

# Social and Environmental Report



# 2024

**COSEL**

# Editorial Policy

COSEL Co., Ltd., issued its first Environmental Report in 2000 and has reported its environmental protection activities ever since.

Since 2015, we have issued this CSR Report in order to enhance communication by providing our stakeholders with reports not only on our environmental efforts but also on all of our initiatives related to our corporate social responsibility (CSR).

Since 2022, we have also planned and published the Social and Environmental Report, which features a wider range of content to serve as an effective tool for communicating with stakeholders.

As we strive toward a sustainable society, we will continue to enhance its content as a tool for communicating information on our initiatives while reflecting the needs of the times.

## Reporting Period

May 21, 2023, to May 20, 2024

## Referenced Guidelines

ISO26000



Company building:  
Head office・R&D Center



Company building:  
Tateyama Factory

# Contents

Editorial Policy/Contents	1
Commitment of top management	3
Company Overview	4
Promoting sustainability	8
Basic Policy on Sustainability	
CSR in the COSEL Group	
FY 2023 targets and results	
Together with our customers	14
Quality assurance system	
The Customer Support Structure	
With Our Shareholders and Investors	18
Disclosure of Information to Shareholders and Investor Relations	
With Our Clients	20
With the Community	22
Community contribution activities	
With Our Employees	24
Continual investment in human rights	
Stabilization of employment	
Diversity and Inclusion	
Creating safe, healthy workplaces	
Promotion of work-life balance	
Creating fulfilling, rewarding workplaces	
Environmental Management	30
Environmental Policy	
Environmental Management System	
Environmental education	
Environmental goals and achievement state	
Environmental impact reduction	36
Promoting Efforts toward a Zero-carbon Society	
Promoting a recycling-oriented society	
Promotion of environmental management of chemical substances	
Governance system	45
Corporate governance system	
Risk management	
社外取締役からのメッセージ	50
Sustainability Data	52

# Linkage between the Sustainable Development Goals (SDGs) and each page

The linkage between the Sustainable Development Goals (SDGs) and each page of this Report is shown below.

## Linkage between the SDGs and each page

★ : Related to the ESG Action Plan  
○ : Related to 169 SDG targets

<div></div>			Title								
			Sustainability Promotion	Together with our customers	With Our Shareholders and Investors	With Our Clients	With the Community	With Our Employees	Environmental Management	Environmental impact reduction	Governance system
1		NO POVERTY	★						○	○	
2		ZERO HUNGER									
3		GOOD HEALTH AND WELL-BEING					○	○	○	○	
4		QUALITY EDUCATION					○	★			
5		GENDER EQUALITY						★			
6		CLEAN WATER AND SANITATION							○	○	
7		AFFORDABLE AND CLEAN ENERGY							★	★	
8		DECENT WORK AND ECONOMIC GROWTH						★			
9		INDUSTRY, INNOVATION AND INFRASTRUCTURE		○	○	○		○			★
10		REDUCED INEQUALITIES				○		★			
11		SUSTAINABLE CITIES AND COMMUNITIES					○	○			
12		RESPONSIBLE CONSUMPTION AND PRODUCTION		○	○	○			★	★	★
13		CLIMATE ACTION		○	○	○	○	○	★	★	
14		LIFE BELOW WATER							○	○	
15		LIFE ON LAND							○	○	
16		PEACE, JUSTICE and STRONG INSTITUTIONS			○	○					○
17		PARTNERSHIPS FOR THE GOALS									

※The title of each page indicates the relationship between that page's content and the Sustainable Development Goals (SDGs) by the size of the icons.





President & Chief  
Executive Officer of  
COSEL Co., Ltd.

斉藤盛雄

## COSEL's CSR is based on its management philosophy of "Responding to the Trust of Society by Putting Quality as the Most Important Priority"

We believe that the efforts of all COSEL Group team members working to realize a sustainable society based on our management philosophy of "Responding to the Trust of society by Putting Quality as the Most Important Priority" will contribute to our own continuous growth.

In particular, quality is key to this continuous growth. We consider this quality to refer not only to the functional quality of products and services but to the various types of quality essential to the sustainability of society, including the quality of the various types of value we provide in response to changing needs (i.e., the quality of individual domains, such as sales, development, production, and management).

## 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 created in connection with each of these domains. We believe that continual improvement of COSEL Quality will contribute to customers' peace of mind and confidence and to rewarding the trust of society and will eventually contribute to realizing a sustainable society.

We operate under systems and structures that emphasize putting the Corporate Governance Code into practice, promoting risk management, and ensuring compliance as basic actions toward this end.

We will continue to expand these activities through not only the COSEL Group but the entire supply chain as well.

## Environmental initiatives

Under our environmental management system (EMS), which identifies our environmental policy and action guidelines for putting it into practice, we promote initiatives to lessen the environmental impact of our business activities.

Among these, carbon-neutrality initiatives are a pressing need. We believe that it is essential to achieve Groupwide carbon neutrality as soon as possible, starting by ascertaining total Scope 1, 2, and 3 CO<sub>2</sub> emissions, including those of the supply chain.

In considering our environmental impact, we believe that the environment and quality are inseparably linked. We strive to carry out reasonable initiatives based on ascertaining environmental impact from a bird's-eye view that connects quality with the environment.

We 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 to face with a wide range of social issues and challenges. Customers' needs also have grown increasingly diverse with the progress of globalization. Similarly, in various ways the concept of quality referred to in the management philosophy has changed and grown increasingly diverse as well. We consider it vital to respond in a timely and appropriate manner to the changes associated with this diversification.

The vision of COSEL's midterm management plan for the 10th period calls for us to be an essential presence in a society based on smart energy by realizing products and services that provide added value to meet customer needs.

This refers to generating, cocreating, and realizing new value by swiftly addressing the changing needs of customers and society resulting from these changes in our world, and the changes that we want to effect in response.

Toward this end, we will continue to emphasize the process of taking on major challenges such as technological and manufacturing innovations and linking them to production of products and services that deliver value to society (customers).

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

Human-resource development is fundamental to manufacturing. We consider our human resources to be the most important factor supporting our business activities. We believe that individual growth and autonomy strengthen our ability to adapt to change, which in turn earns the trust of our customers. This process contributes to realizing a sustainable society. Continuing this series of activities should result in our own continued growth.

We aim to be a group of autonomous human resources able to generate results by learning, thinking, and acting as individuals. Furthermore, we aim to make each individual's work more rewarding and motivating by steadily broadening the domains of individual activities.

On April 30, 2024, we concluded a capital and business alliance with Lite-On Technology Corporation.

Our employees' areas of activities are broadening further on the global stage.

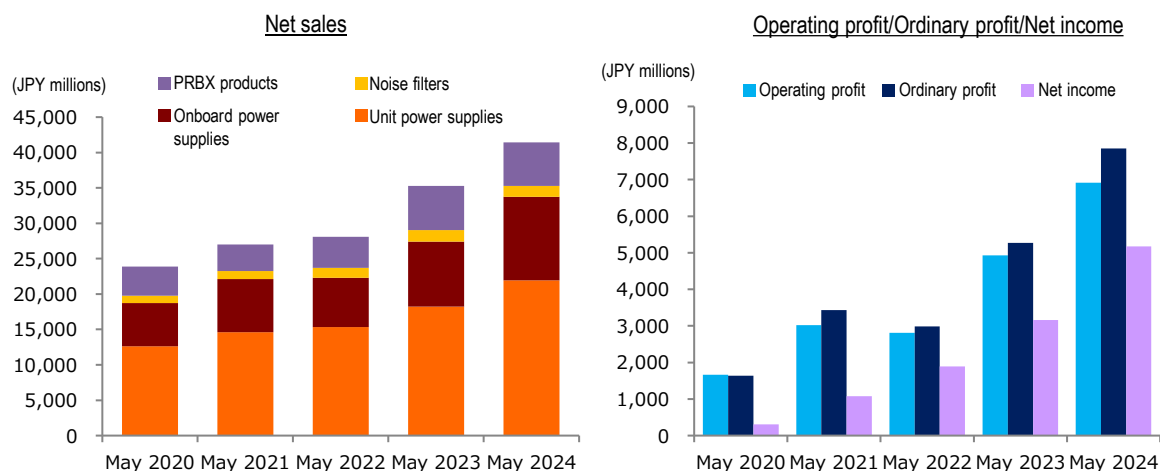
Through our human-resource development initiatives, we will continue our aim to help realize a sustainable society by creating a culture and workplaces where individual human resources can thrive.



# Company Overview

■ Trade 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 electrical components and EMI filters
■ Main products	: Regulated DC power supplies (such as switch mode power supplies)
■ Representative	: Morio Saito
■ Established	: July 26, 1969
■ Capital	: 2.055 billion yen (as of May 2024)
■ Net sales	: 41,437 million yen (Year ended May 2024)
■ Employees	: 721 (as of May 2024)
■ Affiliates	: COSEL USA INC. (San Jose, California, 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 (Stockholm, Sweden)

## Financial standing (consolidated)



## Business Outline

Electronics products, such as industrial and consumer devices, are made using numerous electronic components, such as semiconductor devices.

IC devices, FETs, transistors, diodes, and other semiconductor devices rely on stable direct-current (DC) power supplies to operate. This means that the alternating-current (AC) power supplies of factories and households need to be converted to stable DC power. COSEL's regulated DC power supplies make this possible.

COSEL's main product is switching power supplies using rapid-switching effects of semiconductors.

Thanks to their compact size, light weight, and high efficiency, switching power supplies are used nearly all ICT, medical, and factory automation devices.

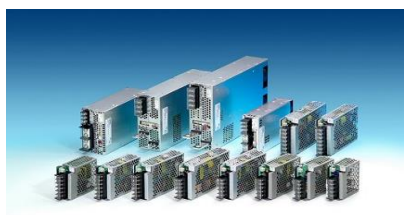
Since 2005, we have also developed and brought to market noise filters to protect electronic devices from various types of noise.

Today, when most of the products used in society and our lives are electronic, stable DC power supply equipment, the heart of such devices, truly is key to the next generation.

COSEL will continue to contribute to a smart energy society through unlimited interaction with new technologies and creating highly reliable products to build the future of electronics.

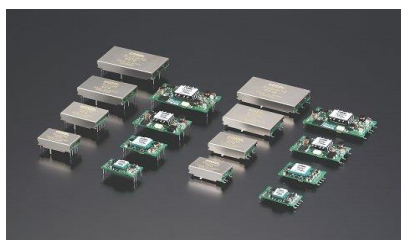


# Our products



## Unit power supplies

Power supplies enclosed in cabinets  
\*Mainly AC-DC converters



## Onboard power supplies

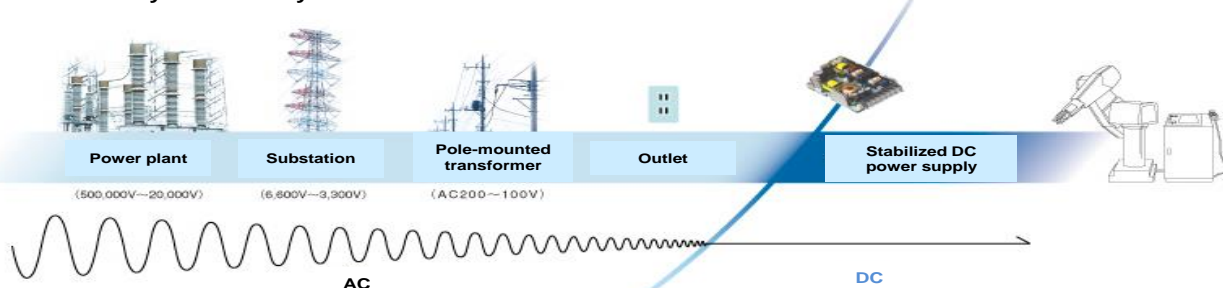
Power supplies implemented on  
customers' circuit boards  
\*Mainly DC-DC converters



## Noise filters

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

### <Delivery of electricity>



## Examples of use of regulated DC power supplies

### Display devices



Large-scale display  
devices



Large LED Sign for  
advertisement



Advertising display  
signs

### Industrial devices



Industrial robots

### Telecommunications equipment



Mobile-phone base  
stations

### Medical devices



CT scanners

### CP application devices



Ticket vending  
machines

ATMs



LED lighting



ATC equipment for high-speed rail  
rolling stock



Power  
transformers  
for wind power  
generation



Our history since our founding (in 1967) is summarized below.

