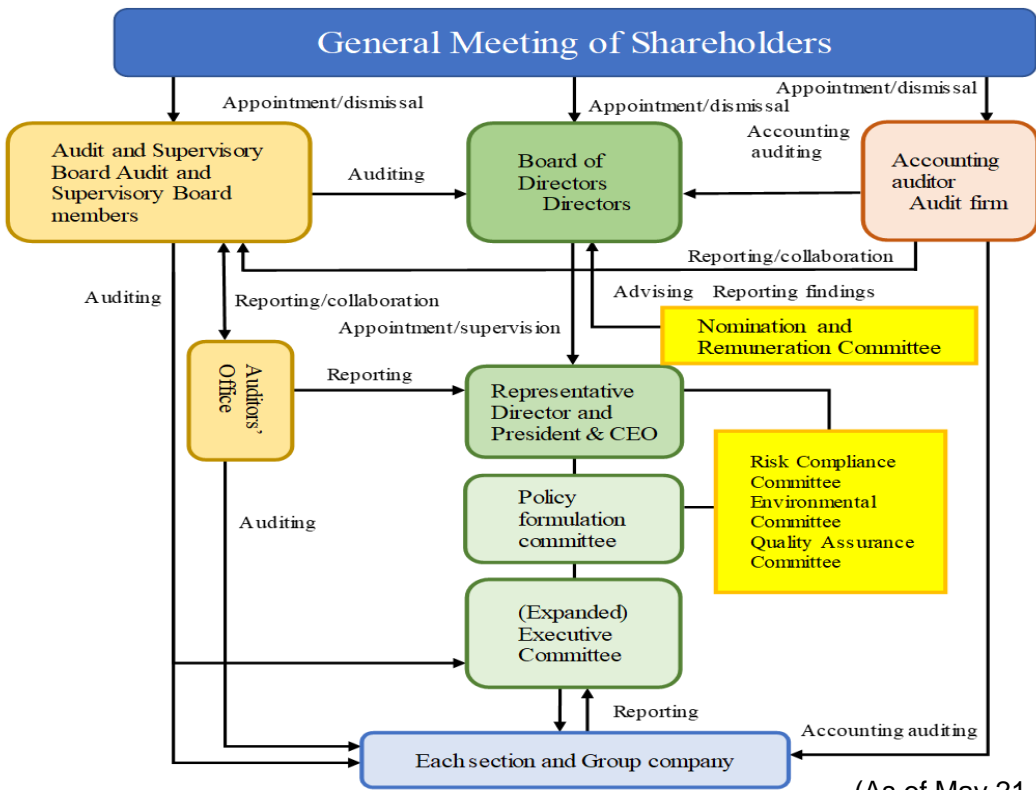
Enhancement of the corporate governance system

Corporate governance system

Cosel considers corporate governance to be an important topic of management. Together with striving to improve management efficiency, aiming to be a company that rewards the trust and expectations of various stakeholders, we also have adopted a Corporate Auditor system as part of system improvements intended to enable management oversight functions and compliance to function smoothly.

Based on our management philosophy identifying "Responding to the Trust of Society by Putting Quality as the Most Important Priority" as a fundamental management concept, we strive to improve the corporate governance system by utilizing the concept and techniques of total quality management (TQM).

Outline of the corporate governance system



(As of May 21, 2021)

Board of Directors

The Board of Directors makes decisions on matters as required by laws, regulations, and the articles of incorporation, as well as management policies and business execution. The Board oversees the performance of the duties of the CEO.

The Board of Directors comprises seven directors (including two independent outside directors). Its meetings are usually held once a month. Directors execute business activities in their areas of responsibility under the direction of the CEO, based on the management policies decided on in meetings of the Board of Directors.

Nomination and Remuneration Committee

This committee deliberates and advises on nomination and dismissal of directors of Group companies and remuneration of directors and executive officers, as an advisory body to the Board of Directors. Its membership consists of three directors (of whom two are outside directors).

Board of Auditors

The Board of Auditors is comprised of three auditors: one full-time auditor and two external auditors. In addition to auditing units such as individual divisions and overseas subsidiaries periodically in cooperation with the Auditors' Office and based on audit plans, auditors also attend meetings of the Board of Directors and other important meetings to ascertain the state of business execution.

Auditors' Office

The Auditors' Office (with a staff of one person), which is under the direct control of the President, has been established as an internal auditing division audit internal control functions in cooperation with Corporate Auditors, the Board of Auditors, and accounting auditors.

Management Meeting

This meeting is held for reporting and deliberation on business execution policies and plans based on fundamental policies decided on by the Board of Directors and on implementation of important operations. It is held once every three months, with the participation of Directors, Corporate Auditors, division heads, and other members of management.

Information Security Measures

Information security

Basic policy for information security

As a company manufacturing and selling switching power supplies and noise filters, we consider it is our social responsibility to protect the information assets we possess including those of our clients. We hereby establish the basic policy for information security and declare that we will follow it.

1. We will establish a system to promote information security to manage it properly.
2. We will provide education necessary to ensure information security.
3. We will introduce proper management measures and work hard to prevent information security incidents and accidents from occurring.
4. In cases where information security incidents or accidents occur, we will promptly investigate the cause and work hard to minimize damage and prevent reoccurrence.
5. We will comply with laws and regulations, national guidelines, and other social norms relating to information security.
6. All employees shall comply with rules and regulations relating to information security and we will take punitive measures against those who violate them in accordance with our internal rules and regulations.
7. We will develop and implement internal rules and regulations in accordance with this basic policy.
8. We will maintain the activities mentioned above and strive to improve them continuously.



Business Continuity Planning (BCP) Initiatives

Business Continuity Plan (BCP)

Cosel launched its Business Continuity Plan (BCP) project in 2012 after the Great East Japan Earthquake in March 2011, to establish a disaster response system and procedures for initial responses and resumption of business operations.

We have taken seismic retrofitting measures for production equipment, inspection equipment, and other facilities at Cosel Group plants and established a framework for backing up information systems and enabling backbone systems to operate safely even in the event of a disaster.

We also conduct regular earthquake evacuation drills to be ready for earthquake disasters.

Deployment of BCP initiatives in the supply chain

While the Cosel Group already had implemented its own BCP initiatives through 2014, in 2015 we launched Business Continuity Management (BCM) efforts for the entire supply chain. We ask suppliers (component manufacturers) to develop and continually implement BCM activities.

Awareness and Action from a Global Perspective



Continual investment in human rights

Education to prevent harassment in the workplace

Cosel respects the fundamental human rights of all people and endeavors to create workplaces free of discrimination based on gender, age, disability, or other status and of acts detrimental to individual dignity.

Cosel's Standards for Voluntary Actions clearly state, "we will never commit sexual harassment in any way" and "we will never engage in any behavior outside the proper scope of business that slanders the personality or violates the dignity of the person or commit harassment (power harassment) by taking advantage of a superior position of power." We also maintain Rules on Prevention of Harassment and strive to prevent reoccurrence of past cases of harassment.

All employees are provided with anti-harassment education during the annual compliance education program, to raise awareness of harassment throughout the organization.

Establishing contact points for consultation

Cosel has set up contact points to receive reports from employees and consultation on whether or not certain behavior violates laws and regulations. These contact points provide consultation and problem-solving services. In addition, our in-house rules require strict confidentiality and prohibit any disadvantageous treatment of those who have reported cases of harassment.

We intend to continue strengthening our harassment reporting system by ensuring all employees are aware of the contact points and improving advisors' skills.

COSEL

▼3つの通報ルート

1 職制ルート	通常はこのルートで受付を行います。
2 総務担当部門ルート	直接総務担当部長宛の通報ルートです。
3 ヘルプラインルート	裏面の通報ルートです。(匿名受付OK)

通報制度は、次のことを遵守します。

誠実かつ正当な目的で情報を提供した従業員に対し、情報提供を理由に不利益な扱いをしません。
当制度を通じての情報(相談)に対し、迅速・適切に対応します。
情報(相談)内容は、客観的事実に基づく、または信じるに足る情報に基づいていることを前提にします。
証拠の提出は必要ありませんが、感情や検測に基づいた誹謗中傷行為は禁止します。
通報者から要望があれば、通報者本人に審査結果をお知らせします。
受理された情報(相談)は、事実調査の上、総務担当部門で審査いたします。

Relationship with the Labor Union

Cosel has concluded a labor-management agreement with the Cosel Labor Union, an organization of employees that aims to maintain and improve working conditions, and regular labor-management conferences are held to discuss labor-related matters and maintain healthy labor-management relations.

Prohibition of forced labor and child labor

Cosel strictly prohibits forced labor, in which employees are forced to work against their will, and the employment of children lower than the minimum age for employment.

Diversity and Inclusion

Employment of people with disabilities

Cosel's doors are wide open to people with disabilities.

We offer an environment in which people can find fulfilling positions and work hard in accordance with the degree of their disabilities and skills. We also strive to raise awareness of human rights among employees without disabilities, as their experiences working with people with disabilities help to deepen their understanding of people with disabilities.

Employment of seniors

In line with amendments to the Act on Stabilization of Employment of Elderly Persons, Cosel has introduced a system of reemployment for employees who have retired upon reaching mandatory retirement age. We offer workplaces in which senior workers can continue to thrive while taking advantage of the skills and expertise they have built up over the course of their careers, through continual employment under fair conditions that reflect consideration for their previous work experience and the roles and responsibilities they are expected to fulfill after retirement.

Since FY 2014, we have provided career training for employees aged 51 and older, intended to motivate them to develop their careers with consideration for mandatory retirement age and options to extend mandatory retirement or for reemployment and to foster a mindset of proactively taking on challenges. This training program provides information about the pension plan, the retirement benefits system, and the reemployment program, to encourage them to raise their awareness of such matters before reaching retirement age.

Employee-friendly workplaces

Seeking to ensure employee-friendly workplaces, Cosel has introduced and promoted the following systems in accordance with the Labor Standards Act and the Child Care and Family Care Leave Act.

Systems for Maternity Leave Before or After Childbirth and Childcare Leave

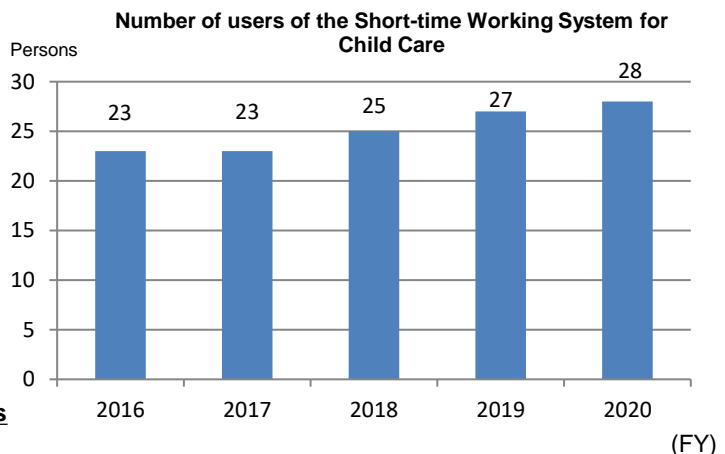
Our in-house rules clearly describe systems such as those for maternity leave before or after childbirth and childcare leave. Childcare leave may be taken through the last day of the month after the month in which the child reaches the age of two years.

Child nursing-care leave

An employee caring for a child through the sixth grade of elementary school may take child nursing-care leave. Child nursing-care leave, which is separate from annual paid leave, is intended for uses such as caring for an ill or injured child or accompanying the child to vaccinations or health checkups.

Shortened working hours for childcare

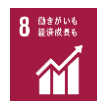
We encourage employees caring for children through the sixth grade of elementary school (through March 31 of the child's sixth-grade year) to use this program, which enables them to work shortened working hours in accordance with the provisions of the flextime program.



Subsidies for gynecological examinations

To promote early detection and raise awareness of women's health issues, Cosel pays a subsidy equivalent to one-half of the costs of medical examinations for women aged 25 and older. Fourteen employees used this system in FY 2020.