Year	Business Development	Quality Control
FY 1967	Launched as Kimura Electronics Sales Inc. (sole proprietorship) (Sale of parts and assembly of circuit boards)	
FY 1969	ELCO Co., Ltd., established (Kimura Electronics Sales Inc. dissolved with establishment of new company)	
FY 1973	Head-office building and factory completed (Kamiakae-machi, Toyama)	
FY 1978	Began to specialize in the power supply business	Introduced QC circle activities First company-wide QC circle tournament held
FY 1979		
FY 1980	Expanded the head office factory	
FY 1982		Launched total quality control (TQC) guidance meetings (TQC adopted) Adopted policy management (formulated long-term and annual policies) First presentation at external QC circle tournament
FY 1983	Named a model plant for SME efficiency improvements by Toyama Prefecture	
FY 1984	Received outstanding enterprise award from the Small and Medium Enterprise Agency	
FY 1986	Named a model plant for efficiency improvements by the Small and Medium Enterprise Agency	
FY 1987		Presented at QC Circle Headquarters tournament
FY 1988	Won the Medium and Small Business Research Institute Prize	Adopted Toyota Production System (TPS) QC Circle Hokuriku Branch Toyama District: lead company
FY 1989	Tateyama factory completed (Tateyama-machi, Toyama Prefecture)	
FY 1990	Established U.S. Elco Inc. (now Cosel USA Inc.)	
FY 1992	Name changed to COSEL Co., Ltd. Began to specialize in standard power supplies	Introduced CI (visual integration) QC Circle Hokuriku Branch Toyama District: district chair company
FY 1993		
FY 1994	Shares registered for over-the-counter trading	
FY 1996		Adopted TPM
FY 1997	Established German sales subsidiary (Cosel Europe GmbH)	
FY 1998	Established Hong Kong sales subsidiary (Cosel Asia Ltd.)	
FY 1999	Shares listed on the second section of the Tokyo Stock Exchange and the second section of the Nagoya Stock Exchange	Earned ISO 14001 certification
FY 2000	Shares listed on the first section of the Tokyo Stock Exchange and the first section of the Nagoya Stock Exchange	
FY 2002	Expanded the head office building	Launched Technical KI activities (now IM) QC Circle Hokuriku Branch: branch chair company
FY 2003		
FY 2004		Launched TQM guidance meetings led by outside instructors
FY 2005	Entered noise-filter business	Launched TQM guidance meetings for partner companies, led by outside instructors Won the Kaoru Ishikawa QC Circle Prize
FY 2006		Won the QC Circle Managers' Prize First appearance in the All-Japan QC Circle Tournament
FY 2007	Expanded the Tateyama	QC Circle Hokuriku Branch Toyama District: district chair company
FY 2008		Launched TQM guidance meetings led by the Company (CINPR, KYT) Won the gold medal at the JHS All-Japan QC Circle Tournament
FY 2009		Won the Kaoru Ishikawa QC Circle Prize
FY 2010		Won the Kaoru Ishikawa QC Circle Prize
FY 2012	Wuxi Cosel Electronics Co., Ltd., began operation (production in China)	
FY 2014		Won the QC Circle Activities Outstanding Company/Site Prize
FY 2015	Cosel Vietnam Co., Ltd., began operation	
FY 2016		Won the Kaoru Ishikawa QC Circle Prize Won two Kaoru Ishikawa QC Circle Outstanding Achievement Prizes
FY 2018	Acquired the ownership of Swedish power-supply maker Powerbox International AB R&D Center completed	
FY 2019		Won the Kaoru Ishikawa QC Circle Outstanding Achievement Prize QC Circle Hokuriku Branch Toyama District: district chair company
FY 2020	Wuxi Cosel Electronics Co., Ltd., opened new head-office plant	Won the Kaoru Ishikawa QC Circle Outstanding Achievement Prize Won the gold medal at the JHS All-Japan QC Circle Tournament
FY 2021		Won the Kaoru Ishikawa QC Circle Promotion Prize
FY 2022	Shares transferred from the first section to the Prime Market of the Tokyo Stock Exchange due to reorganization of TSE market categories Transitioned from a company with a board of auditors to one with an audit and supervisory committee	Won the Kaoru Ishikawa QC Circle Outstanding Achievement Prize Won the QC Circle Managers' Prize
FY 2024	Agreement concluded on a capital and business alliance with LITE-ON TECHNOLOGY CORPORATION	





◆ Basic Policy on Sustainability

We will aim to increase corporate value continually based on our management philosophy of “Responding to the Trust of Society by Putting Quality as the Most Important Priority.”

- We will strive for solutions to society's challenges by creating new value through technological innovation and manufacturing.
- We will promote organizational and human-resource management to draw out and make the most of the abilities of our diverse employees taking on the challenge of creating value.
- We will aim to realize a decarbonized society quickly by promoting reductions in climate-change risk and environmental impact.
- We will realize fair and highly transparent management through legal and regulatory compliance and appropriate disclosure and dialogue with stakeholders.

We will contribute to a sustainable society by increasing corporate value through addressing these four priorities.

The aim is a sustainable society!

■ SDGs (from Sep 2015) Sustainable Development Goals

Sustainability Development Goals (SDGs): What can we as individuals and a company do to help reach the 17 Goals and 169 targets of the SDGs?

■ ESG (from 2006) E: Environment, S: Social, G: Governance

Environment, Social, Governance

With corporate initiatives and disclosure, institutional investors evaluate the sustainability of the company which they invest in

■ CSR (from 1990) Corporate Social Responsibility

Corporate social responsibility: What a company should do to fulfill its responsibilities and build relations of trust with stakeholders

◆ CSR in the COSEL Group

Management philosophy

COSEL has strived to improve its organizational abilities and enhance its organizational structure through the concept and methods of total quality management (TQM), based on its management philosophy.

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

Management philosophy

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



<Core concept>

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. In addition, the COSEL Mindset describes the consciousness, values, and thinking shared throughout the COSEL Group, as foundations for the consciousness and ethics of each and every member of the organization.

Charter on Ethics

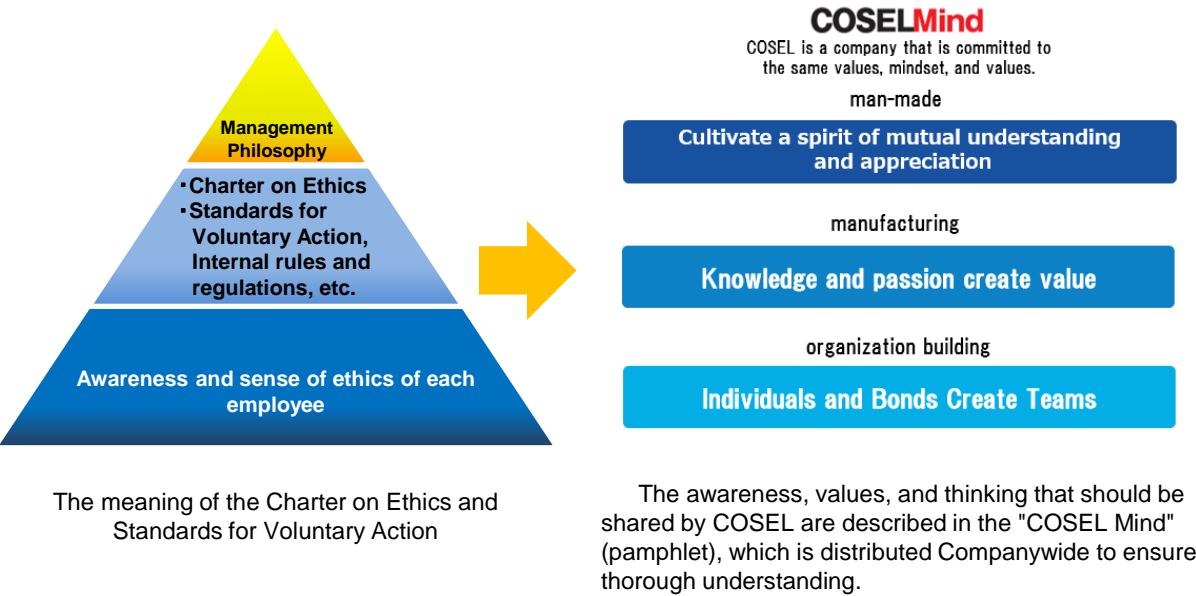
- (1) [Compliance with laws and regulations and social norms]  
Comply with laws and regulations, social norms, common sense, and rules, as well as the spirit thereof, in addition to internal rules and regulations such as this charter in all business activities and ensure that the COSEL Group's business 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.



## 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 antisocial forces  
We will never form a relationship with any antisocial 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 implement 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 regulations 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 regulations 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 and regulations, customs, and cultures while conducting our business activities overseas.
- (19) Environmentally conscious business activities  
We will comply with environmental laws and regulations 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.



## Our approach

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Based on the management philosophy, the COSEL Group has identified the vision of being an essential presence in a society based on smart energy by realizing products and services that provide added value to meet customer needs. Our aim is to achieve the continual growth of the COSEL Group by contributing to a sustainable society through continuous increases in our organizational abilities by leveraging the strengths of individual employees, all while emphasizing a global perspective.

To contribute to a sustainable society in this way, the COSEL Group carries out CSR activities as autonomous measures to fulfill our roles and responsibilities with respect for all stakeholders, including business partners, customers, communities, and government, recognizing that each of us is an important part of society.

## Promotion structure

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Recognizing the importance of enhancing corporate governance, the COSEL Group aims to be a company that rewards the trust and expectations of its diverse stakeholders. Toward this end, it promotes CSR activities through a structure in which the Executive Committee plays a central role as the decision-making body, while also cooperating with the Risk and Compliance Committee.

SDGs promotion activities

Based on its management philosophy, the COSEL Group aims to continue to earn society's trust by balancing contributions to a sustainable society with its own continuous growth.

Doing so requires coordinated action by members of management and those in the field. In addition to the promotion sections, we also appoint promotion personnel in quality control (QC) circle activities and kaizen proposal activities in which all employees take part as key SDGs promotion personnel. In this way, we strive toward permeation of the SDGs inside the Company, through kaizen activities.

In QC circle activities, all circle members discuss how the details of kaizen activities connect to the SDGs to get a true feel for both activity results and SDGs contributions.

In addition, we signed on to the Toyama Prefecture SDGs Statement in October 2023. We will contribute to a sustainable society by fulfilling our mission to pass along our precious planet to future generations in a healthy state.

富山県SDGs宣言



コーセル株式会社はSDGsの達成のため、  
以下について取り組むことを宣言します。

コーセル株式会社は経営理念「品質至上を核に社会の信頼に応える」のもと、「持続可能な社会の実現への貢献」と我々の「持続的成長」の両立で、社会の信頼に応え続けたいと考えています。

かけがえのない地球環境を健全な状態で次世代に引き継ぐため、私たちに課せられた使命を果たし、持続可能な社会の実現に貢献してまいります。

No.	取組目標及び主な取組み	SDGsゴール
1	<p>【目標】 事業活動におけるCO2排出量削減</p> <p>【主な取組み】</p> <ul style="list-style-type: none"><li>・ 高効率電源の開発</li><li>・ 再生エネルギーの活用促進</li><li>・ 省エネ取り組み強化</li></ul>	  
2	<p>【目標】 社員の多様性・能力を活かす組織・風土づくり</p> <p>【主な取組み】</p> <ul style="list-style-type: none"><li>・ 人事制度の再構築</li><li>・ 女性経営比率の向上、女性社外取締役の採用</li><li>・ 階層別教育の充実</li></ul>	 
3	<p>【目標】 社員一人ひとりが働きやすい職場づくり</p> <p>【主な取組み】</p> <ul style="list-style-type: none"><li>・ 男性育児休業取得推進</li><li>・ 男性育見休業取得推進</li><li>・ 企業文化、価値観「COSELMind」の共有</li></ul>	 

2023年 10月 3日

企業・団体名 コーセル株式会社

代表者名 代表取締役社長 齊藤 盛雄











Toyama Prefecture SDGs Statement

# FY 2023 targets and results

## Sustainability priorities

The COSEL Group has formulated an ESG action plan reflecting its view that realizing a sustainable society is an important topic of management. Our targets and results in FY 2023 are shown below. We have also set new targets for FY 2024, toward which we are striving groupwide.

### ESG Action Plan

ESG Action Plan						Target and Result		SDG Theme
ESG	Material Item	Control Item	KPI		BM (2020)	Target of FY 2023	Results of FY 2023	
E ◆ Environment ◆	1. Reducing climate-change risk	Reducing CO <sub>2</sub> emissions by 70% or more in FY 2030 (vs. FY 2020)	CO <sub>2</sub> emissions	t-CO <sub>2</sub> /year	2,967	1,400 or less	1,557	   
	■ Disclosure based on TCFD recommendations	Climate-change risk identification/analysis	TCFD Report	-	-	Posted on the website	Posted on the website	
	■ Promoting decarbonization (Scopes 1 and 2)	CO <sub>2</sub> emission reductions	CO <sub>2</sub> emission reductions (vs. BM)	t-CO <sub>2</sub> /year	-	1,567 or above	1,410	
			CO <sub>2</sub> emission reductions rate (vs. BM)	%	-	52.8 or above	47.5	
	■ Lessening environmental impact through promotion of recycling (Scope 3)	Reducing emissions	Total emissions Companywide	t	240.2	250 or less	285.8	
		Eliminating waste disposed of in landfills by promoting the Three Rs	Recycling rate *Promoting zero emissions	%	93.9	99 or above	98.2	
S ◆ Society ◆	2. Leveraging diverse human resources and aptitudes	Realizing role-based compensation (Abolishing the dual-ladder HR system)	Review and revision of the new HR system (role grading system)	-	-	One or more cases	Two cases	   
	■ Building an organization and culture to draw out and leverage diverse human resources	Increase in women managers (managerial posts)	Percentage of women in positions of department manager or above	%	0	8.0 or above (2025)	5.2	
		Increasing the numbers of non-Japanese national employees	Number of non-Japanese national employees	People	4	20 or above (2025)	14	
		Creating workplaces and opportunities for people with disabilities	Employment rate of people with disabilities	%	1.3	2.3 or above	2.37	
	■ Support for balancing work with home life	Encouraging male employees to take childcare leave	Percentage of male employees taking childcare leave	%	18.2	90 or above* (2025)	86.7	
		Encouraging employees to take childbirth nursing leave	Percentage of employees taking childbirth nursing leave	%	36.4	50 or above	66.7	
		Encouraging female employees to take childcare time off	Percentage of female employees taking childcare time off	%	100	100	100	
	3. Improving employee engagement	Fostering and spreading an attractive corporate culture	Review and revision of the Cosel Mind (department manager's meeting)	-	-	By May 2024	Revision complete (Jan 2024)	
G ◆ Governance ◆	4. Enhancing corporate governance systems	• Separating execution and oversight functions • Enhancing execution systems	Formulating and distributing a Board of Directors planning management schedule	-	-	By May 2024	Distribution complete (Mar 2024)	 
	■ Increasing the transparency of management decision-making	• Clarification of the officer/executive officer selection/remuneration process	Establishment of Director appointment and dismissal criteria	-	-	By May 2024	Establishment complete (Apr 2024)	
		Enhancing the efficacy of the Board of Directors	Appointment of candidate Outside Directors (women)	-	-	One or more persons	Two persons appointed	