Workplaces Full of Vitality and Human-resource Development

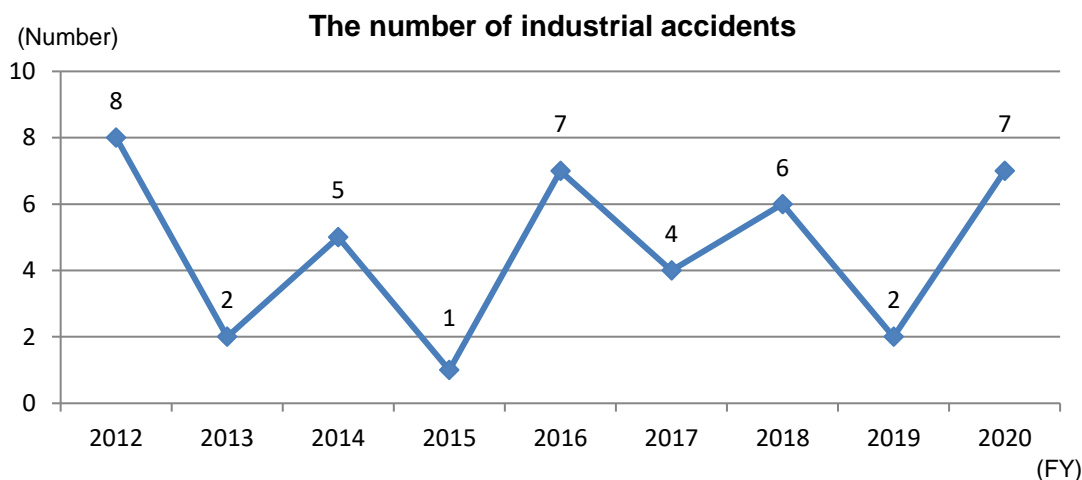


Creating safe, healthy workplaces

Industrial health and safety

In accordance with the Industrial Safety and Health Act, a Safety and Health Committee is established at each Cosel plant in Japan to engage in activities related to health and safety. Committee members recruited from each division strive to prevent accidents on the job and improve health and safety conditions in the workplace, aiming for a goal of zero on-the-job accidents.

Unfortunately, the number of industrial accidents increased in FY 2020. Safety and Health Committees will continue to strive toward the goal of zero on-the-job accidents, by returning to the fundamentals of health and safety and reviewing and enhancing employee health and safety training, as well as implementing new measures such as checking on the state of establishment of measures to prevent reoccurrence of past on-the-job accidents.



Health management

Excessive workloads, such as extremely long working hours, may exacerbate health problems such as cerebrovascular and heart conditions.

At Cosel, employees who exceed the limit on overtime work (i.e., those whose average monthly overtime hours for the last two months exceed 70 hours and those who work more than 100 hours of overtime in a single month) are required to meet with an industrial physician, and those whose average monthly overtime hours for the last two months exceed 45 hours may request to consult with an industrial physician.

Through these efforts, we strive to prevent health issues caused by work.

Stress checks

Cosel implements stress checks for the following purposes:

- To prevent the development of severe stress-related conditions, through enabling employees to notice their own stress conditions, gain basic understandings of stress and mental health, and have effective ways to relieve stress.
- This constitutes yet another effort to improve the workplace environment. Through ascertaining and improving any issues in the workplace environment that could be causes of stress, we reduce the likelihood of employees suffering from excessive stress.

Following amendment of the Industrial Safety and Health Act, workplaces with 50 or more employees have been required to conduct stress checks once a year since 2015.

Stabilization of employment

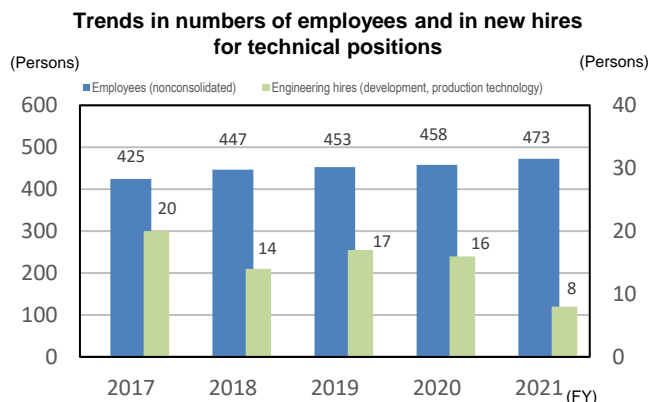
Labor-management dialogue

We hold regular labor-management conferences to share information with the labor union. These conferences discuss working conditions and various systems including the personnel system, the state of job attendance among subject workers, measures to ensure the health and welfare of subject workers, the status of complaint processing and related efforts, and the details of reports submitted to the Director-General of the Labour Standards Inspection Office.

Trends in numbers of employees (trend in new hires)

This chart depicts trends in numbers of employees and in new hires for technical positions.

Cosel's hiring activities are focused on technical positions. Under conditions in which it is difficult to find new employees for technical positions, we plan to incorporate measures in response to student needs in the future, for example by deepening their understandings of the work of engineers through internships.

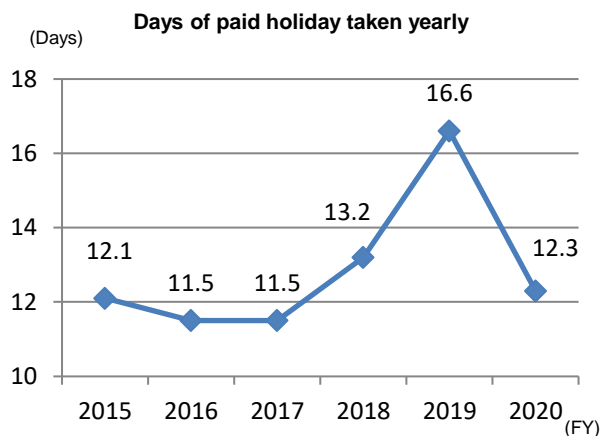


Promotion of work-life balance

Leave systems

Cosel has introduced the following leave systems to improve employees' work-life balance.

- **Family-care leave/time off**
Employees caring for family members who require long-term care can take family-care leave/time off in accordance with the terms and conditions of these programs.
- **Encouraging employees to take paid leave systematically**
We encourage employees to take paid leave through in-house rules that require them to take two days of their annual paid leave each half-year. Since the number of days of paid leave taken decreased in FY 2020, we will continue to encourage employees to take paid leave, to enable a sound balance between work and family life, time for self-improvement, and rejuvenation.
- **Accumulated healthcare leave**
Employees may take up to 20 days/year in leave for (i) personal injury or illness and (ii) short-term childcare, family care, or nursing care.
- **Refreshment leave**
Employees may take days refreshment leave for numbers of days corresponding to their years of continuous service in milestone years. This leave is intended for mental and physical refreshment purposes (including recognition of their service, health maintenance and improvement, and enrichment of home life).



Consideration for working hours

Flextime system

We employ a flextime system so that our employees can work efficiently while maintaining harmony between their work and personal lives.

No-overtime day

Cosel has designated Wednesday of each week as no overtime work day, on which employees are encouraged to leave the workplace at the end of regular working hours to make time available for pursuing hobbies, learning new things, and spending time with their families.

Creating fulfilling, rewarding workplaces

Self-improvement and skills development

Cosel's human-resource development initiatives include a system to support every employee's autonomous growth, based on our education philosophy and policies. Our management philosophy says of human-resource development, "We develop human resources with the ability to conduct quality control, advanced technical skills, and good personalities that serve as an engine for business expansion based on our educational policy." We have established the following basic educational policies in line with this philosophy:

1. Stimulation of workplaces
2. Enhancement of leadership
3. Learning required knowledge and techniques, and improving skills
4. Developing skills to operate and maintain an appropriate quality system
5. Recognizing the necessity of the environmental management system and developing the skills needed to operate and maintain it

Education of human resources

Employees take various educational courses to learn in accordance with the basic educational policy and develop their own individuality and skills while stimulating each other.

Education categories/System of education by level

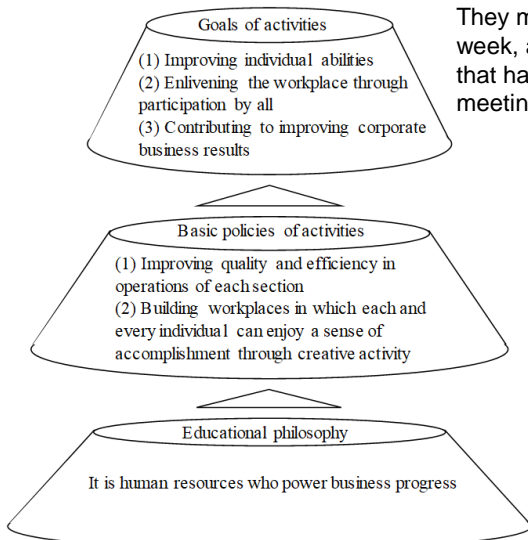
Category		New employee	Younger employee	Mid-career employee	Group leader	Management
Career education		Career training (The first year and the fourth year of employment, age of 30s, 40s, and 50s)				
Education to develop abilities to promote business	Department professional education	Education by each department				
	Department basic education	Technical training for new employees				
	Company-wide basic education	Language education/environmental education/QC education				
Education to develop management and leadership abilities					Management training by level	
Education to develop organizational capacities and human qualities		Education of new employees				
		Training by level				
		Company-wide lecture meeting/Compliance education				

QC circle activities

We have continued QC circle activities since 1978.

All employees, including department and division general managers, participate in QC circle activities as a part of their job duties (TQM activities).

Through these activities, employees working on the frontlines in the workplace form small groups to arrive at solutions to issues in the workplace concerning matters such as business efficiency, products, services, and work. This contributes to self-improvement and mutual awareness raising, thus improving the skills of all members of the QC circle and helping to create brighter workplaces full of vitality.



The basic concept of QC circles

Currently there are 84 QC circles active in the Company as a whole.

They meet during working hours, aiming for one hour-long meeting per week, and compete with each other to demonstrate growth, as the circles that have demonstrated outstanding results in block presentation meetings present their results at the annual Companywide meeting.



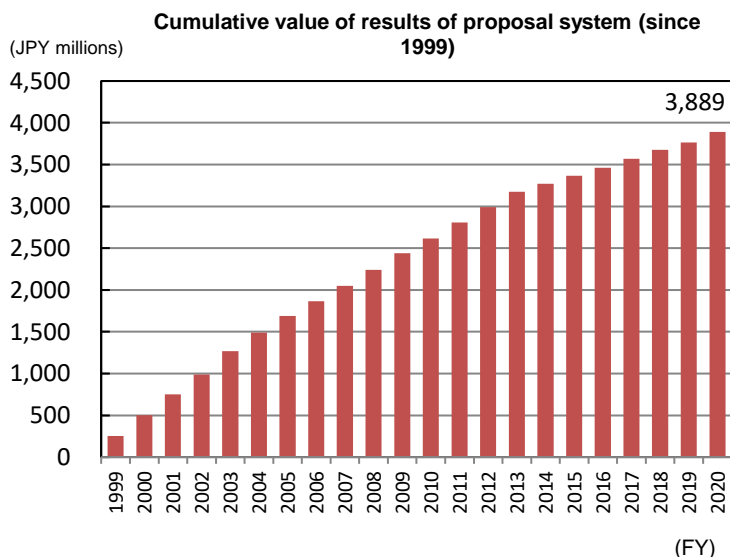
The Companywide meeting (photographed in April 2019; the 2020 meeting was held on Company premises due to COVID-19)

Kaizen proposal system

The *kaizen* proposal system has been implemented since 1978, with the goals of improving operations and building brighter workplaces through employees utilizing their own creativity in various opportunities to propose methods of improving current conditions.

Individual target numbers are set at the start of the fiscal year, and if they all achieve their targets then all employees receive commemorative prizes (assorted snacks) in an annual event that employees look forward to each year.

Commendations and monetary prizes are presented at the end of the month and the fiscal year, in accordance with the system rules, and incentives are provided in fixed amounts regardless of the amount of the effects of proposals implemented.