\*: Target revised from 75% to 90%



Quality assurance system

Our basic thinking on quality

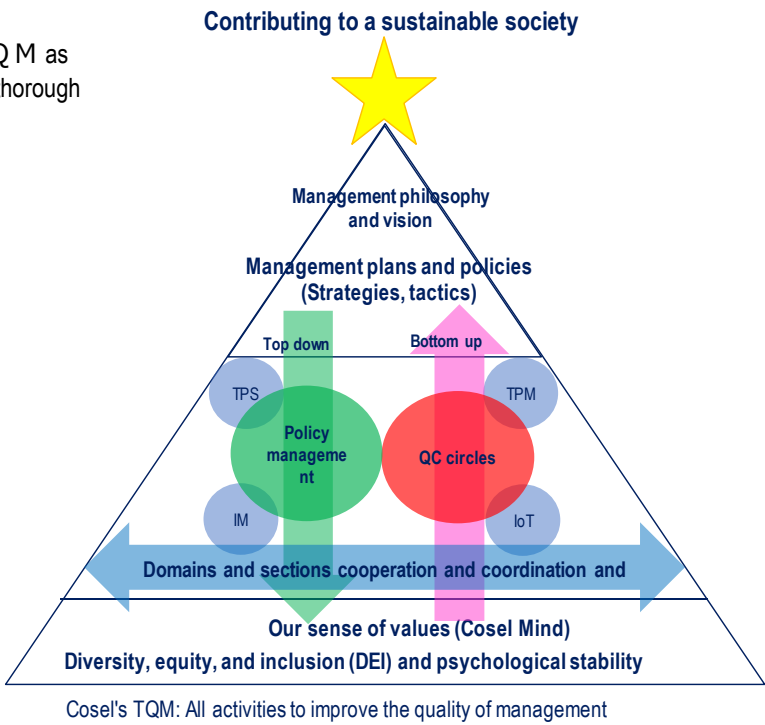
COSEL has established the quality policy “Creating customer confidence through our products and services” based on our management philosophy (organizational goal) of “Responding to the Trust of Society by Putting Quality as the Most Important Priority.”

The bases of activities for quality improvement 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 T Q M as illustrated below, and we strive to ensure its thorough understanding throughout the organization.



Quality Policy

Based on the Quality Policy, COSEL considers it to be our mission to deliver to customers products and services that they can use with trust, with each and every employee working hard from day to day.

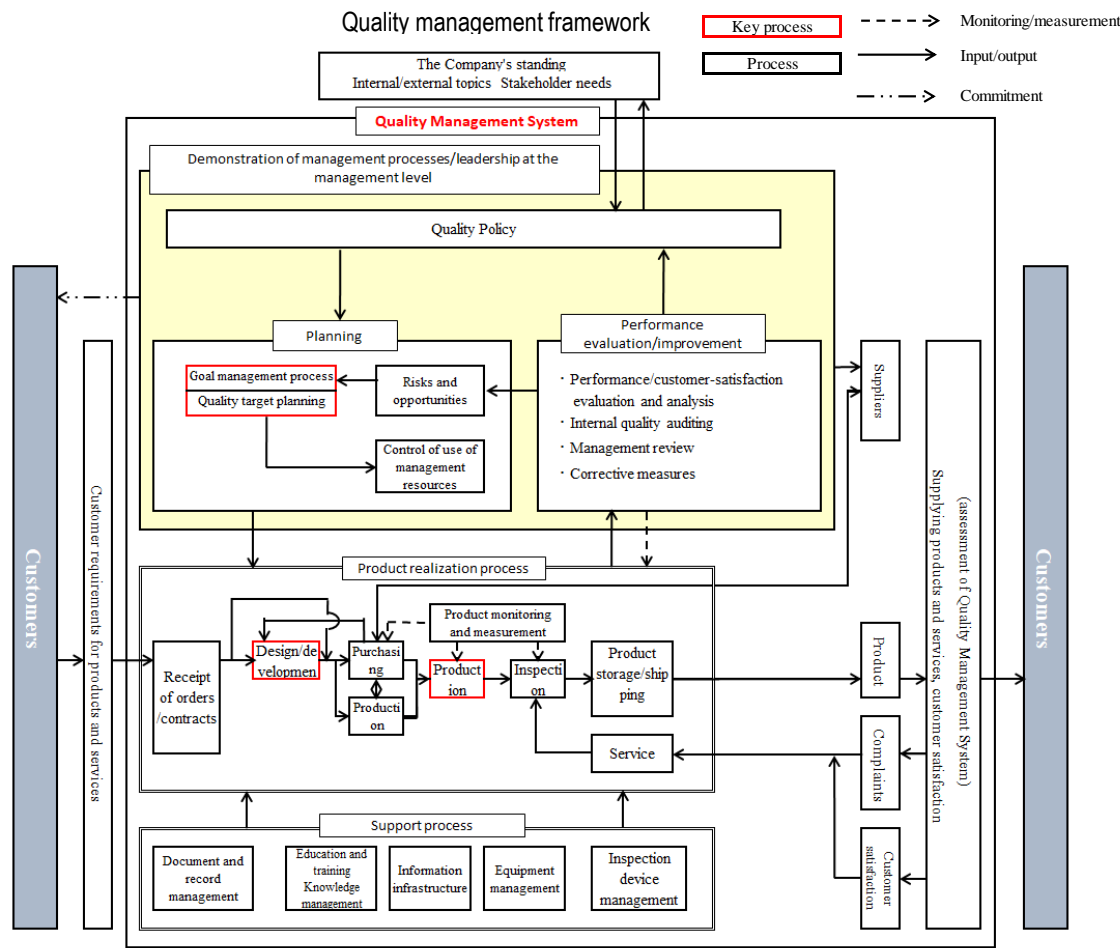
These efforts are being made in all processes, from product planning and development through design, manufacturing, shipment, and maintenance services.

Quality Policy

Creating customer confidence through our products and services

Quality management system

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



ISO 9001 certification

We have earned ISO 9001 international certification by establishing a quality management system, and we continue to implement thorough quality management. We began application of the 2015 version of ISO 9001 in October 2016. We successfully acquired certification under the 2015 version following a transition audit in June 2017. We have maintained this certification since then.

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



- 【Registered sites】
- COSEL Co., Ltd.

- 【Related sites】
- Head Office Factory, Tateyama Factory, R&D Center, Safety Standard Office, domestic sales facilities

【Dates of acquisition】

- 1987 version: June 21, 1993
- 2000 version: March 20, 2003
- 2008 version: July 23, 2010
- 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)

【Certifying agency】

- Japan Quality Assurance Organization

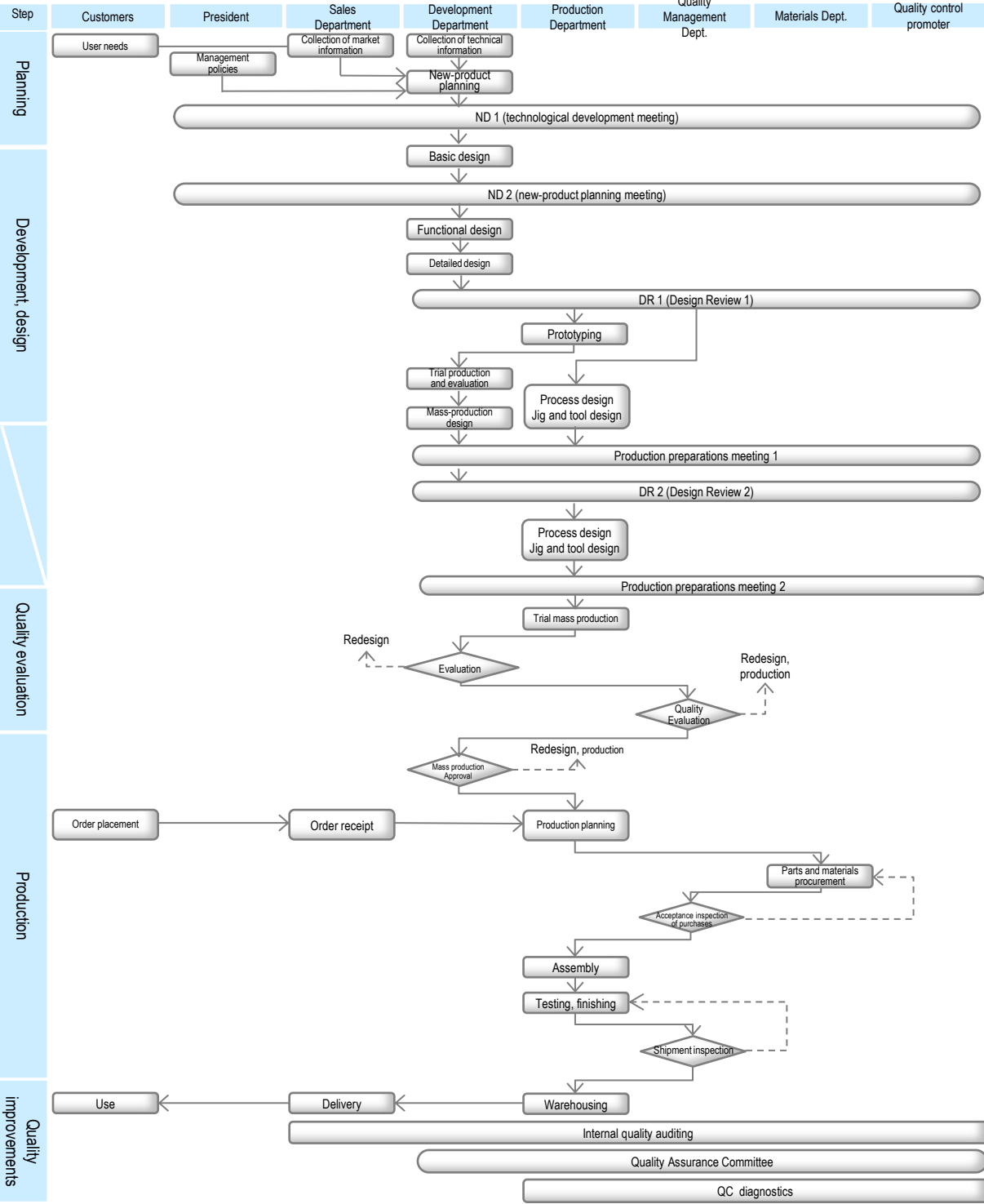
Quality assurance system

To implement various processes, we have established a quality management system under which the executive officer for TQM Promotion serves as the quality management supervisor.

We have established a 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 the procedures and other manuals in order to provide products that meet customer needs in a more timely manner. Our quality assurance structure is shown below.

The Quality Assurance Committee, consisting of persons responsible in development, production, and quality control sections, meets regularly to work on solutions to quality problems and issues across multiple sections.

Quality assurance structure diagram





# The Customer Support Structure

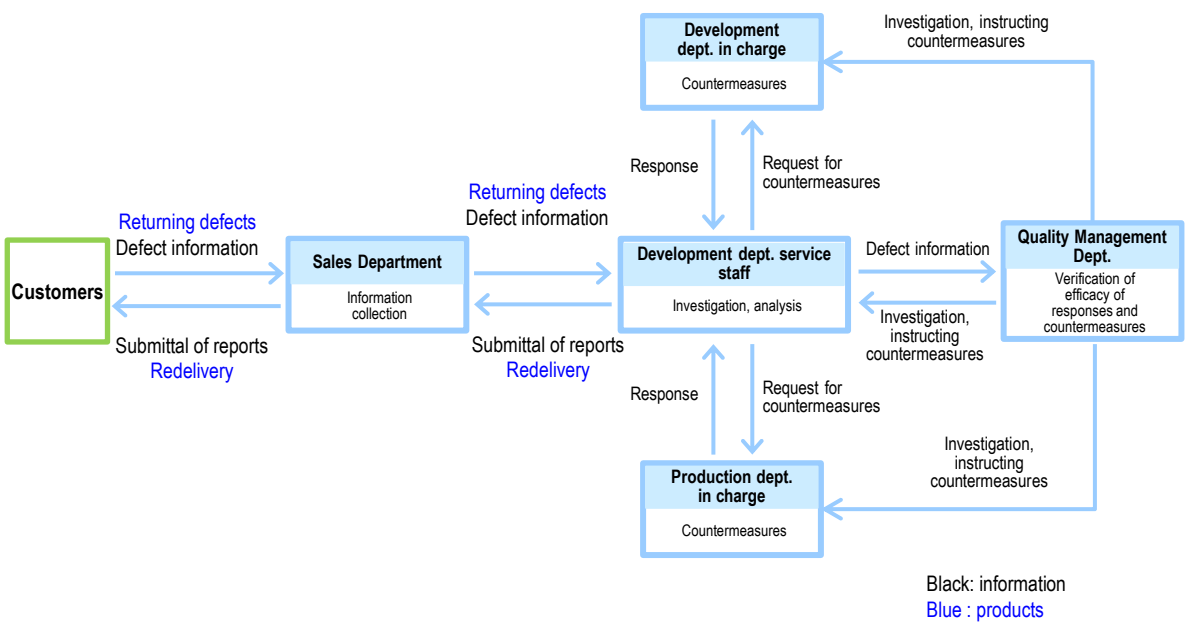
## Responding to quality issues

Our technical personnel 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 such subjects 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



## Increasing customer loyalty by creating added value

COSEL provides technical support services 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 evaluations of EMI, EMS, and other products at our own facilities with the customers present, as well as technical consultation services. We share within our technical support team the valuable experiences and information obtained through support activities for use in further improving product and service quality.

We also strive to improve products and services, provide new services to satisfy customers, and resolve customers' issues by collecting information on complaints, conducting customer satisfaction surveys, and being attentive to customer feedback to create added value. All of these efforts are intended to contribute to increased customer loyalty.



## Disclosure of Information to Shareholders and Investor Relations

### Regular general meetings of shareholders

COSEL holds a regular general meeting of shareholders each year in early August. The 54th regular general meeting of shareholders was held at the Toyama Chamber of Commerce and Industry on August 9, 2023. Shareholders asked 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 apply what we learn from these surveys in our future activities.



### Enhancement of tools for providing information

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

We have also established a committee in charge of website management and improvement, which deliberates on topics and issues in website operation and otherwise strives to implement continual improvements to make it easier to use, including enhancement of its content and improving speed of access.

<p>Management Information</p> <ul style="list-style-type: none"> <li>&gt; Corporate Governance</li> <li>&gt; Risk Management</li> <li>&gt; Compliance</li> </ul>	<p>Financial/Business Highlights</p> <ul style="list-style-type: none"> <li>&gt; Consolidated Financial/Business Graphs</li> <li>&gt; Financial Statements</li> </ul>	<p>IR Library</p> <ul style="list-style-type: none"> <li>&gt; Explanatory Materials for Accounts</li> <li>&gt; Materials for General Meeting of Shareholders</li> </ul>
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Returns to shareholders

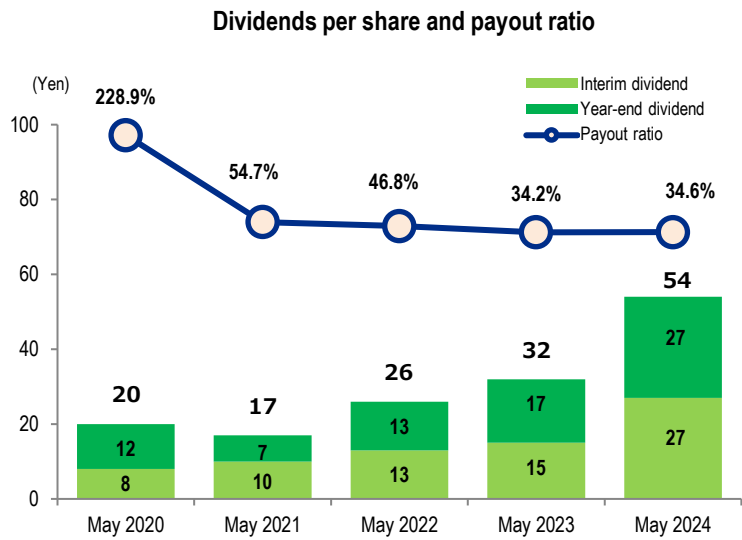
Dividend policy

Through now, our aim has been to return profits to shareholders under a 35% payout ratio (consolidated). In returning profits to shareholders beginning with the fiscal year ending in May 2025 (May 21, 2024 to May 20, 2025), we will adopt a basic policy of paying stable and continuous dividends of surplus while targeting a dividend on equity ratio of 3.5%. This policy reflects consideration of business results, financial position, and future cash flows while balancing the maintenance of a sound financial footing with internal reserves for future business growth.

In addition, We plan to use internal reserves for such purposes 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

Dividends per share and the payout ratio are shown at right.



Disclosure of IR information

We strive not only to comply with such provisions 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 all stakeholders.

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

Dialogues 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 describes information on subjects, including the results of settlement of accounts and recent business conditions.

## 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 and 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 suppliers as well, we strive to ensure that suppliers understand our basic approach on procurement activities.

At the same time, we upgraded the website in September 2015, we posted requests for environmental, human-rights, labor, and compliance initiatives as "Requests for Business Partners."

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, CO<sub>2</sub> reduction, and environmental conservation
5. Implementation of ethical actions to society

## 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).

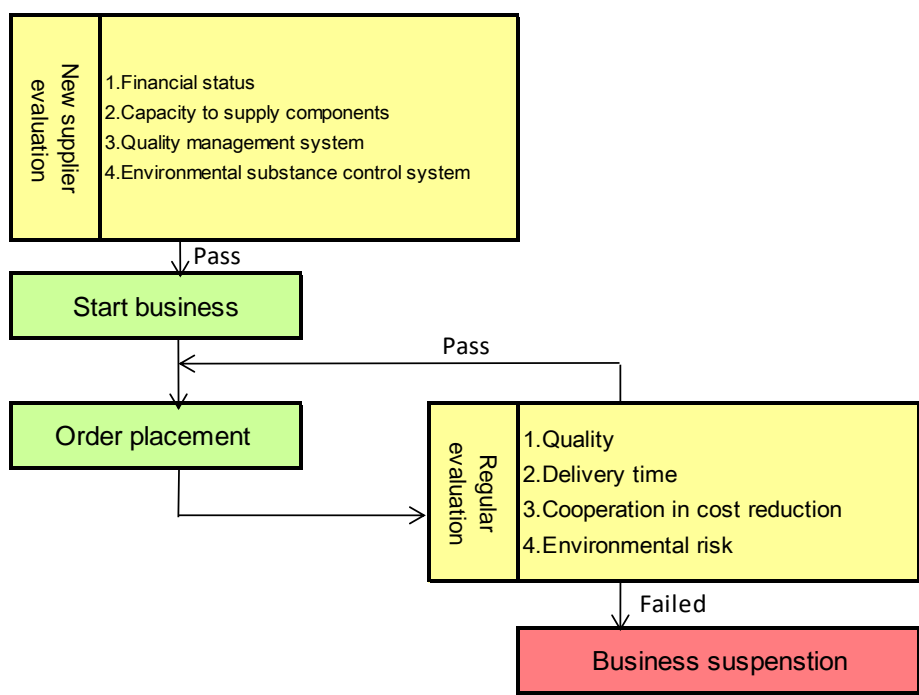
When customers ask us to disclose information on the results of our investigation of conflict minerals, we provide them with the information using the CMRT.



Supplier evaluation

When commencing business with a new supplier, we conduct supplier evaluations 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 fiscal 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 these purposes, we strive 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.

## Community contribution activities

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

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

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

#### [Joint research]

- University of Toyama Ceter for Promotion of Regional Collaboration Exchange and Promotion Council
- Toyama Prefectural University Research Cooperation Council
- Kanazawa Institute of Technology
- National Institute of Technology(KOSEN), Toyama College

#### [Industry associations]

- Japan Electronics and Information Technology Industries Association (JEITA)
- 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
- Toyama Association of Corporate Executives
- Toyama Chamber of Commerce and Industry
- Toyama Employer's Association
- Toyamaken Kiden Kougyoukai
- Toyama New Industry Organization Young Researchers Development Council
- Toyama Technology Exchange Club
- Toyama IoT Acceleration Consortium

### Internships

Internships provide opportunities for students to raise awareness by thinking about and experiencing for 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 high school and university students with 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 Toyamaken Kiden Kougyoukai 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. These activities include programs for dispatching instructors and organizing company tours as well as a program to provide support in teaching materials and other areas. It also helps middle-school students to experience the fun and interest of manufacturing workplaces and holds lectures on such subjects as how what they learn in school is put to use in society. We actively support these activities based on our belief that opportunities to see real business workplaces will help middle-school students in choosing their future career paths.

### 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.



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Support for community events

**【NT Toyama Manufacturing Technology Expo】**

COSEL is a sponsor of NT Toyama, which aims to establish a culture of manufacturing in Toyama and to help develop future human resources in the region.

NT Toyama is a manufacturing exposition that has been held since 2021. Its aims include the following:

- To stimulate manufacturing in Toyama and increase its population of manufacturing professionals
- Helping those unfamiliar with manufacturing to learn how fun it can be
- Providing stimulating opportunities for people who love making things to show their works to each other with peace of mind

It attracts large numbers of people from the region, including families with children, and from outside the prefecture, all of whom get a chance to see and touch the works exhibited.



Support for athletic activities

**【COSEL Cup: Challenge Super Kids】**

COSEL Cup Challenge Super Kids (of which we are a special sponsor) has been held continuously since 1989. This tournament has become an established tradition in the community as a chance for outstanding pupils athletes selected from more than 100 elementary schools in Toyama Prefecture to compete in five events: 100-meter dash, softball throw, running long jump, zigzag dribbling, and swimming.

A total of 292 pupils from 110 schools in Toyama Prefecture took part in the 35th COSEL Cup Challenge Super Kids tournament held at the Toyama Prefecture Sports Center.

The weather was perfect for athletics, and the children competed enthusiastically in each event.

Four COSEL staff members volunteered to guide the pupils during the tournament.



## Continual investment in human rights

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

▼3つの通報ルート
**COSEL**

**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、または偏しるに足り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、感情や憶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 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.

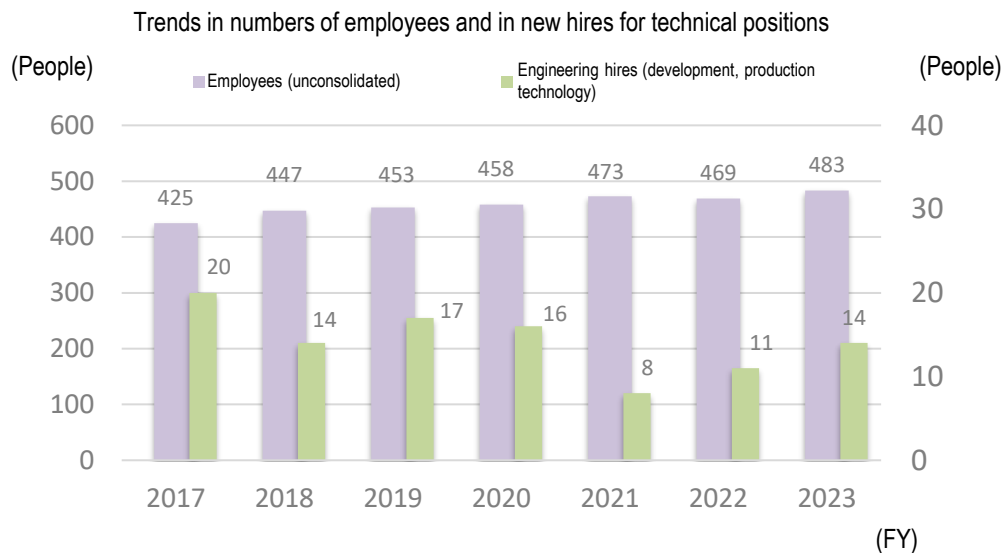
## ◆ Stabilization of employment

### Labor-management dialogue

We hold regular labor-management conferences to share information with the labor union. These conferences discuss working conditions and various systems that include 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 catering to student needs in the future, for example, by deepening their understandings of the work of engineers through internships.



## ◆ Diversity and Inclusion

### Employment of people with disabilities

COSEL's doors are wide open to people with disabilities. We provide an environment in which people can find fulfilling positions and work hard in accordance with the details of their disabilities and skills. We also strive to raise awareness of human rights among employees without disabilities because their experiences working with people with disabilities help to deepen their understanding of people with disabilities.

### Gender-neutral treatment

Following a series of preparations, in FY 2022, COSEL migrated to a new HR system to realize clear and fair treatment reflecting employees' individual roles. This program is intended to evaluate and compensate employees based on how they perform their roles without regard to age (experience) or gender. Through hiring and promotion activities with respect for diversity and use of the new HR system, we will help each and every employee to grow while also ensuring fair treatment regardless of gender and promoting women managers, among other goals.

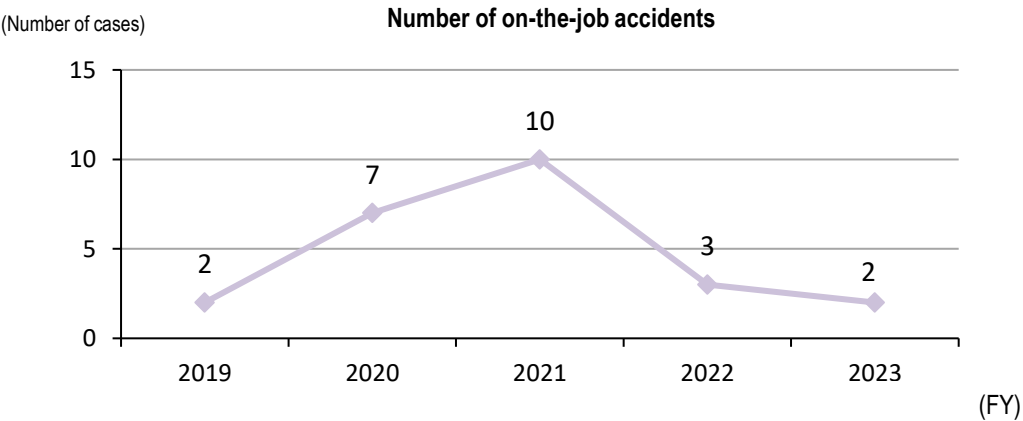


## Creating safe, healthy workplaces

### Industrial health and safety

In accordance with the Industrial Safety and Health Act, we have established 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.

Activities in FY 2022 included review of health and safety education and checking on the state of establishment of measures to prevent reoccurrence. As a result, the number of on-the-job accidents has started to decrease. We will continue efforts toward the goal of zero on-the-job accidents in the future as well.