Commemorative prizes

Intellectual-property activities

The originality of the circuits and structures we employ is important to competitiveness in the markets for switching power supplies and noise filters that are manufactured and sold by us. The level of such technologies is directly linked to product performance differentiation. In order to continue our business activities and contribute to society, we make constant efforts to develop new technologies. Believing that it is important to secure competitive advantage by making patent application for, registering and protecting the technologies we have developed as intellectual properties, we actively apply for patents and other means of such protection.

To this end, we require discussions among IP staff and development engineers during the development process, to consider appropriate applications for IP rights.

We also emphasize compliance with applicable laws and regulations in our IP activities. In line with the intents of IP laws and regulations, we make it a practice to search for relevant patents in the product development process, to respect the intellectual property rights of other companies and prevent our products from violating their rights. We strive to raise the value of our products by entering into licensing agreements on valid patents owned by other companies as needed.

Furthermore, in recognition of the need to motivate engineers to develop advanced technologies and secure intellectual property rights, we have established an award system for inventions, under which awards are presented for securing and utilizing IP.

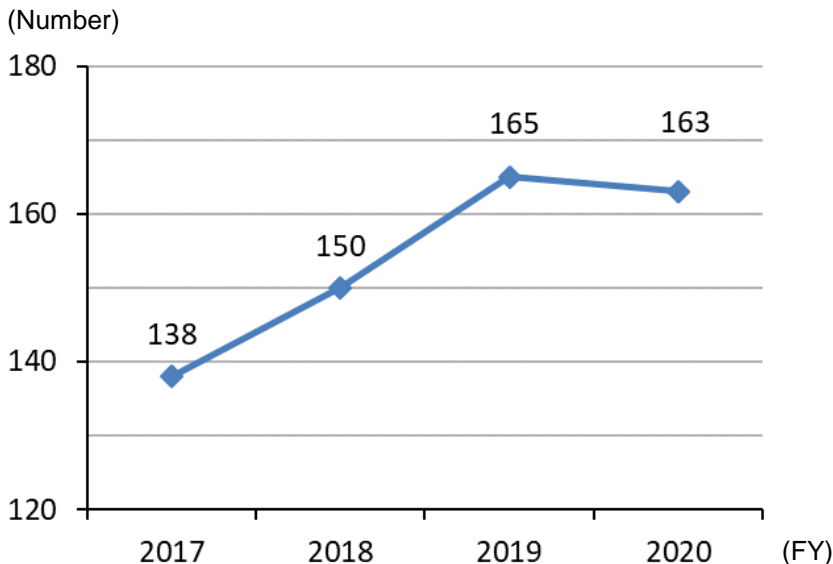
IP management system

The Intellectual Property Committee, composed mainly of development engineers, plays a central role in activities to acquire and protect intellectual property rights, in cooperation with the New Product Development Group, inventors, and outside experts.

We regularly check on the state of use and validity of intellectual property rights acquired, as part of management efforts intended to maintain only the minimum necessary rights.

Number of patents

Trend in number of patents





Environmental Protection

Environmental Policy

We have established an Environmental Policy that expresses our basic thinking on the environment and share it across the organization. We strive to realize a sustainable society while demonstrating to society our own approaches to environmental issues.

Environmental Policy

Environmental Principle

Harmonize production and product development with the environment, endeavor to maintain and improve the global environment and thereby contribute to the society

Action Guidelines

The following action guidelines are set to embody our environmental principles.

- (1) Offer environmentally friendly products.
- (2) Avoid unnecessary consumption of resources and promote reuse of waste.
- (3) Reduce and eliminate the use of environmentally unfriendly chemicals and endeavor to improve the global environment.
- (4) Set and review goals and objectivities to control our activities, work for continuous improvement and prevent contamination.
- (5) Comply with national and local environmental regulations and align with the needs of customers and local communities.
- (6) Enlighten employees about environmental preservation including biodiversity conservation through environmental education of all employees.

Enacted on May 21, 1999
Revised on July 24, 2012

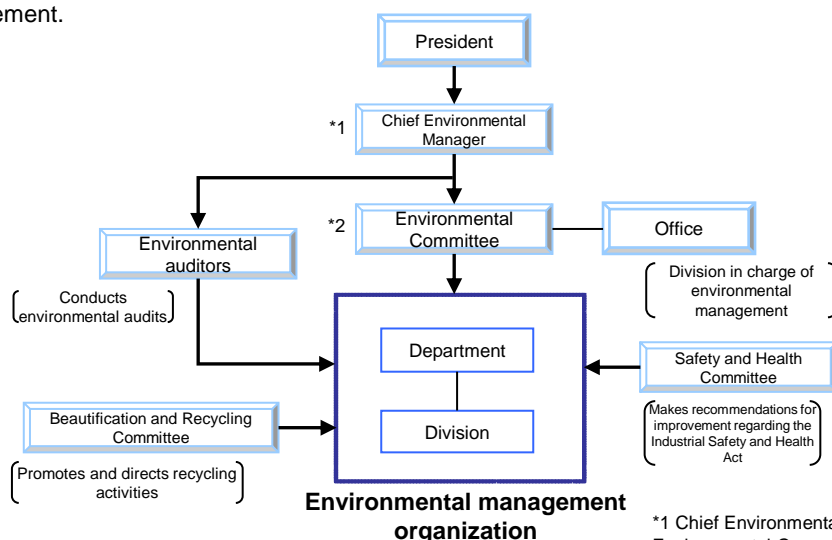


Itachikawa, Toyama

Environmental Management System

Environmental Management Structure

Cosel maintains the following environmental management structure to carry out effective environmental management.



Environmental management organization

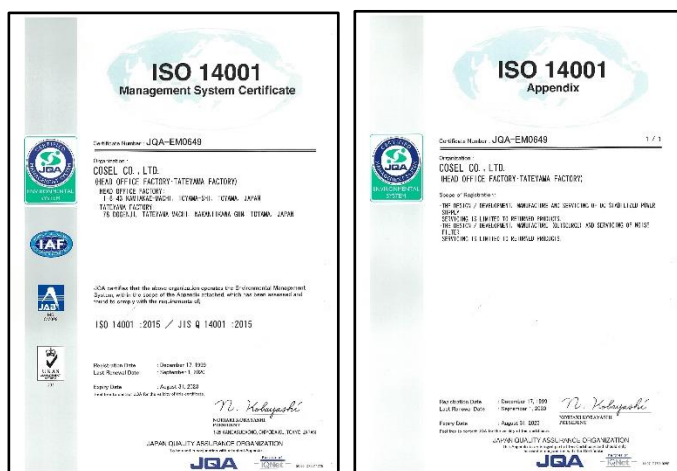
*1 Chief Environmental Manager: Chairman of Environmental Committee

*2 Made up of the heads of major departments

ISO 14001 certification

Aiming to be a company trusted by stakeholders, we have earned ISO 14001 international environmental management certification at our Head Office Factory and Tateyama Factory and are implementing continuous improvement activities.

We began application of the FY 2015 version of ISO 14001 in October 2016. We successfully acquired certification under the FY 2015 version following a transition audit in June 2017, and we have maintained this certification ever since.



ISO 14001 certificate

Dates of acquisition:

FY 1996 version: December 17, 1999

FY 2004 version: October 21, 2005

FY 2015 version: September 1, 2017

Scope:

- Design, development, manufacture, and servicing of regulated DC power supplies (servicing limited to repair of collected units)
- Design, development, manufacture (outsourcing), and servicing of noise filters (servicing limited to repair of collected units)

Registered sites:

- Head Office Factory, Tateyama Factory

Certifying agency:

- Japan Quality Assurance Organization

Internal Environmental Auditing

We conduct an internal environmental audit every year to verify matters such as conformity to ISO 14001 and the states of related implementation and performance. Each auditor reports audit results, including items requiring improvement, to the Chief Environmental Manager. The Chief Environmental Manager checks on their details and notifies each department of its results, while also issuing instructions on improvements as necessary.

Compliance with environmental laws and regulations

Each month, we collect information on legal and regulatory amendments and check for any changes to our management structure. We also conduct an annual legal and regulatory compliance evaluation.

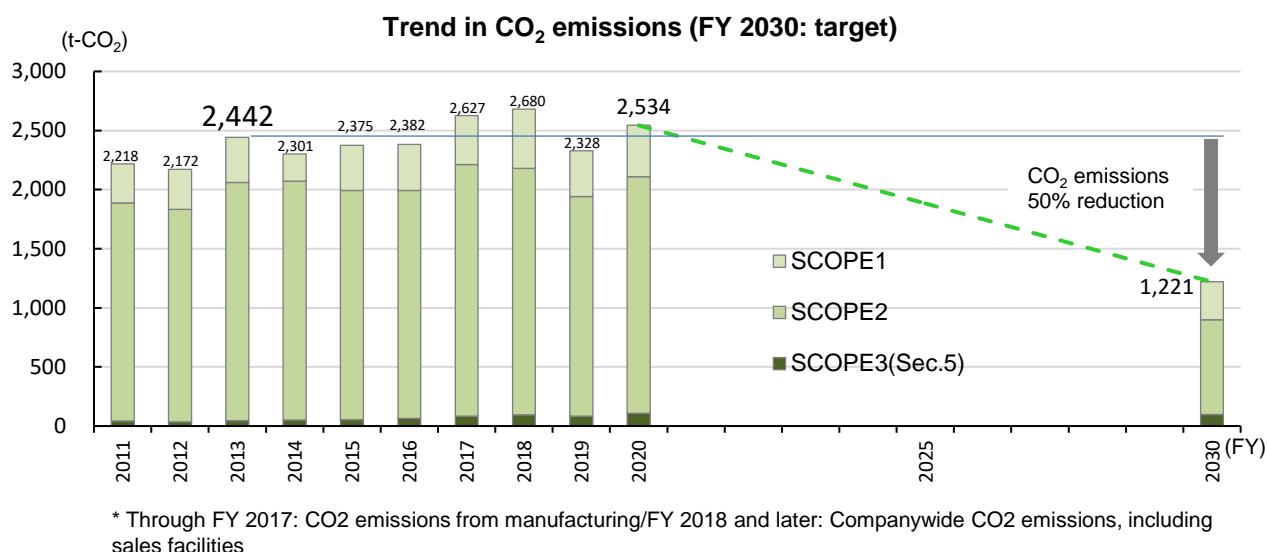
Results of the compliance evaluation confirmed that once again there were no compliance violations in 2020.

Promoting Efforts toward a Zero-carbon Society

Greenhouse-gas emissions reductions

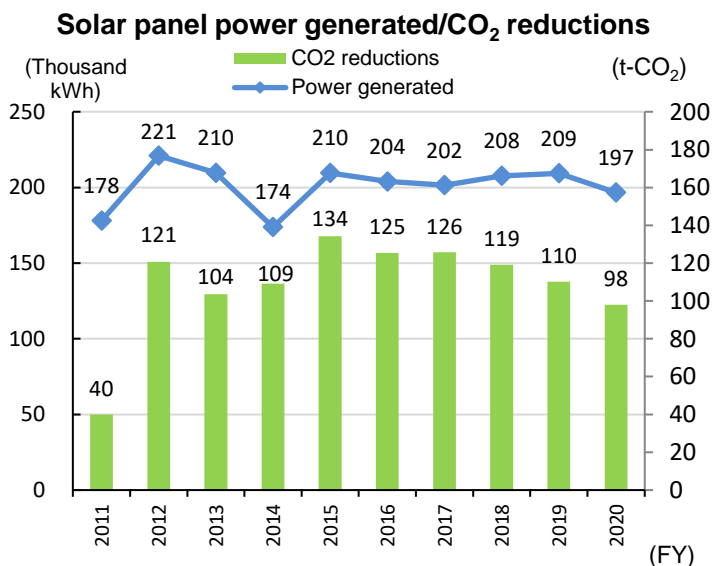
We are deploying electricity-conservation activities to reduce electric power consumption, which accounts for the bulk of our energy consumption. Since the establishment of the Company, all fluorescent lamps used in our plants and offices have been equipped with pull switches, and we have continued thoroughly turning the lights off during breaks and in areas that are not in use. Today, we have developed a power monitoring system to raise employees' awareness of power consumption by publishing data on power usage by area on the intranet.