### Health management

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

COSEL asks employees working excess overtime to meet with industrial physicians. Through these efforts, we strive to prevent health issues caused by work.

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.

Thirty-three employees used this system in FY 2023.

### Stress checks

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.

COSEL implements stress checks for the following purposes:

- i . 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.
- ii . 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.

# 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.

### System for maternity leave before or after childbirth, childcare leave, and childbirth leave (leave for fathers after childbirth)

Our in-house rules clearly describe such systems 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. Childbirth leave (leave for fathers after childbirth) may be taken for up to four weeks (which may be divided into two periods) during the period through the day after the eighth week following the date of birth.

### 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.

### 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.

While there was a decreasing trend beginning in FY 2020, thanks to efforts such as encouraging employees to take paid leave systematically numbers taking leave is recovering to pre-COVID levels.

We will continue to encourage employees to take paid leave systematically, to help balance work and home life, encourage self-improvement, and provide opportunities for rest and relaxation.

### 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 refreshment leave days for the 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). (The period during which the leave may be taken was extended from one to two years to make it easier to take refreshment leave even during the COVID-19 pandemic.)

## Consideration for working hours

### Flextime system

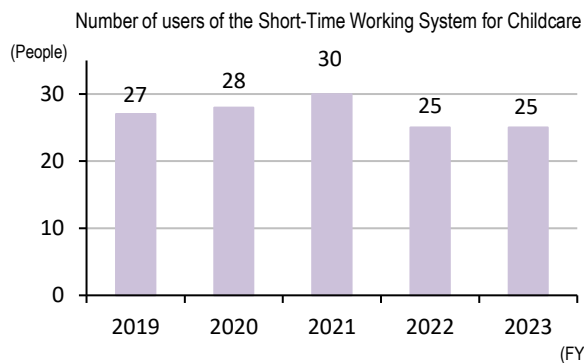
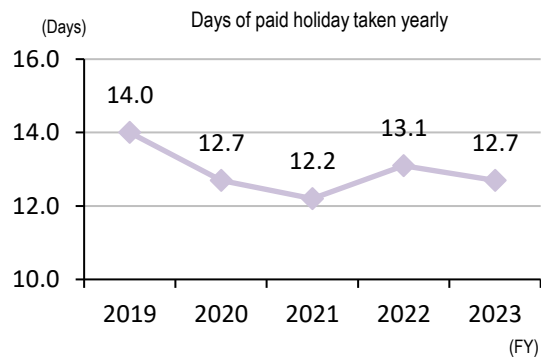
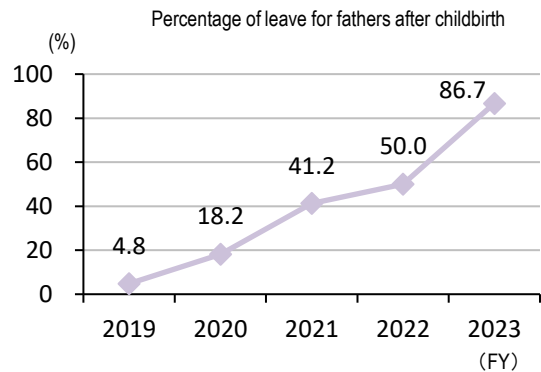
We employ a flextime system so that our employees can work efficiently while maintaining harmony between their work and personal lives.

### No-overtime day

COSEL has designated Wednesday of each week as no-overtime day in which employees are encouraged to make time available for pursuing hobbies, learning new things, and spending time with their families.

### 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.



# 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						
Education category		New employees	Younger employees	Mid-level employees	Team leaders	Managerial personnel
Career education		Career training (year two, year four, age 30, 40s and 50s)				
Section-specific education	Specialized education	Section internal education				
	Basic education	Technical training for new employees				
	Company-wide basic education	Language education/Correspondent education/QC education				
Education by level		Education for new employees				
			Training by level		Management training by level	
		Company-wide lectures/Compliance Education				

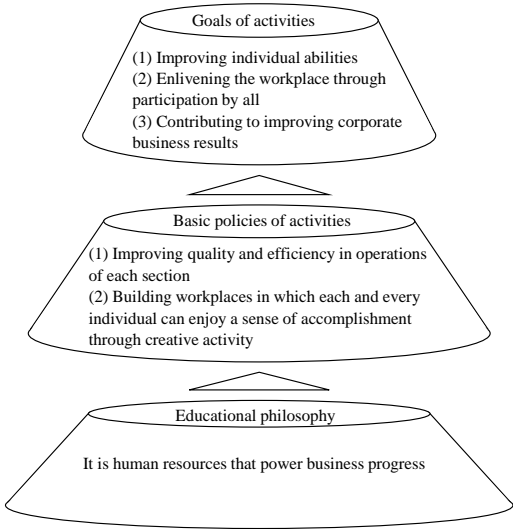
## Intellectual-property activities

In recognition of the need to motivate engineers to develop advanced technologies and secure intellectual property rights, COSEL has established an award system for inventions under which awards are presented for securing and utilizing IP. In particular, the originality of the circuits and structures we employ is important to competitive strength in the markets for switching power supplies and noise filters. 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 applying, 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.

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 their job duties (a part of TQM activities). Through these activities, employees working on the frontlines in the workplace form small groups to arrive at solutions to familiar issues and problems they are aware of. This contributes to self-improvement and mutual awareness raising, thus improving the skills of all employees and helping to create brighter workplaces full of vitality. Currently there are 83 QC circles active in the Company as a whole. They meet during working hours, aiming for one hour-long meeting per week. Circles compete with each other to demonstrate growth as the circles that have made outstanding achievements in block presentation meetings present their results at the annual Company-wide meeting. At the annual Company-wide meeting, 125 people from 31 outside companies also attended to view our activities.



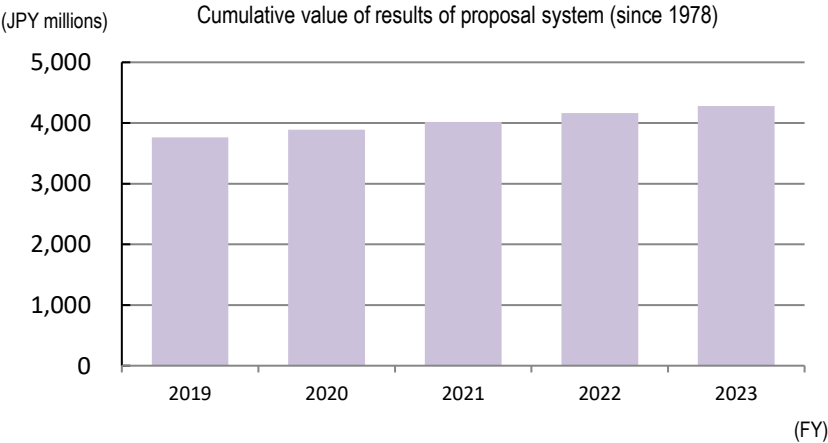
The basic concept of QC circles



The Company-wide meeting (photographed in April 2024)  
Main Hall, Toyama Chamber of Commerce and Industry

Kaizen proposal system

The kaizen proposal system was launched in 1978 to build better workplaces while also improving operations through providing employees with various opportunities to submit proposals. It involves setting individual target figures at the start of the year and distributing commemorative gifts (assorted snacks) to all employees if they all achieve their targets. It has become an annual event enjoyed by all. Awards and monetary incentives are provided in monthly and annual categories for proposals implemented, in fixed amounts regardless of the monetary effect of the kaizen proposals.



Environmental Policy

Environmental Policy

We 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 Philosophy

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

Action Guidelines

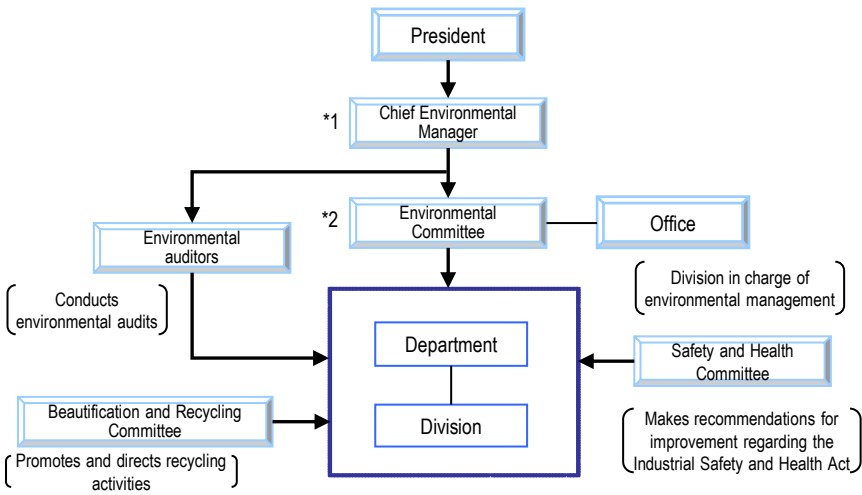
- The following action guidelines are set to embody our environmental principles.
- (1) Offer environmentally friendly products.
  - (2) Avoid unnecessary consumption of resources and promote reuse of waste.
  - (3) Reduce and eliminate the use of environmentally unfriendly chemicals and endeavor to 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

Environmental Management System

Environmental Management System

COSEL has established and implement an environmental management system to ensure effective environmental management.



\*1 Chief Environmental Manager: Chairman of Environmental Committee  
\*2 Made up of the heads of major departments

Environmental Management System



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, Tateyama Factory, and R&D Center and are implementing continuous improvement activities.

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

ISO 14001 certificate



【Dates of acquisition】

- 1996 version: December 17, 1999
- 2004 version: October 21, 2005
- 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, R&D Center

【Certifying agency】

- Japan Quality Assurance Organization

Internal Environmental Auditing

Internal environmental auditing is conducted once a year to verify that the environmental management system is functioning effectively.

During FY 2023, it was conducted in October-November. This did not identify any serious systemic flaws. It did identify one minor nonconformity. Internal auditor also proposed two improvements to make the system even better.

Compliance with environmental laws and regulations

Each month, we collect information on legal and regulatory amendments and check for the necessary of 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 2022.

# Environmental education

## Environmental education

### Education on management of chemicals harmful to the environment

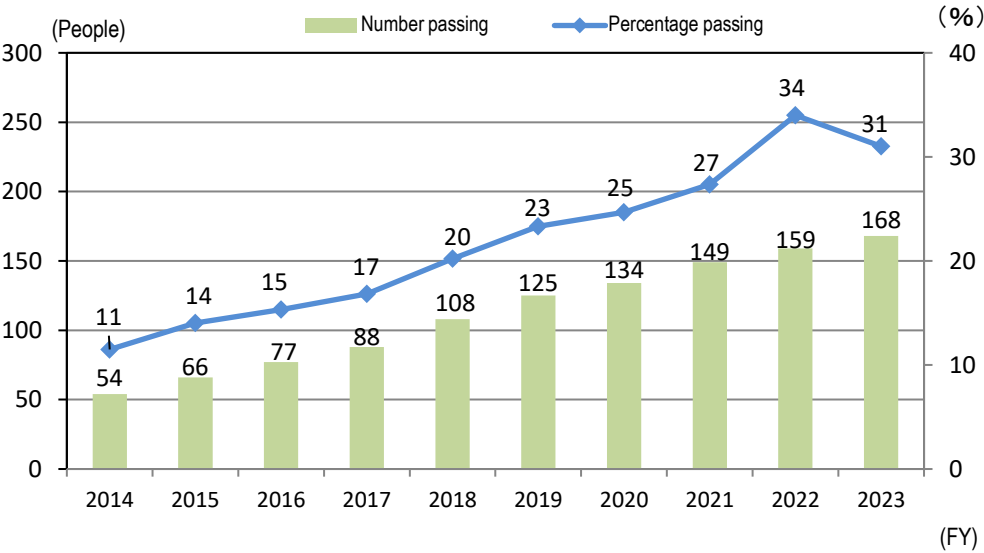
We have carried out education on management of chemicals harmful to the environment since FY 2006. This program is intended for people working for COSEL at our Head Office Factory, Tateyama Factory, and R&D Center and at our OEM manufacturers, logistics contractors, and repair contractors. Using training 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.

### Encouraging employees to take the Eco Test

- Organized by the Tokyo Chamber of Commerce and Industry, the Eco Test has the following aims:
- i. To develop highly knowledgeable human resources to lead society in addressing environmental issues
  - ii. To promote a sustainable society balancing environmental and economic concerns

COSEL employees have been taking the Eco Test since the sixth test in FY 2009. Currently, 168 employees (31% 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



# Environmental goals and achievement state

## Environmental goals and achievement state

The state of achievement of environmental targets and goals in FY 2022 is shown on the table below.  
Six of 12 environmental targets and goals were achieved.  
To continue to fulfill our corporate social responsibilities, we will continue efforts through groupwide cooperation centered on the Environmental Committee.