We also have set a target of reducing CO₂ emissions by 50% by 2030 compared to 2013. We will continue to promote further activities to conserve energy and prevent global warming, through means including adoption of low-carbon power and reducing use of fossil fuels.

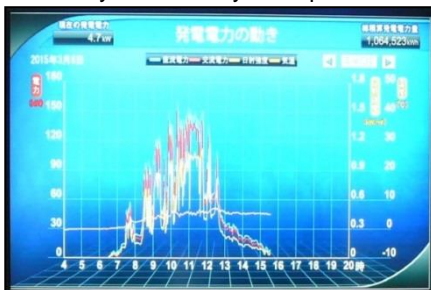


Use of renewable energy

In 2002, we installed 60 kW solar panels on the roof of the new Head Office building, which generate approximately 60,000 kWh per year (reducing CO₂ emissions by approximately 25 t-CO₂). In 2004 we installed 50 kW solar panels on the roof of the Tateyama Factory. Following installation of additional units in 2007 and 2011, the solar panels at the Tateyama Factory now generate approximately 200,000 kWh per year (reducing CO₂ emissions by approximately 100 t-CO₂). We also have installed internal power generation display monitors so that employees can check the amount of power generated at any time.



Tateyama Factory solar panels



Tateyama Factory power generation display monitor

Environmental Consideration in Product Development

Development of compact, high-efficiency power supplies

For new products, we conduct an environmental assessment at the development stage from the perspectives of resource conservation, energy conservation, recyclability, toxic substances, packaging, and packing materials. We also promote efforts to develop more environmentally friendly products.

In addition, we have established our own independent evaluation standards under which we certify and register products that have a strong effects on environmental impact reduction as "Eco Model" products. We encourage customers to use these "Eco Model" products by identifying them using the logo at right.



High-efficiency AEA series of AC/DC power supplies compatible with peak current (600 W)



Point 1
Helps make customers' equipment more compact!

Bulk reduced by 40%

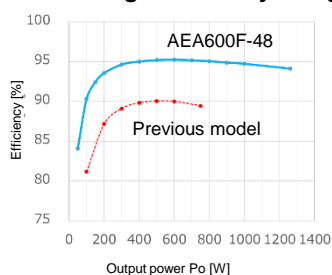
* Compared to previous products



Resource
conservation



Point 2
High-efficiency design



Approx. 5% improvement

* Compared to previous products

Power loss reduced by one-half compared to previous products

Energy
conservation

Also compatible with peak current of **three times** the standard current



TUNS 1200F (1200 W) large-capacity, high-efficiency AC/DC power module



Point 1
Helping to reduce the size of customers high-capacity power equipment!

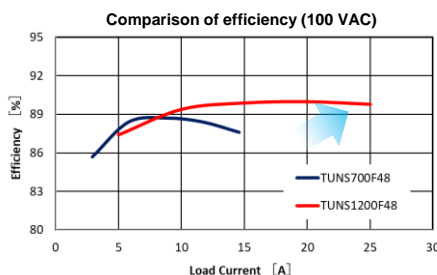
Power density improved by 20% or more compared to previous highest-capacity 700 W models

* Installation footprint reduced by approximately 30% compared to previous highest-capacity 700 W models used in parallel

Resource
conservation



Point 2
High-efficiency design



Approx. 2% improvement

* Compared to previous product

Resource
conservation

Energy
conservation



* Capable of reducing power loss by 30% compared to 1200 W output from two TUNS700 models used in parallel (Contributes to energy conservation and more compact size)

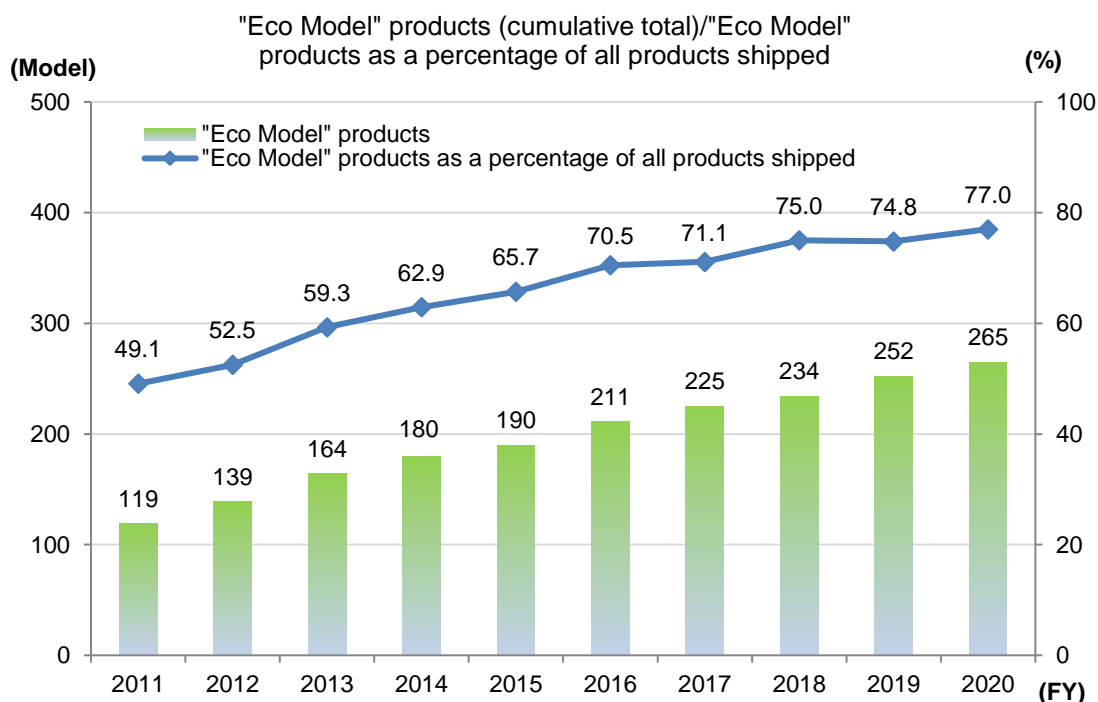
Environmentally friendly Eco products and their logo

In FY 2010, we developed a new internal environmental assessment system in order to promote the development of environmentally friendly products and actively provide customers with environmental information on our products. Aiming to lessen their environmental impact, we evaluate our products based on the following three items.

- Environmental impact generated when our products are operated at customers' sites
- Environmental impact generated when our products are manufactured at our plants
- Environmental impact generated when the materials and components we purchase are manufactured

For such evaluation, we have established our own standards that we use to certify and register products that satisfy the standards and are highly effective for lessening environmental impact, as "Eco Model" products.

To promote these "Eco Model" products, we identify them using the following logo.



Cosel's "Eco Model" logo

We will continue actively expanding our lineup of "Eco Model" products to realize, together with our customers, a low-carbon, recycling-oriented society that makes less of an impact on the environment.

Lessening environmental impact at production sites

To lower assembly costs by half, we are deploying in our production lines soldering devices that we developed in-house. Compared with conventional soldering equipment, these devices help to lessen environmental impact by greatly increasing equipment capacity.



Soldering equipment developed in-house

Equipment cost reduction

32% reduction compared to existing equipment

Auxiliary material cost reduction (solder bars, IPA)

48% reduction compared to existing equipment

Maintenance work reduction

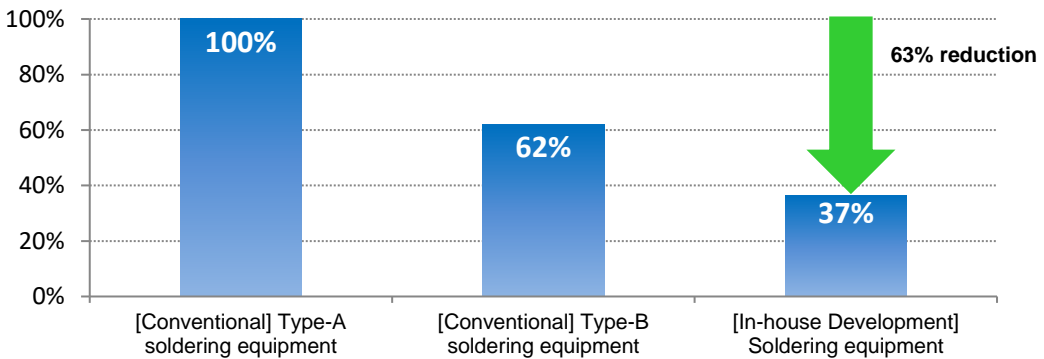
60% reduction compared to existing equipment

Equipment footprint reduction (space saving)

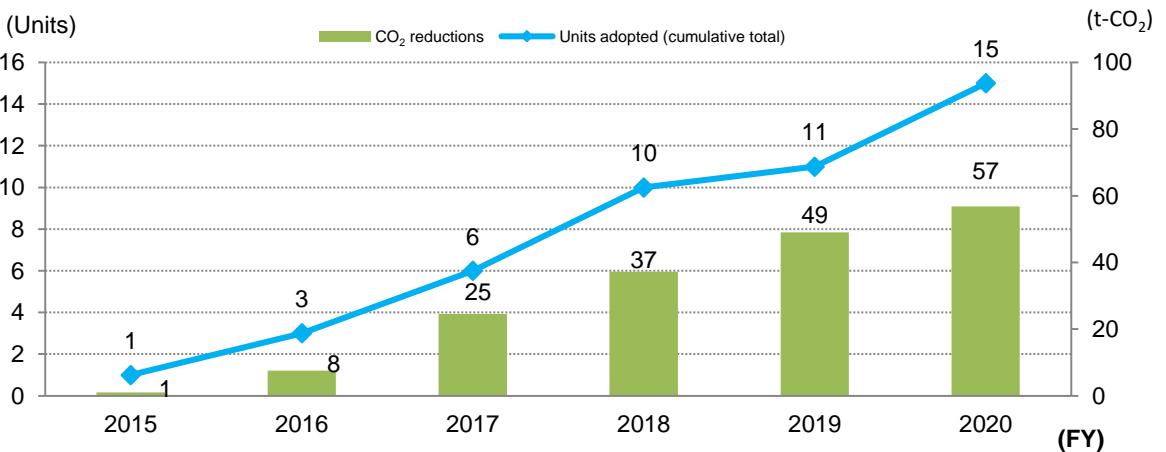
25% reduction compared to existing equipment

Comparison to conventional tank (type B)

Power consumption efficiency compared to conventional tank (Comparison to conventional type-A soldering equipment)



Units of soldering equipment (facilities) adopted/CO₂ reductions



Promotion of environmental management of chemical substances

Environmental management of chemical substances

Since Agenda 21, an action plan that includes “Environmentally sound management of toxic chemicals, including the prevention of illegal international traffic in toxic and dangerous products,” was adopted at the UN Conference on Environment and Development (UNCED) in 1992, stricter regulations have been adopted on toxic substances both in Japan and worldwide. These include the EU REACH framework and the EU RoHS Directive. Manufacturers face demands to produce more environmentally friendly products.

At Cosel, we have issued Green Procurement Standards to specify “prohibited substances” and “controlled substances” for products and plant activities. We apply these Green Procurement Standards both inside the organization and as conditions of transactions with suppliers, to carry out environmental management of chemical substances that ensures customers can use our products with peace of mind.

Management of new components, new products, and mass-produced products

Since FY 2006, Cosel has employed a system that uses X-ray fluorescence analysis* of individual components to exclude contamination by chemicals harmful to the environment. Through this X-ray fluorescence analysis, we confirm and verify compliance with the RoHS Directive.

■ Adoption of new components and introduction of new products

When employing a new component, we ask the suppliers to submit a Warranty for Non-inclusion of RoHS Materials to verify that it does not contain any substances restricted by the RoHS Directive. Furthermore, we obtain a list of materials used in each component and check the actual component against the list to make sure that there are no omissions. Then, we compare data on chemicals harmful to the environment with the results of X-ray fluorescence analysis and register only those components that have been found to present no issues.

■ Acceptance of purchased components

We also conduct X-ray fluorescence analysis at the stage of acceptance of components, employing a frequency based on the applicable risk rank, to check whether components delivered contain any chemicals harmful to the environment.