### Environmental targets and goals and achievement state

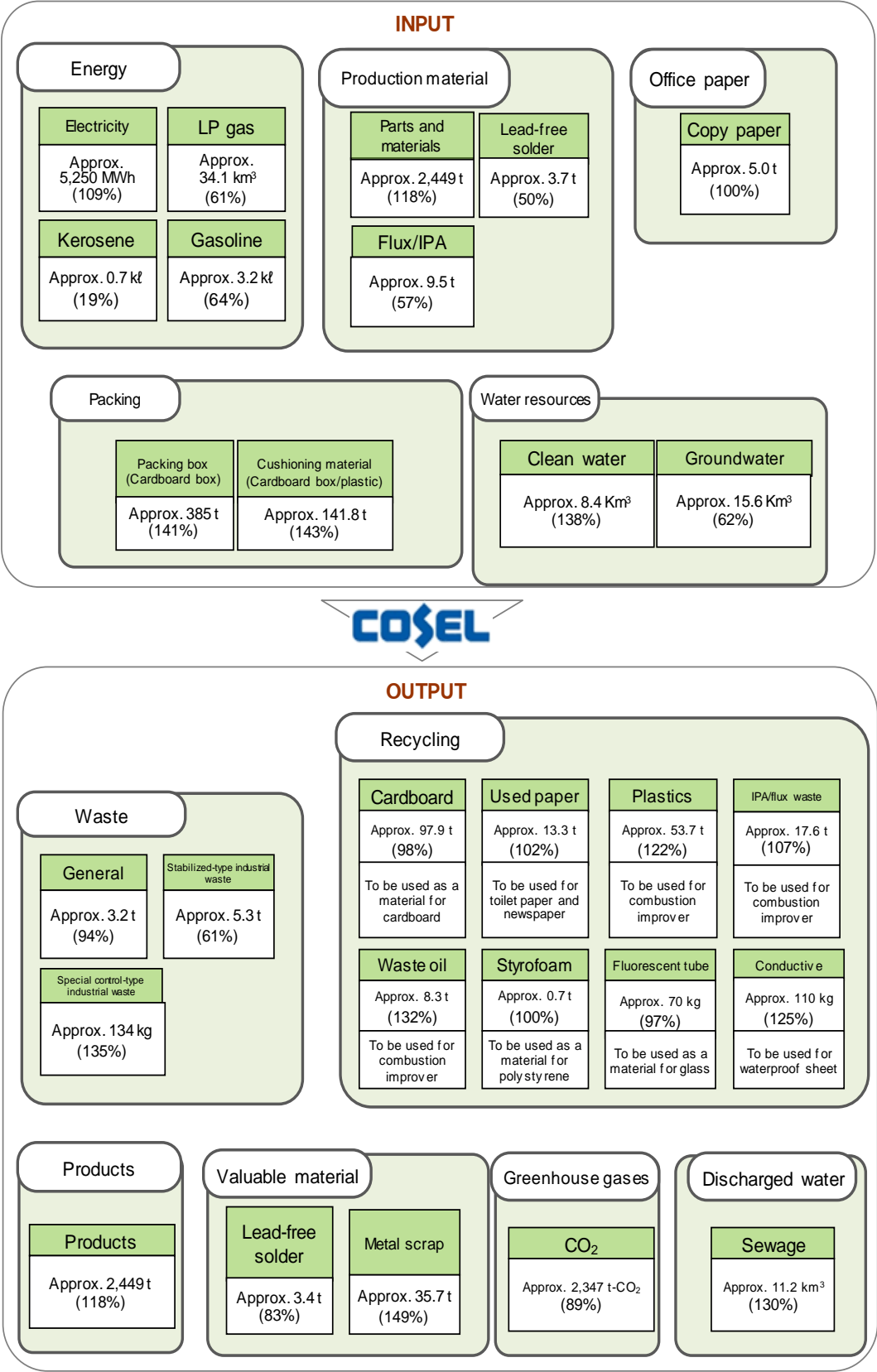
[Evaluation] ○ : Goal achieved; △ : 80% to 99% of goal achieved; × : Less than 80% of goal achieved

No.	Objective (Priority)		Control Item		Target	Result	Evaluation
1	Greenhouse-gas emissions reductions	CO <sub>2</sub> emission reductions by reducing use of fossil fuels	Volume of CO <sub>2</sub> emission reductions by reducing use of fossil fuels	t-CO <sub>2</sub> /year	1.4 or above	1.4	○
2		Enhancing use of renewable energy	CO <sub>2</sub> emission reductions by using solar power	t-CO <sub>2</sub> /year	15.2 or above	18.1	○
3			Adopting Offsite PPA Contracting with power companies	Deadline	Apr 2024	Mar 2024	○
4		Updating air-conditioning equipment	Rate of upgrading to more efficient air-conditioning	%	100 or above	100	○
5		Switching to LED lighting	Percentage of lighting switched to LED	%	90.4 or above	90.6	○
6		Energy-conservation improvement activities	Promoting energy conservation in production sections	MWh/year	6.25 or above	2.42	✖
7			Promoting energy conservation in development sections			1.59	✖
8			Promoting energy conservation in administrative and back-office sections			5.70	△
9			Promoting energy conservation through revising operation of building equipment		95 or above	97.6	○
10		Promoting the initiatives with suppliers	Rate of collecting Scope 1, 2, and 3 data from manufacturers of capacitors and semiconductors	%	70 or above	70.5	○
11			Surveying parts manufacturers on their CO <sub>2</sub> emission reduction initiatives		80 or above	80.1	○
12		Promoting efforts with partner companies	Promoting visualization of power use	Companies	8 or above	6	✖
13			Undergoing energy-conservation optimization diagnostics		5 or above	2	✖
14			Preparing energy-conservation plans		5 or above	2	✖
15		Promoting Three R activities toward zero emission	Preparing plans for reduction of wastes disposed of in landfills	Deadline	Nov 2023	Dec 2023	△

Environmental impact

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

Period surveyed: December 2022 to November 2023 (Figures in parentheses indicate year-on-year comparisons)



Environmental accounting

In FY2023, investments of approximately JPY 130 million were made in environmental protection costs. Approximately JPY 100 million was invested in the introduction of an electricity monitoring system and in the changeover from fluorescent to LED lighting. In addition, the economic benefits of environmental protection, such as gains from the sale of valuable resources and energy-saving activities, amounted to approximately JPY 27 million.

\*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	Main initiatives	Investments	Costs
(1) Costs in business areas			
Environmental protection costs to control environmental impacts arising in business areas from production and service activities			
(i) Pollution prevention costs		0	0
(ii) Global environmental protection costs	Electricity monitoring system installed、LED lighting	130.2	31.2
(iii) Resource recycling costs		0	12.5
(2) Upstream/downstream costs	Promotion of green procurement	0	5.9
Costs to control environmental impacts arising upstream/downstream in connection with production and service activities			
Management of environmental chemicals			
(3) Costs of management activities	Maintenance of environmental management systems	0	13.1
Environmental protection costs in management activities			
Monitoring and measurement of equipment and facilities causing environmental impacts			
Responding to environmental chemical content surveys			
(4) R&D costs		0	0.0
Environmental protection costs in R&D activities			
Total		130.2	62.7

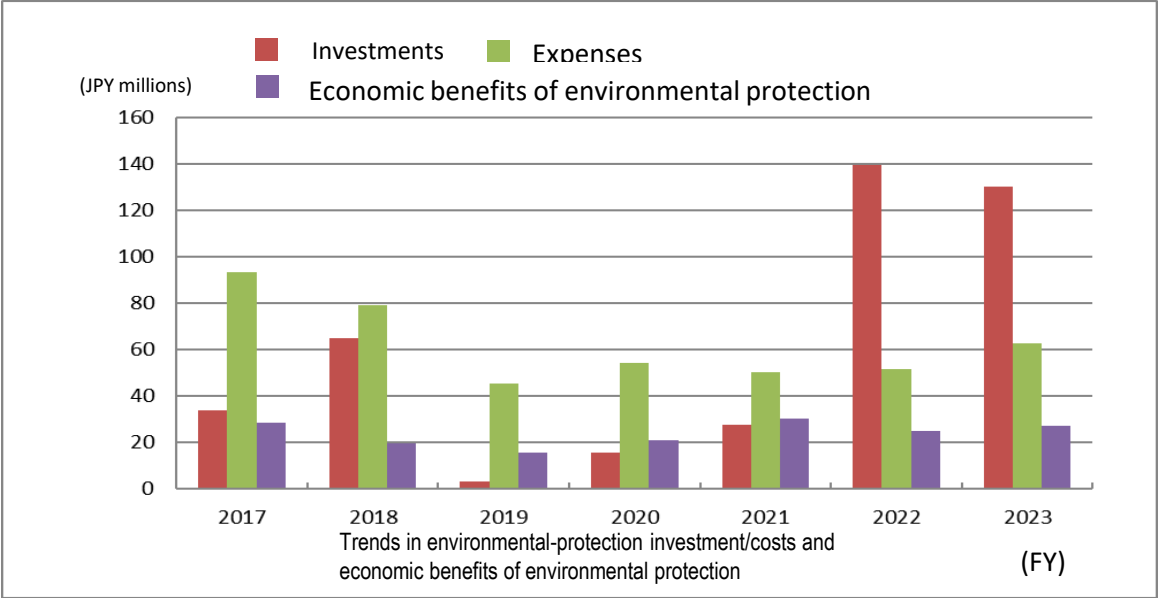
\*Expenses recorded as environmental protection costs include depreciation on capital investments made in past fiscal years and personnel costs.

Quantity benefits of environmental protection

Item	Volume of effects
CO <sub>2</sub> emissions reduction (Solar power generated, power use reduction through energy conservation measures) ※Benchmark: FY 2020	1,410 (t-CO <sub>2</sub> )
Volume of emissions put to effective use (Volume recycled, reused, and used as valuables)	280.7 (t)

Economic benefits of environmental protection (Unit: JPY millions)

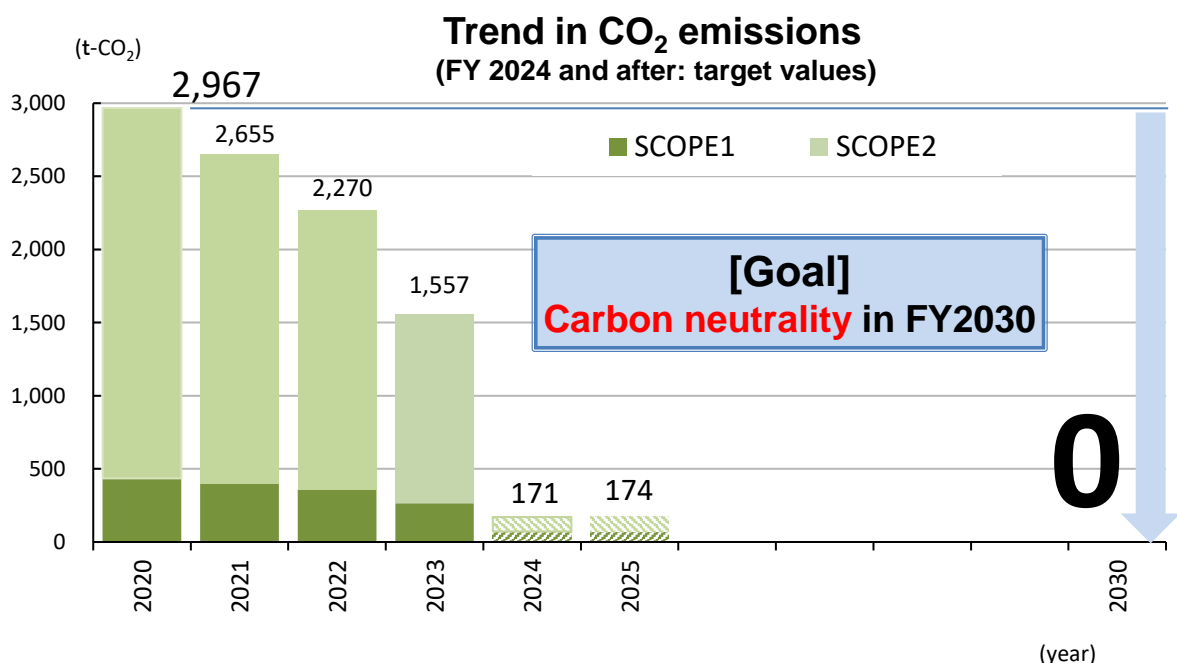
Item	Amount of effects
Gain on sale of valuables	18.6
Amount of energy conservation activities	3.1
Reduction in power use by solar power generation	2.6
Reduction in power use by solder tanks developed in-house	2.7
Total	27.0





## CO<sub>2</sub> emissions reduction

We will continue to promote further activities to conserve energy and prevent global warming, through means including switching to carbon-neutral LPG and reducing use of fossil fuels.



We have also installed internal power generation display monitors so that employees can check the amount of power generated at any time.



## Factory solar panels



Factory power  
generation display  
monitor

Development of compact, high-efficiency power supplies

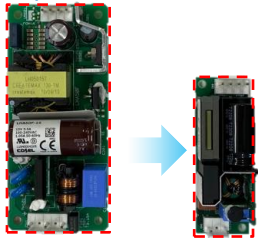
For new products, we conduct an environmental assessment at the development stage from the perspectives of resource conservation, energy conservation, recyclability, toxic substances, packaging, and packing materials. We also promote efforts to develop more environmentally friendly products.



Ultra-compact high-efficiency AC/DC TE S Series (45/65 W)

Point 1  
Helps make customers' equipment more compact!

Bulk reduced by approx. 65%  
Weight reduced from 140 g to 70 g  
(Compared to previous products: LHA50 vs TECS65)



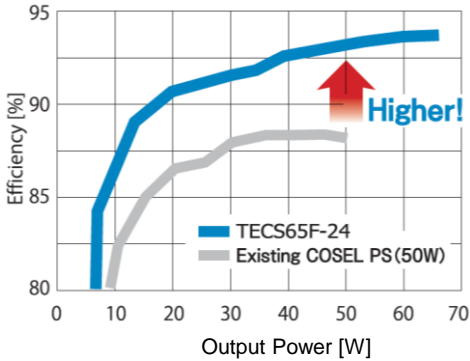
Previous product  
LHA50

TECS65

Resource conservation

Point 2  
High-efficiency design

Energy conservation



Approx. 5% improvement  
(Compared to previous products)  
Power loss reduced by one-half compared to previous products  
No-load power consumption roughly halved

Also compatible with peak current of 1.4 times higher than the standard current!