X-ray fluorescence spectrometer

* X-ray fluorescence analysis

X-ray fluorescence analysis is a method of analysis in which the atoms in a molecule are irradiated with X-rays to identify the atoms present in a sample from the characteristic wavelength and energy intensity of the X-rays reflected from them.

■ Operation of a portal site for suppliers

Since June 2017, we have used a portal site developed in house to enable efficient data collection through exchange of data from suppliers on content of chemicals harmful to the environment and our own green procurement standards.

Education on management of chemicals harmful to the environment

We have carried out education on management of chemicals harmful to the environment since FY 2006.

This program is intended for people working for Cosel at our Head Office Factory and Tateyama Factory and at our OEM manufacturers, logistics contractors, and repair contractors.

Using training material developed by the division in charge of environmental management, this training is conducted as part of internal training by departments. Trainees are tested to check their level of understanding. This helps to deepen their understandings of the objectives and importance of managing chemicals harmful to the environment as well as the details of Cosel's initiatives.

Compliance with the RoHS Directive and REACH regulations

The RoHS Directive came into effect on July 1, 2006^{(*)1}. It restricts the use of six substances that negatively impact the human body and the natural environment (mercury, lead, cadmium, hexavalent chromium, PBB, and PBDE).

Furthermore, the Directive was revised on January 3, 2013. Although the restricted substances and their tolerated maximum concentration values remain the same in the revised Directive (2011/65/EU: RoHS2), the number of subject product categories was increased and CE marking requirements were added.

Cosel achieved full conformity to the limits on the content in our products of these six substances specified by the RoHS Directive in February 2006 and began displaying the CE mark in accordance with the RoHS Directive in June 2015^{(*)2}.

The EU Commission Delegated Directive (EU) 2015/863 added four phthalates^{(*)3} to the substances subject to the RoHS Directive in June 2015, and the number of restricted substances was increased from six to 10 on July 22, 2019.

We are responding through means that include investigating the content of the four phthalates contained in our products and checking on production processes.

In May 2020, we fully discontinued our eutectic solder products.

The REACH regulations also require all companies manufacturing or importing chemical substances in quantities of one ton or more per year in the European Union to register information on those substances in the European Chemicals Agency (ECHA) database.

Failure to register means the substance may no longer be manufactured or imported in the EU.

Since new substances are added to the REACH list of Substances of Very High Concern (SVHC) every half year, we expect suppliers to provide the latest information on contained substances in a timely manner.

Information on compliance with the RoHS Directive and information on SVHC content under REACH Regulations are published in certificates of non-use of RoHS substances and provided on our website as data for use with the chemSHERPA tool for communication of information on environmentally harmful chemical substances, developed by the Ministry of Economy, Trade and Industry and operated by the Joint Article Management Promotion-consortium (JAMP).

*1 RoHS Directive

An EU directive that restricts the use of certain hazardous materials in electrical and electronic equipment.

The use of six substances (mercury, cadmium, lead, hexavalent chromium, polybrominated biphenyls [PBBs], and polybrominated diphenyl ethers [PBDEs]) has been prohibited since July 2006.

*2 Not including some products for which cessation of production is planned

RoHS-compliant products are identified by the letter "R" at the end of their lot numbers. (Some models show have the letter "R" in the upper right of the label.)

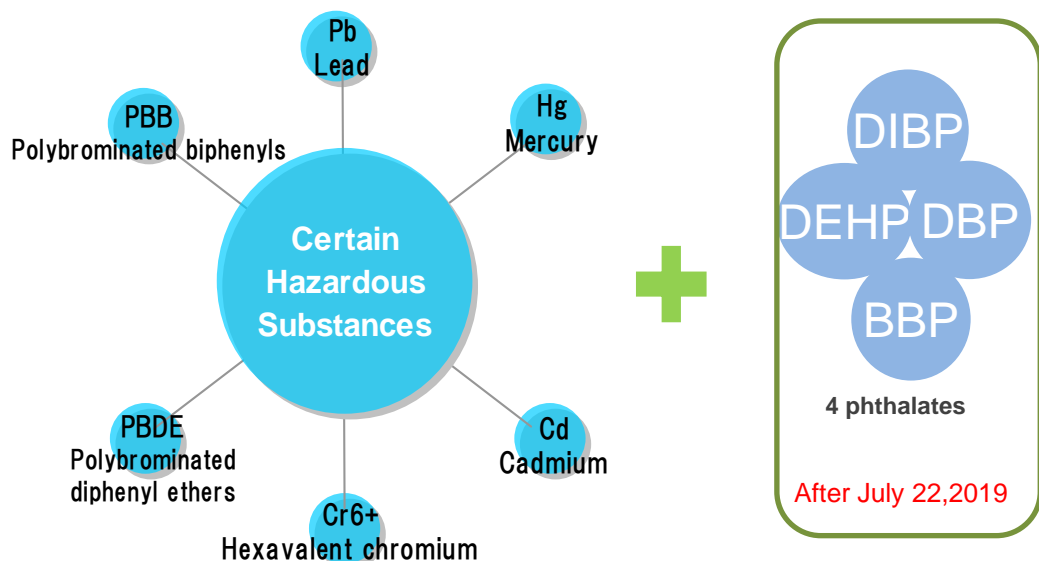
*3 4 phthalates

Bis(2-ethylhexyl) phthalate (DEHP)

Butyl benzyl phthalate (BBP)

Dibutyl phthalate (DBP)

Diisobutyl phthalate (DIBP)



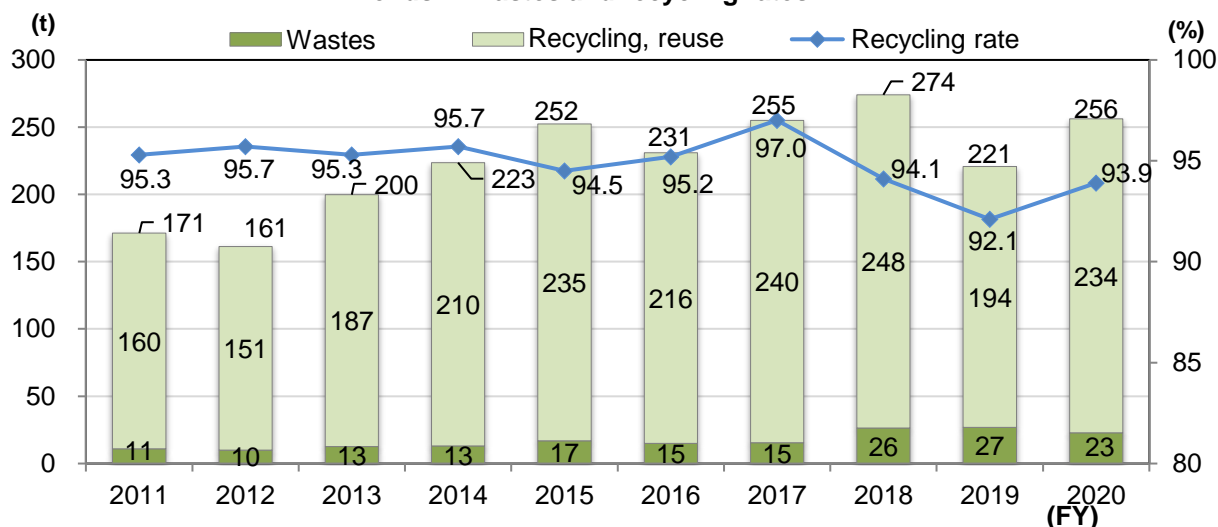
Promoting a recycling-oriented society

Promoting the "Three R's" (reduction, reuse, recycling)

Cosel promotes the "Three R's" based on the perspectives of lessening environmental impact and effective use of resources.

We will continue thorough efforts to reduce, recycle, and segregate wastes in our business activities in the future as well.

Trends in wastes and recycling rates



Examples of initiatives

■ Reduction

Previously, we had used bubble wrap bags to send certain components to our OEM manufacturers. After unpacking, these were disposed of as industrial waste. We were able to reduce the amount of waste by adopting a new packing method using reusable returnable containers. We also improved the reusability of these containers through means including use of rubber bands to keep their lids in place.



Bubble wrap bag



■ Reuse

Chip components are delivered wound on plastic reels like tape. Previously, we had disposed of the used reels as stable industrial waste.

But since the reels were neither deformed nor soiled after use, we asked the suppliers to collect and reuse them.



■ Recycling

Defective units that could not be shipped as products and substrate scraps cut off in the production process had been disposed of as industrial waste. Now, we separate them into metals, plastics, and other materials before disposal, so that they can be used to cast ingots or as auxiliary combustion materials in furnaces.

We regularly check the status of waste segregation and strive to raise employees' awareness.



Environmental indicators

FY 2020 environmental accounting

In FY 2020, we invested approximately 15.5 million yen as environmental protection costs.

We also recorded approximately 18.5 million yen as economic benefits of environmental protection, through gains on sale of wastes as valuable materials, reduced purchase of electric power through use of solar power, savings in electricity consumption through use of solder tanks developed in house.

* These figures have been totaled with reference to the Ministry of the Environment's FY 2005 Environmental Accounting Guidelines.

Environmental protection costs

(Scope: Head Office Factory, Tateyama Factory, R&D Center
Unit: JPY millions)

Category	Description	Investment	Cost
(1) Cost within business area Environmental conservation costs to reduce the environmental burden generated from production/service activities within business activities.			
i. Pollution prevention cost		0	0.0
ii. Global environment conservation cost		0	17.8
iii. Resource circulation cost		0	8.1
(2) Upstream/downstream cost Cost to reduce the environmental burden generated upstream or downstream in association with production/service activities.	(Cost) Promotion of green procurement Control of environmentally-unfriendly chemicals	0	6.4
(3) Management cost Environmental conservation costs in management activities	(Cost) Maintenance of environmental management systems 1) Monitoring and measurement of data from equipment and facilities that generate an environmental burden. 2) Response to the survey of content of environmentally-unfriendly chemicals	0	18.1
(4) R&D cost Environmental conservation costs in R&D activities		0	0.0
Total		0	50.4

* Expenses recorded as environmental protection costs include depreciation on capital investments made in past fiscal years and personnel costs.

(Unit: JPY millions)

Quantity benefits of environmental protection

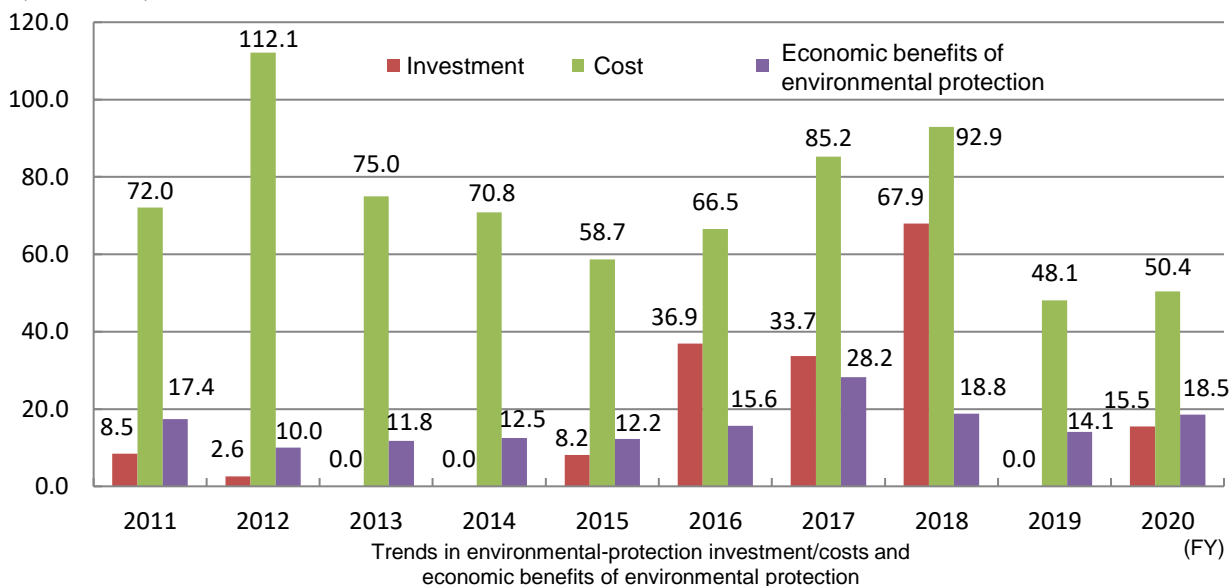
Item	Effect (volume)
CO2 reduction (Reduction of power usage through solar power generation and energy saving efforts)	87.3(t-CO ₂)
Amount of waste used effectively (Amount of recycled, reused, and valuable resources)	241.0(t)

Economic benefits of environmental protection

Item	Effect (amount)
Gain on sale of valuables	15,486
Power consumption amount by solar power generation	2,845
Power consumption reduce by inhouse developed solder tank	488
Total	18,819

* Benefits recorded do not include economic benefits based on assumptions, such as risk avoidance (i.e., imputed benefits).

(JPY millions)



FY 2020 environmental impact

We investigate and ascertain the environmental impact of our business activities annually, for use in management activities.

Period surveyed: December 2019 – November 2020
Figures in parentheses indicate year-on-year comparisons.

Environmental impact data

INPUT

Energy

Electricity	LP gas
Approx. 4,430,000 kWh (97.4%)	Approx. 53,100 m3 (109.3%)
Kerosene	Gasoline
Approx. 3.1 kL (119.2%)	Approx. 3.1 kL (50.8%)

Production material

Parts and materials	Lead-free solder
Approx. 1,859 t (111.6%)	Approx. 7.1 t (131.5%)
Flux/IPA	
Approx. 25.0 t (113.1%)	

Office paper

Copy paper
Approx. 6.4 t (94.1%)

Packing material

Packing box (Cardboard)	Cushioning material (Cardboard/plastic)
Approx. 289.0 t (105.9%)	Approx. 109.6 t (108.4%)

Water resources

Clean water	Groundwater
Approx. 13,100 m3 (103.1%)	Approx. 5,200 m3 (39.7%)



OUTPUT

Waste

General waste	Stabilized-type industrial waste
Approx. 4.0 t (81.6%)	Approx. 8.7 t (95.6%)
Control-type industrial waste	Special control-type industrial waste
Approx. 6.0 t (75.0%)	471 kg (203.0%)

Recycling

Cardboard	Used paper	Plastics	IPA/flux waste solution
Approx. 96.2 t (115.6%)	Approx. 13.6 t (107.9%)	Approx. 35.5 t (122.4%)	Approx. 14.2 t (97.3%)
To be used as a material for cardboard	To be used for toilet paper and newspaper	To be used for combustion improver	To be used for combustion improver
Waste oil	Polystyrene foam	Fluorescent tube	Conductive shoes
Approx. 5.2 t (82.5%)	Approx. 0.8 t (114.3%)	Approx. 36 kg (28.6%)	Approx. 123 kg
To be used for combustion	To be used as a material for	To be used as a material for	To be used for waterproof

Product

Product
Approx. 1,862 t (111.7%)

Valuable material

Lead-free solder scrap	Metal scrap
Approx. 3.6 t (138.5%)	Approx. 24.7 t (87.9%)

Greenhouse gases

CO ₂
Approx. 2,254 t-CO ₂ (97.8%)

Discharged water

Sewage
Approx. 13,200 m3 (96.2%)

Achievement of environmental targets and goals

The state of achievement of environmental targets and goals in FY 2020 is shown on the table below.

Most meetings were not held during this period due to delays resulting from the impact of COVID-19.

Currently, we are adjusting specific items and numerical figures for FY 2021 among individual divisions and the office. They will be confirmed by the Environmental Committee after their establishment is complete.

Achievement of environmental targets and goals in FY 2020

Assessments: ○ achieved, × : unachieved

No.	Objective (priority)	Control item	Goal	Result	Judgment
1	Commencement of calculation of supply-chain emissions	Deadline for commencement of operation of calculation of supply-chain emissions	Deadline for commencement of operation: November 2020	Calculation implemented since FY2018 emissions	○
2	Product production using eco-friendly production lines	Number of swing solder tanks in use	Three new units (cumulative total: 15 units)	Three new units (cumulative total: 15 units)	○
3	Development of energy-saving products (reducing power consumption during product use)	Number of eco-friendly product development models (including enhancements)	Including enhancements: 22 models * New: 20 models	Including enhancements: 13 models * New: 11 models	×
4	Reducing industrial wastes	Industrial waste intensity per sales [kg/JPY millions]	0.768 or less	0.894	×
		Stable industrial waste volume	50% or less	85%	×
		Managed industrial waste volume	80% or less	71%	○
		Recycling rate	95% or more	94%	×
5	Reduced power use (compliance with Act on the Rational Use of Energy)	Securing of monitored areas using power monitoring system completed (head office, Tateyama)	Deadline for completion of confirmation April 2020	Not implemented	×

Implementing environmental education

The following environmental education is conducted inside the organization, as education necessary to our environmental management activities.

- 1) General environmental education: All employees of the Head Office and Tateyama Factory
- 2) Education on chemicals harmful to the environment: All employees and temporary employees involved in continual work at the Head Office and Tateyama Factory as well as employees of subcontractors involved in production, repair, and logistics are educated on the purposes and importance of control of chemical substances and on our initiatives
- 3) Specialized environmental education: Employees involved in related work

Education for new employees is implemented as part of the training program conducted after joining the Company.

List of courses of special environmental education

No.	Work	Description of education	Target
1	Soldering work	Method for solder scrap disposal	Workers engaging in soldering work
		Inspection of soldering equipment	Workers handling organic solvent
		Emergency measures	Workers engaging in the relevant work
2	Work relating to disposal of waste solution of organic solvent	Method of storage, use, and disposal of organic solvent	Workers engaging in the relevant work
		Emergency measures	Workers engaging in the relevant work
3	Office work relating to industrial waste	Management of industrial waste management slips (manifests)	Workers engaging in the relevant work
4	Confirmation of changes in environmental laws and regulations and evaluation of compliance with them	How to confirm changes in environmental laws and regulations and evaluate compliance with them	Workers engaging in the relevant work
5	Supervision of nitrogen gas charging	Inspection when supervising nitrogen gas charging	Workers engaging in the relevant work
		Daily inspection	Workers engaging in the relevant work
6	Management of chemicals and hazardous substances	Management method based on internal rules	Workers engaging in the relevant work

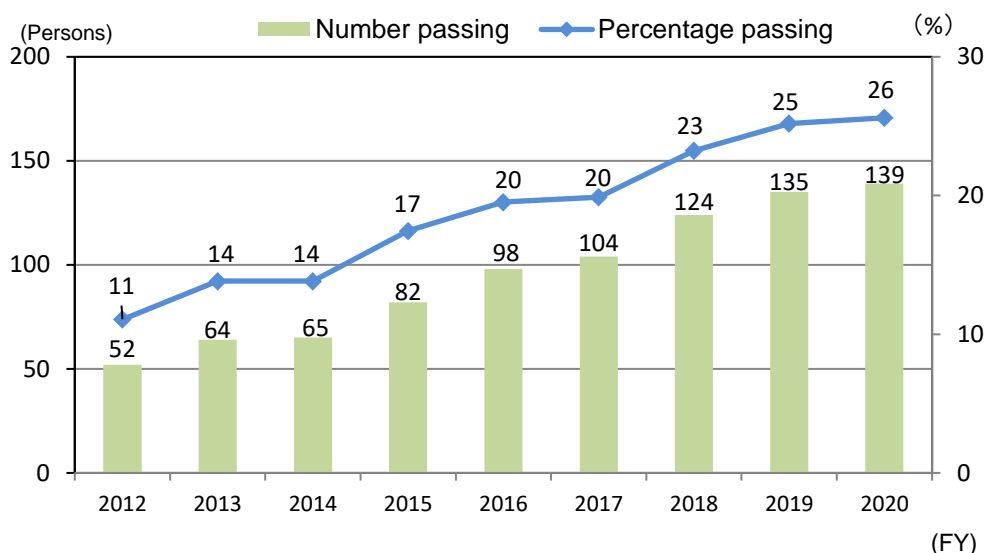
Encouraging employees to take the Eco Test

The Eco Test (Certification Test for Environmental Specialists) is a certification Exam conducted by the Tokyo Chamber of Commerce and Industry, intended to train human resources who possess the wide range of knowledge needed to take the initiative in tackling environmental problems in society and to promote a sustainable society with a sound balance among environmental and economic concerns.

Cosel employees have been taking the Eco Test since the sixth test in FY 2009. Currently, 139 employees (26% of all employees) have passed the exam.

We encourage our employees to take the Eco Test by subsidizing part of the examination fee and providing monetary rewards to those who pass the exam.

Employees who have passed the Eco Test












Earning environmental qualifications

Cosel strives to increase the numbers of personnel who have earned official environmental qualifications, by encouraging employees to take on the challenge of earning them.

Current numbers of employees who have earned official environmental qualifications are shown below.

Employees who have earned environmental qualifications

No.	Name of Credential	Number of Credential Holders	
1	Hazardous materials security superintende	2	
2	Class A hazardous materials engineer	14	
3	Class B hazardous materials engineer	7	
4	Operations chief of lead	3	
5	Operations chief of organic solvent	8	
6	Special controlled industrial waste Manager	6	
7	Class I health officer	8	
8	Safety officer	4	
9	Fire prevention manager	5	

Fair and Equitable Transactions



Promoting CSR procurement

Basic thinking on procurement

Cosel strives to build transparent relationships of mutual trust that enables coexistence and coprosperity with our suppliers from a fair, equitable, and global perspective, in compliance with laws, regulations, and social norms.

To develop outstanding products that will satisfy customers around the world through our businesses, it is essential to manage the quality of the components and materials we purchase, delivery times, and costs, and to take the environment into consideration.

To this end, we strive to deepen mutual understanding with suppliers in daily business activities and provide them regularly with information concerning quality, delivery time, costs, our management policies, and our technology strategies.

We believe it is important for us to improve our partnerships with suppliers by maintaining and strengthening such activities.

Requests for CSR initiatives by suppliers

Cosel launched its corporate social responsibility (CSR) initiatives in 2015. To achieve CSR not only within the Cosel Group but among also our suppliers, we strive to ensure that suppliers understand our basic approach on procurement activities.

When our website was relaunched in September 2015, we posted a “Request to Suppliers” on the website to notify them of our expectations concerning the environment, human rights, labor practices, and compliance:

1. Appointment of auditors and auditor-secretaries and implementation of healthy corporate management
2. Respect for human rights
3. Development of a safer workplace and improvement of work-life balance
4. Energy saving, CO₂ reduction, and environmental conservation
5. Implementation of ethical actions to society
6. Establishment of a relationship of trust with consumers
7. Social contribution to local residents

Initiatives to address conflict minerals

There are concerns that mineral resources mined in the Democratic Republic of the Congo and nine neighboring countries serve as sourced of funding for armed groups in these regions. To address this issue, in July 2010 the United States enacted the Dodd-Frank Act, requiring U.S.-listed companies to conduct inquiries to identify refiners of the conflict minerals and file reports to the U.S. Securities and Exchange Commission.

We support the aims of the Dodd-Frank Act and have established our own rules investigation of conflict minerals, to promote responsible procurement of minerals. We explain the purpose and necessity of investigation of conflict minerals to our suppliers and collect information utilizing the Conflict Mineral Reporting Template (CMRT).