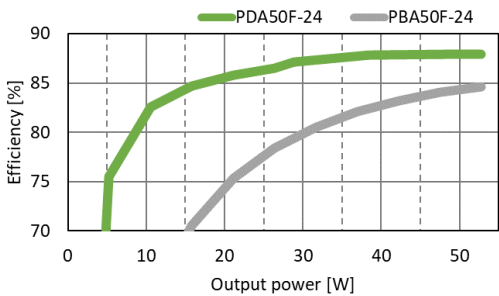


General-purpose AC/DC PDA 15/30/50 model (15/30/50 W)

Point 1  
High-efficiency design

Energy conservation

Increased by approx. 4% (PDA 50 model)  
(Compared to previous products)

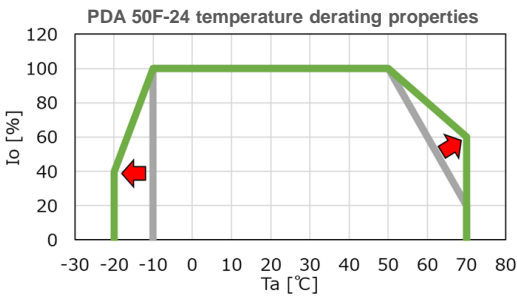


No-load power consumption: approx. 1 W  
(Previous model: approx. 5 W)

Point 2  
Wide temperature derating

Resource conservation

(A higher-capacity power supply is needed due to broad temperature derating.)

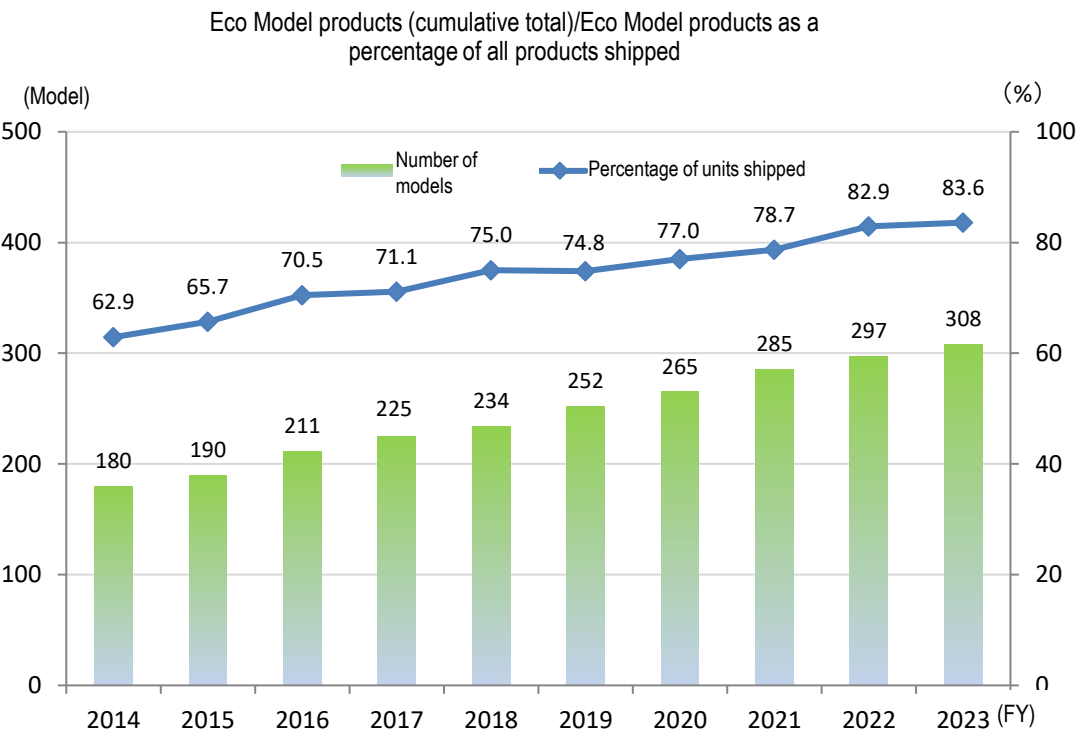


Environmentally friendly Eco products and their logo

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.

- i. Environmental impact generated when our products are operated at customers' sites
- ii. Environmental impact generated when our products are manufactured at our plants
- iii. 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. We encourage customers to use these Eco Model products by identifying them using the logo below.



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

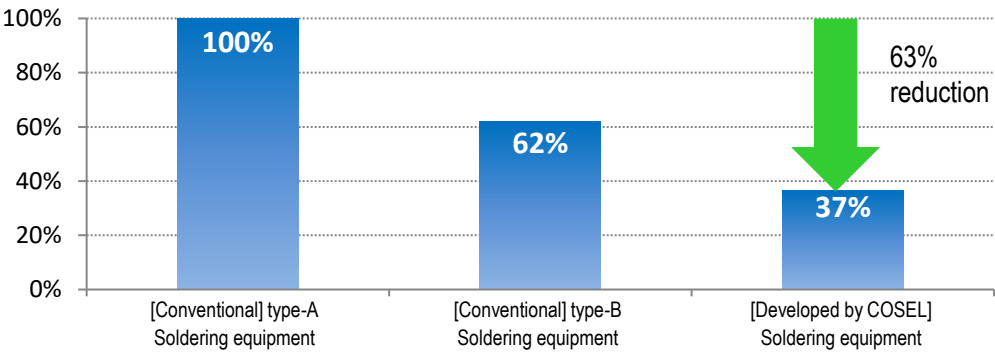
[Equipment cost reduction]  
32% reduction compared to existing equipment

[Auxiliary material cost reduction (solder bars, IPA)]  
48% reduction compared to existing equipment

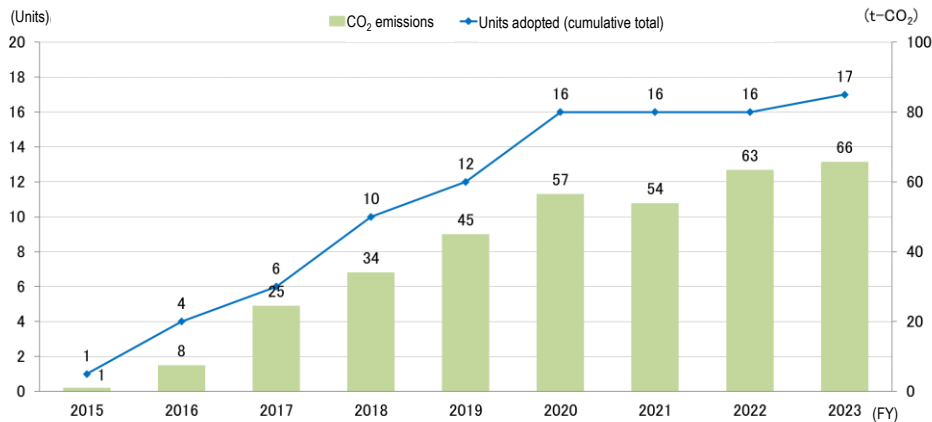
[Maintenance work reduction]  
60% reduction compared to existing equipment

[Equipment footprint reduction (space saving)]  
25% reduction compared to existing equipment

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



Units of soldering equipment (facilities) adopted/ CO<sub>2</sub> reductions



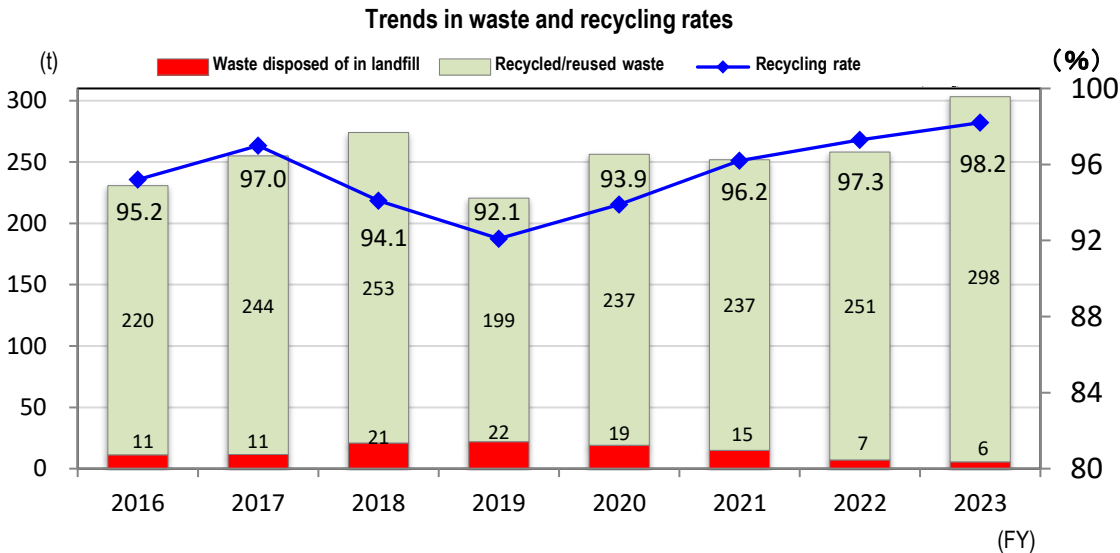
# Promoting a recycling-oriented society

## Promoting reductions in waste disposed of in landfills and recycling activities: \*1 Toward zero emissions

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

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

We will continue our efforts to control the volumes of waste from business activities disposed of in landfills by promoting recycling and thorough waste segregation.



### Examples of initiatives

\* 1 Zero emissions: Achieving a level of zero waste disposed of in landfills

#### ■ 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 that include the use of rubber bands to keep their lids in place.



#### ■ Reuse

Chip components are delivered wound on plastic reels like tape. Previously, we disposed of the used reels as stable industrial waste. But since they remain clean and in good shape after use, now we have suppliers collect them **for reuse**.



#### ■ Recycling

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

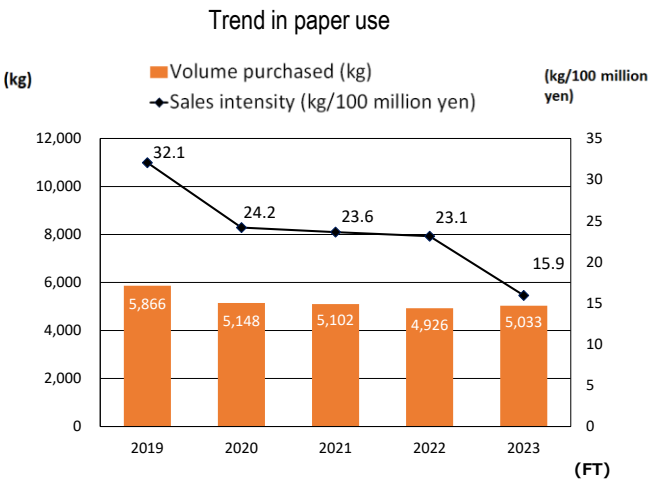
In FY 2022, we began recycling parts containers, solder tank filters, cleaning rags, and other materials. As a result, we were able to reduce the waste disposed of in landfills by about 50% from the previous fiscal year.





Reducing paper use

Since FY 2017 development sections have been switching to digital plans, helping to reduce paper use. Sales sections have also moved forward with switching to digital product catalogs. We plan to eliminate all general product catalogs in paper form in FY 2023. Each section is taking steps, such as refraining from distributing paper materials in meetings, and employees are increasingly conscious of paper use, for example, by printing on both sides of paper. We will continue striving to reduce paper use in the future as well.



Environmental impact reduction activities at overseas facilities

Our increasingly global organization includes overseas facilities, such as sales facilities in Asia, the USA, and Europe, and product and component production facilities in China and Vietnam. Reflecting this global structure, we are promoting environmental impact reduction activities at each facility. At production facilities, which have particularly high environmental impacts, we are developing structures for continual improvement in environmental conservation, legal and regulatory compliance, and pollution prevention. We also are promoting green procurement as we work toward a thorough quality control structure capable of preventing inclusion, mixture, and shipment of harmful substances in products through use of fluoroscopy X-ray equipment and other means. We also are taking active steps to recycle wastes from production, reduce waste, and conserve energy.

- ◆ Sales facilities
  - COSEL USA INC.
  - COSEL EUROPE GmbH
  - COSEL ASIA LTD.
  - COSEL (SHANGHAI) ELECTRONICS CO., LTD.
  - SHANGHAI COSEL INTERNATIONAL TRADING CO., LTD.
  - Powerbox International AB
- ◆ Production facilities
  - WUXI COSEL ELECTRONICS CO., LTD. : Products (power supply equipment)
  - COSEL VIETNAM CO., LTD. : Produces components (transistors used in power supply equipment)



WUXI COSEL ELECTRONICS CO., LTD.



COSEL VIETNAM CO., LTD.