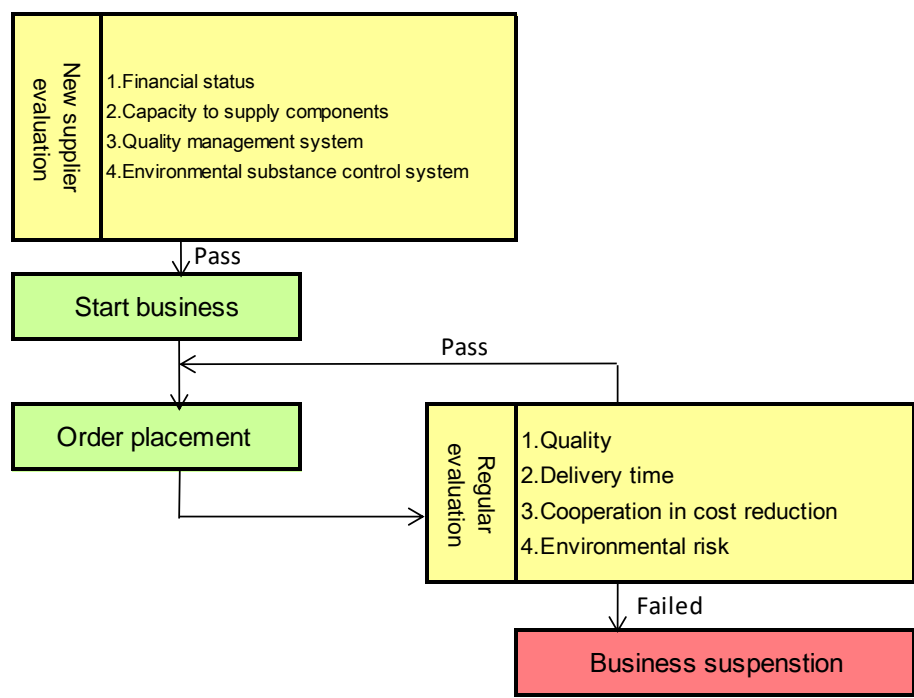
When customers ask us to disclose information on the results of our investigation of conflict minerals, we provide the information using the CMRT.

Supplier evaluation

When commencing business with a new supplier, we conduct supplier evaluation from perspectives that include those of financial standing, capacity to supply components, and quality and environmental management systems. From an environmental perspective, we make it a condition that suppliers are able to comply with our Green Procurement Standards.

At the beginning of the fiscal year, we also evaluate each supplier based on the perspectives of the previous year's product quality, supply, cooperation on costs, and the environment, and we audit suppliers whose evaluation results are low.

New supplier evaluation flowchart



Green procurement

In order to deliver environmentally friendly products to customers, it is vital to ascertain the chemical content of not only our own products but also those of suppliers and to disclose and communicate such information smoothly. For this purposes, we are striving to establish a system covering the entire supply chain.

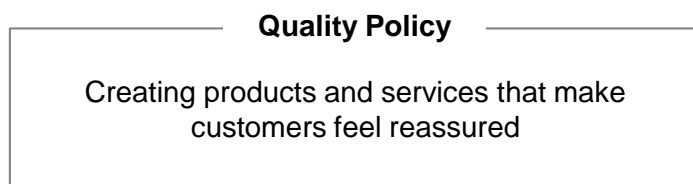
Cosel established its Green Procurement Standards in FY 2004 and has used them as conditions of transactions with suppliers since then. We also conduct regular review for compliance with laws and regulations and promote green-procurement efforts.

Building Improved Relations of Trust with Stakeholders

Continual Improvements to the Quality Assurance Structure

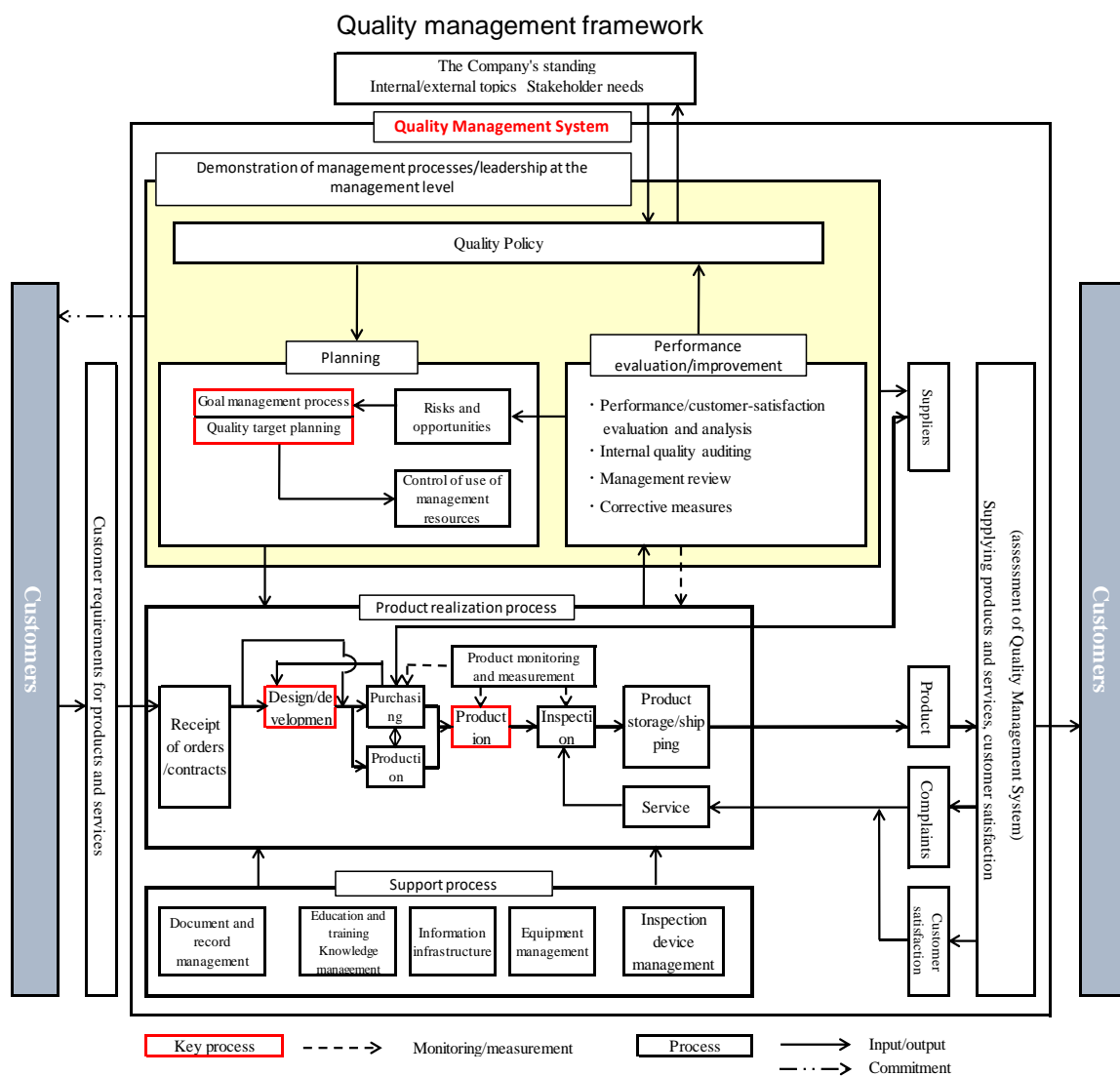
Quality Policy

Based on the Quality Policy, Cosel considers it to be our mission to deliver to customers products and services that can be used in safety and with peace of mind. Each and every employee works hard from day to day keeping in mind the fact that every single business activity is connected to customer satisfaction. These efforts are being made in all processes, from product planning and development through design, manufacturing, shipment, and maintenance services.



Quality management system

The chart below depicts the essential processes of our quality management system and their flows, interrelations, and related organizations.



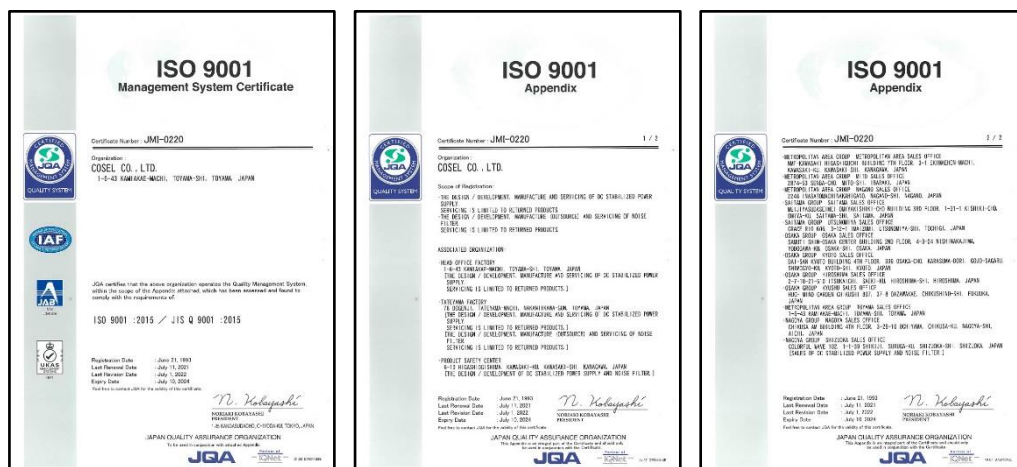
ISO 9001 certification

We were the first company in Toyama Prefecture to earn ISO 9001 international certification through establishing a quality management system, and we continue to implement thorough quality management.

We began application of the FY 2015 version of ISO 9001 in October 2016. We successfully acquired certification under the FY 2015 version following a transition audit in June 2017, and we have maintained this certification ever since.

We will continue striving to improve quality further and increase customer satisfaction.

ISO 9001 certificate



Dates of acquisition:

- FY 1987 version: June 21, 1993 (first in Toyama Prefecture)
- FY 2000 version: March 20, 2003
- FY 2008 version: July 23, 2010
- FY 2015 version: July 7, 2017

Scope:

- Design, development, manufacture, and servicing of regulated DC power supplies (servicing limited to repair of collected units)
- Design, development, manufacture (outsourcing), and servicing of noise filters (servicing limited to repair of collected units)

Registered sites:

- Cosel Co., Ltd.

Related sites

- Head Office Factory, Tateyama Factory, Safety Standard Office, domestic sales facilities

Certifying agency

- Japan Quality Assurance Organization

Quality assurance system

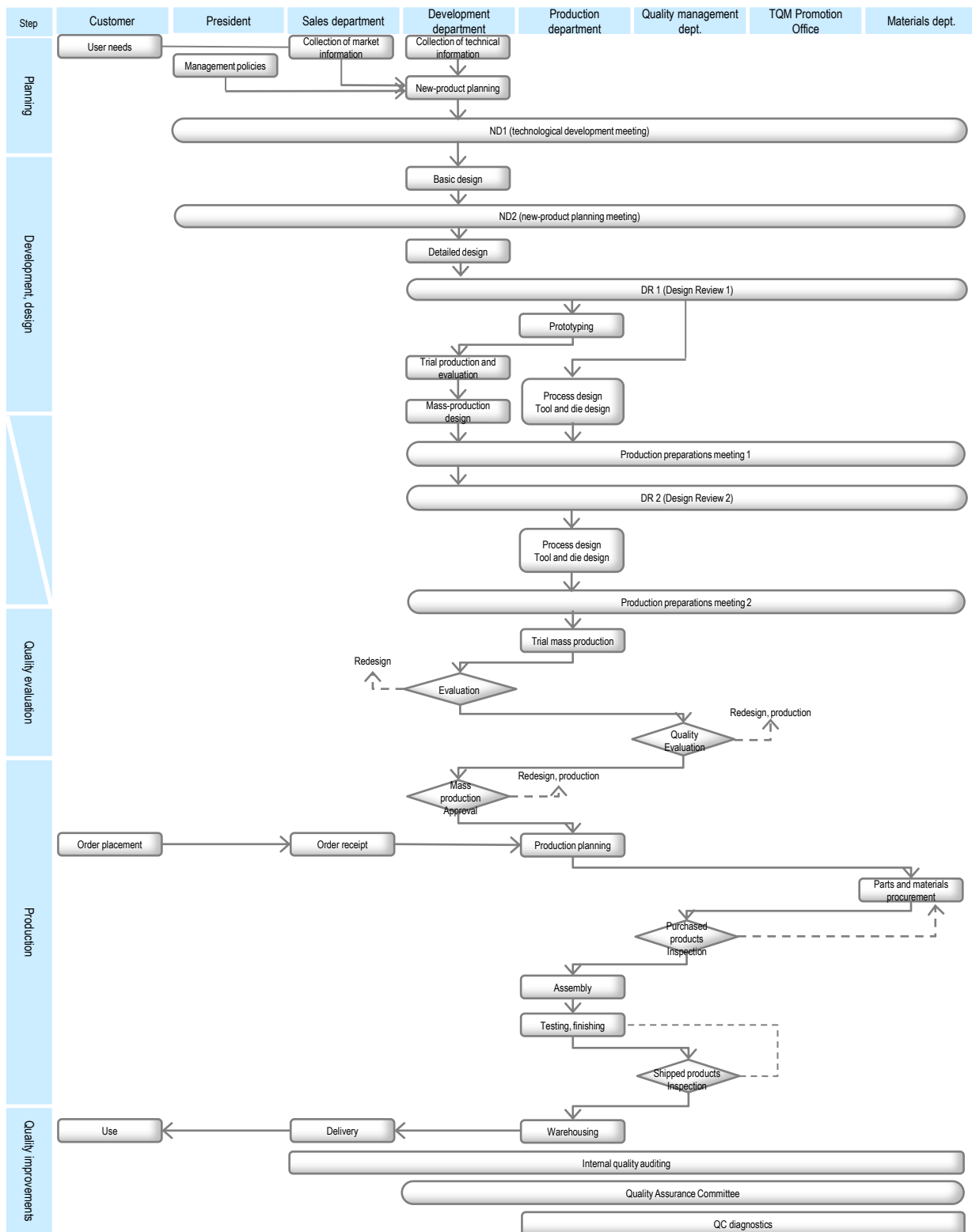
To reliably implement and maintain various processes, we have established a quality management system under which General Manager of the TQM Promotion Office serves as the quality management supervisor.

We have established the quality assurance system by defining in the Quality Manual basic requirements in processes from the product planning and development stage through quality assessment, mass production, shipment, and service, and documenting the rules for each step in procedures and other manuals, in order to provide products that meet customer needs in a more timely manner.

Cosel's quality assurance structure is shown below.

We also hold regular meetings among the persons responsible in development, production, and quality control divisions, with the quality management supervisor playing a central role. These meetings strive to reduce quality issues through studying quality-related topics and developing solutions for quality issues affecting multiple divisions.

Quality assurance structure diagram



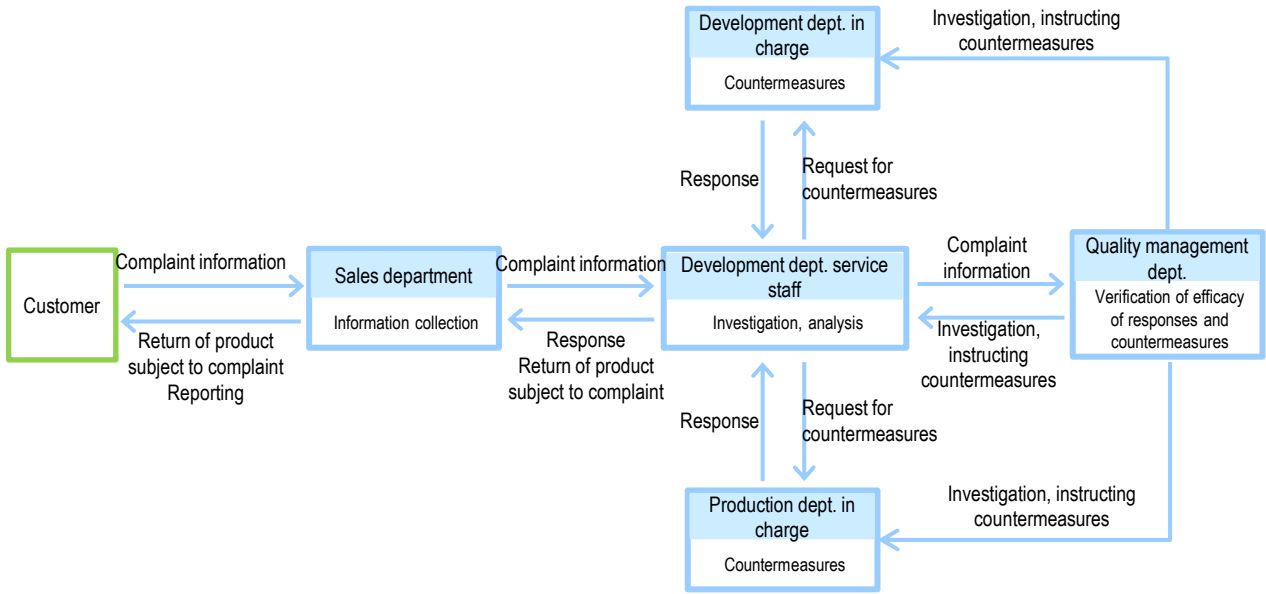
Responding to quality issues

Our technical staff respond promptly and accurately to any product failures that may occur. We provide maintenance services that include failure analysis, repair, and overhaul in response to any defects or failures occurring within processes or in the field.

In the event of a defect, we ask the customer for information on subjects such as the situation and environment where the product was used. Through accumulating such information internally, we strive to investigate the cause and resolve the defect as quickly as possible, with reference to past cases.

In addition, we analyze the defects in products returned from the market and provide feedback to product development and the production site. Then, we run through the plan-do-check-act (PDCA) cycle, intended to make improvements from the customer's perspective. In this way, we strive to improve product quality and provide service that will satisfy customers.

Structure of responses to quality issues, and roles of each division



Enhancement of the Customer Support Structure

Increasing customer loyalty by creating added value

Cosel provides technical support service through a toll-free telephone number and contact form on the website as well as an online technical support contact point. Our dedicated support team strives to respond to inquiries from customers quickly and accurately.

We also provide a wide range of support services such as visits to customers and onsite evaluation of EMI, EMS, and other products at our own facilities with the customers present, as well as technical consultation services.

We have stored the details of more than 100,000 technical consultations we have responded to through now in a database, to help improve the quality of products and services in the future.

We also strive to improve products and services and create added value by collecting information on complaints, conducting customer satisfaction surveys, and continuously reviewing and analyzing customer feedback. All of these efforts are intended to contribute to increased customer loyalty.



Disclosure to Shareholders and Investor Relations

Returns to shareholders

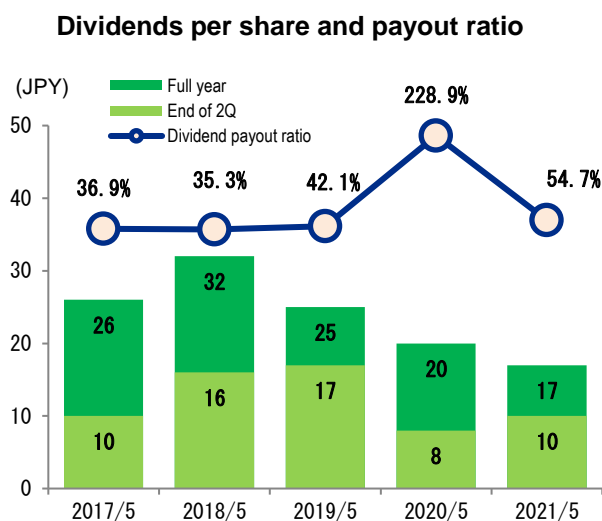
Policies on dividends

We regard distribution of earnings as an important management policy. We pay dividends linked to business performance, while also striving to improve profitability. We aim to return profits to shareholders under a 35% payout ratio (consolidated).

We plan to use internal reserves for purposes such as new product development, investment in research and development and production facilities, acquisition of treasury stock, and enhancement of our financial standing to contribute to future business expansion.

Dividend trends

Trends in dividends per share and the payout ratio are shown at right.



Disclosure of IR information

We strive not only to comply with provisions such as those of laws and regulations concerning securities trading and the Timely Disclosure Rules established by the Tokyo Stock Exchange but also to disclose information proactively and appropriately, to ensure transparency and accountability to stakeholders.

We issue press releases and post the latest information and various disclosure documents on our website as appropriate.

Dialogue with shareholders and investors

We disclose information on our business strategies and performance to shareholders, investors, and securities analysts accurately, fairly, and in a timely manner on a dedicated page for shareholders and investors on our website. We also hold briefings on financial results twice a year for securities analysts. In these briefings, the President himself describes information on subjects including the results of settlement of accounts and recent business conditions.

Community Involvement and Community Development

Taking on the challenges of technological innovation to create new value



Industry-academy joint research and cooperation with various industry associations in technical fields

Cosel is advancing joint research with academic institutions including Toyama Prefectural University and University of Toyama, communicating to students the spirit of manufacturing as well as the latest science and technology through establishing factor technologies in areas such as solder strength analysis.

We also participate proactively in the activities of various industries and associations both inside and outside Toyama Prefecture, taking on a wide range of issues and challenges in cooperation with related companies.

[Joint research]

- Society for Promotion of Exchange, Center for Joint Research, University of Toyama
- Society for Research Collaboration, Toyama Prefectural University

[Industry associations]

- Japan Electronics and Information Technology Industries Association (JEITA)
- The Japanese Society For Quality Control
- KEC Electronic Industry Development Center
- Union of Japanese Scientists and Engineers
- Japan Management Association
- Japan Society for the Promotion of Science
- Society for Technology Promotion, Toyama National College of Technology
- Toyama Society for the Promotion of Technical Education
- Toyama Prefecture Middle School Manufacturing Education Promotion Conference
- QC Circle Toyama Section Hokuriku Branch
- Toyama Association of Corporate Executives
- The Toyama Chamber of Commerce and Industry
- Toyama Employer's Association
- Toyama Prefectural Machinery and Electronic Industries Association
- Society for Young Engineer Development, Toyama New Industry Organization
- Toyama Technology Exchange Club
- Toyama IoT Acceleration Consortium

Internships

Internships provide opportunities for students to raise awareness by thinking about and experiencing themselves the working world, life in a company, and what it means to be a professional before they begin their careers, through work experience in the actual workplace.

Cosel offers internships in operations related to development or production technology, providing opportunities to experience work related to design of power supplies and to learn about the fundamentals of production process design through classroom study and work experience.

Cosponsoring the Toyama Prefecture Middle School Manufacturing Education Promotion Conference

Cosel is a cosponsor of the Toyama Prefecture Middle School Manufacturing Education Promotion Conference, organized by the Toyama Prefectural Machinery and Electronic Industries Association to help middle-school students appreciate the enjoyment of manufacturing and get a feel for how fascinating it can be, as one of a wide range of possible future career paths.

This activity consists of a program to dispatch instructors, company tours, and support for teaching materials and other resources. We actively support this activity based on our belief that lectures on subjects such as the enjoyment and fascination of manufacturing and how what middle-school students learn is put to use in society, as well as opportunities to tour actual business workplaces, will help students in choosing their future career paths.

Continual investment in society

Blood drives

Amid Japan's falling birth rate and the aging of its society, the number of senior citizens who need blood transfusions has been increasing while the number of young people who can donate blood has been decreasing. This has led to a nationwide blood shortage.

We conduct employee blood drives every year and cooperate in the activities of the Japanese Red Cross Society Blood Center.



Fund raising

In the past, Cosel has donated both the proceeds from an annual company bazaar and money collected from employees to the Community Chest of Toyama. However, since the bazaar has been canceled to help stop the spread of COVID-19, recently we have continued only the collecting of donations.

The donated funds are used for activities conducted by municipal social welfare councils, such as home welfare services, volunteer development, accident prevention for children, and supporting the healthy growth of young people.

Support for athletic activities

[Cosel Cup Challenge Super Kids]

Cosel Cup Challenge Super Kids has been held continuously since 1989.

This tournament has become an established tradition in the community, as a chance for outstanding elementary-school athletes selected from more than 100 schools in Toyama Prefecture to compete in five events: the 100-meter dash, the shot put, the long jump, zigzag dribbling, and swimming.

While the event was cancelled in 2020 to help stop the spread of COVID-19, it was held in April 2021 while implementing various measures to prevent infection, welcoming 216 participating students from 90 schools in the prefecture.

Due to rain on the day of the tournament, only three events were held (the long jump, zigzag dribbling, and swimming). The students competed vigorously in spite of the rain.

Fourteen Cosel staff members volunteered to guide the students during the tournament.





“Grasping needs from a customer’s perspective and
developing high-value added products and services”

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