Progress of environmental protection activities

Year	Environmental-protection History
1990s	Began recycling wastes
FY 1999	Earned ISO 14001 certification
FY 2000	Began publishing Environmental Report
FY 2001	Adopted environmental accounting
	Began lead-free efforts
FY 2002	Adopted solar power equipment: 60 kW at the head office factory
FY 2003	Began activities to fully eliminate six substances covered by the RoHS Directive
	Began green procurement
FY 2004	Eliminated use of HCFCs in processes
	Adopted solar power equipment: 50 kW at the Tateyama factory
FY 2005	Adopted fluoroscopy X-ray analysis equipment
	Launched environmental education for all employees
FY 2006	Launched declaration of RoHS compliance
	Began issue of certificates of nonuse of six substances covered by the RoHS Directive
	Joined the Japan Green Procurement Survey Standardization Initiative (JGPSSI)
FY 2007	Adopted solar power equipment: 50 kW at the Tateyama factory (phase one of expansion: total 100 kW)
	Began encouraging seasonal business attire to save energy
FY 2009	Began providing JAMP_AIS data
	Began providing ICP (precision chemical analysis) data
	Joined the Joint Article Management Promotion-consortium (JAMP)
FY 2011	Increased solar power equipment: 50 kW at the Tateyama factory (phase two of expansion: total 150 kW)
FY 2012	Formulated the Business Continuity Plan (BCP)
FY 2013	Began publishing environmental and chemical data on the website
FY 2014	Began switching to LED lighting inside Company facilities
	Began the use of energy-saving solder tanks developed in house
FY 2015	Complied with the Act on Rational Use and Appropriate Management of Fluorocarbons
	Began publishing the CSR Report as the successor to the Environmental Report
	Complied with the Act on Preventing Mercury Pollution of the Environment
FY 2017	Began collecting environmental and chemical data using a portal site
	Achieved full compliance with amended RoHS Directive
FY 2018	Began providing environmental and chemical data using chemSHERPA
FY 2021	Announced support for TCFD, joined TCFD Consortium
	Product packaging materials: Began transitioning from plastic to paper packaging materials
FY 2022	Began switching to electric power derived from renewable energy (R&D Center: 100% renewables)
	Tateyama Factory: Achieved zero LPG use by switching from GHP to EHP
	Began publishing the Social and Environmental Report as the successor to the CSR Report
FY 2023	Upgraded solar power generation equipment: the head office factory capacity increased from 60 kW to 99 kW
	Switching to renewable energy (the head office factory, the Tateyama factory, and the R&D Center: 100% )
	Switching to carbon-neutral LPG (the head office Factory)
	Switching of Company lighting to LED is completed

# 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 issued the 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 by 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 the content of chemicals harmful to the environment and our own green procurement standards.

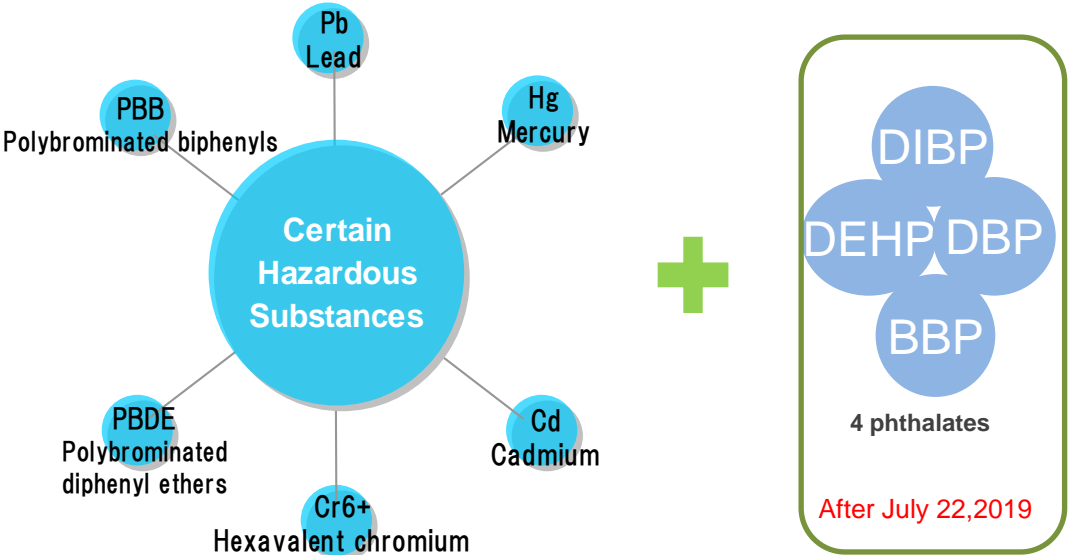
RoHS/REACH compliance

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 addition, in May 2020 we ceased the manufacture and discontinued all concurrent production of 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 by those companies 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 the nonuse 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) to allow companies that procure the COSEL's products to quickly and efficiently acquire information on contained chemical substances.

- \*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 Four phthalic acids  
Di (2-ethylhexyl) phthalate (DEHP)  
Benzyl butyl phthalate (BBP)  
Dibutyl phthalate (DBP)  
Diisobutyl phthalate (DIBP)

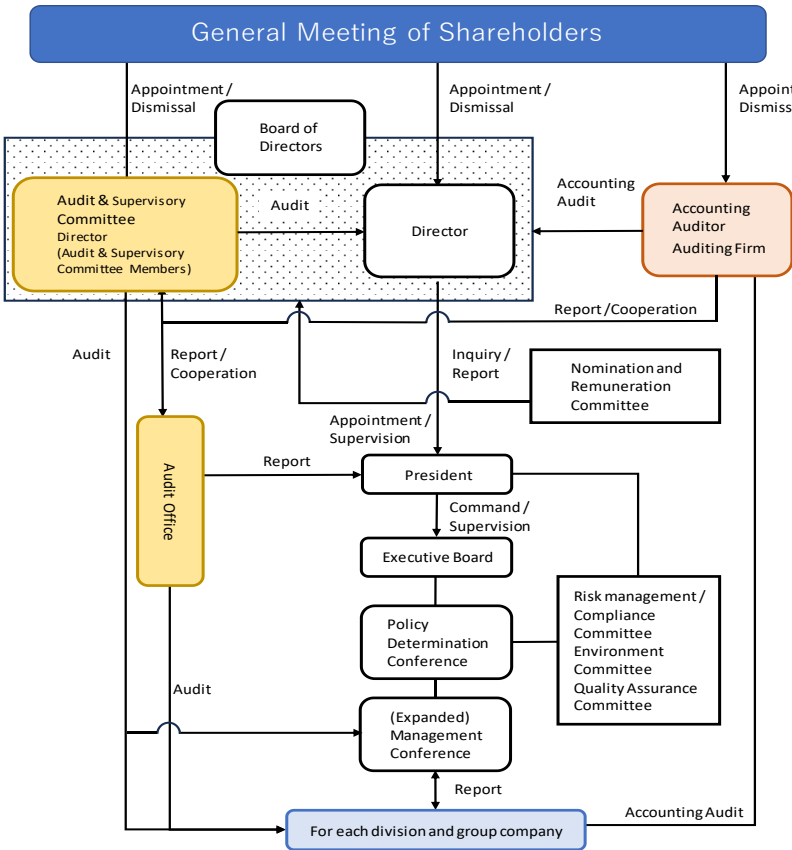


Corporate governance system

Corporate governance

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 have also shifted to a Company with Audit and Supervisory Committee 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).

Corporate governance system



【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. Meetings of the Board of Directors 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 as determined in meetings of the Board of Directors.

【Executive Board】

Under the guidance and supervision of the CEO, the Board of Executive Officers executes its assigned duties in accordance with decisions made by the Board of Directors or directors to whom decision-making authority is delegated by the Board of Directors. Meetings of the Board of Executive Officers are held once a month, in principle, and at other times as necessary.

【Nomination and Remuneration Committee】

This committee deliberates and advises on the nomination and dismissal of directors of Group companies and remuneration of directors other than Audit and Supervisory Committee members and of executive officers as an advisory body to the Board of Directors.

【Audit Office】

The Audit Office, which is under the direct control of the president, has been established as an internal auditing division, and internal control functions are audited in cooperation with Audit and Supervisory Committee members, the Audit and Supervisory Committee, and accounting auditors.

【Audit and Supervisory Committee】

Chaired by a director and full-time Audit and Supervisory Committee member, this Committee meets once a month in principle and at other times as necessary. Audit and Supervisory Committee members attend meetings of the Board of Directors and other meetings to audit the performance of the duties of directors.

【Management Meeting】

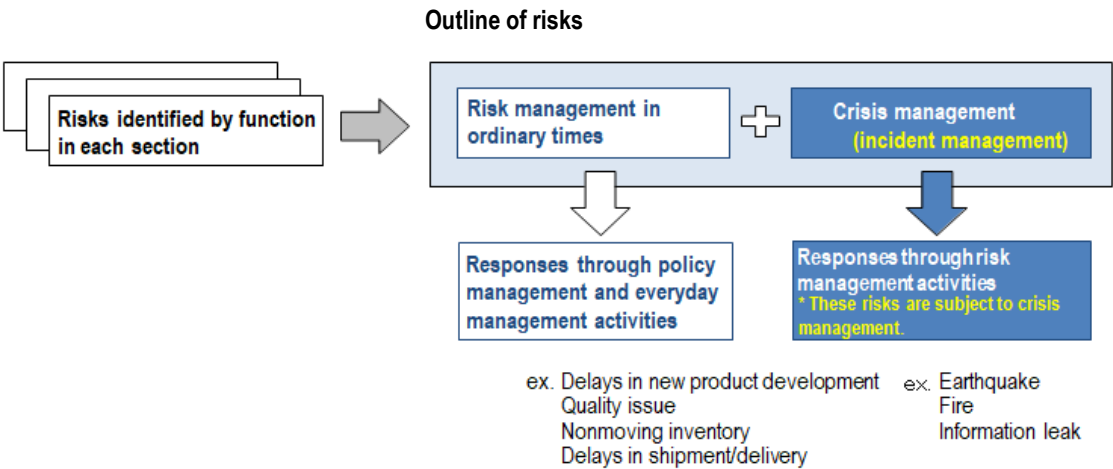
This meeting is held for reporting and deliberation on business execution policies and plans based on fundamental policies decided on by the Board of Directors and on implementation of important operations. It is held once every three months with the participation of Directors, division heads, and other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



# Risk management

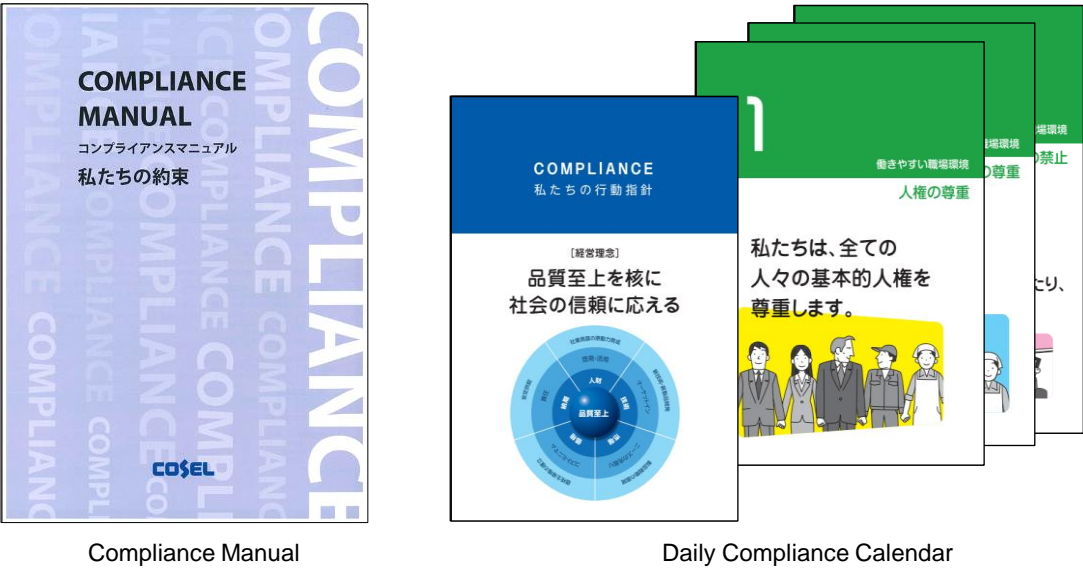
## Risk compliance initiatives

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. In addition, the Risk Management/Compliance Committee reviews and assesses subject risks and studies and implements related countermeasures. In addition, we established the Business Continuity Plan (BCP) Regulations and maintain a system to enable the swift resumption of business operations in response to contingencies.



## Compliance

Since 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 also established a Compliance Manual in April 2023 and are making efforts toward its thorough implementation. 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. In addition, 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 Audit and Supervisory Committee. The Board of Directors reviews the compliance system on a regular basis and strives to identify any issues and implement improvements in response.



Compliance Manual

Daily Compliance Calendar

## Compliance Education

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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 within the organization.



## Business Continuity Plan (BCP)

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COSEL launched its Business Continuity Plan (BCP) project 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 and inspection equipment 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

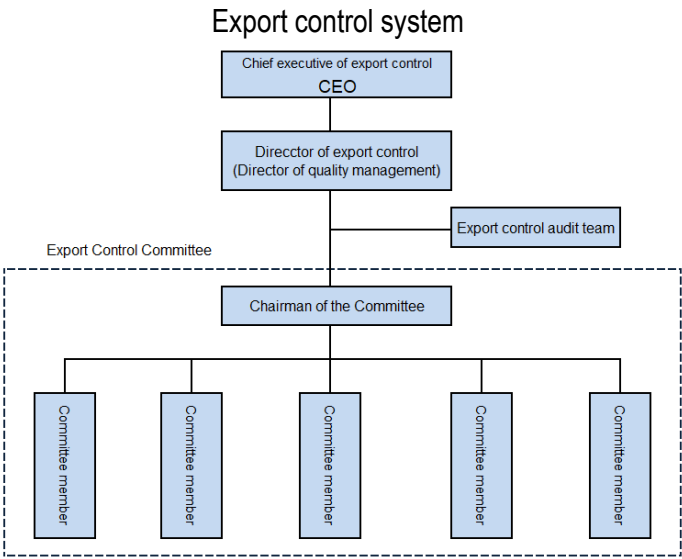
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While the COSEL Group already had implemented its own BCP initiatives through 2014, in 2015 we launched Business Continuity Management (BCM) efforts for the entire supply chain. We ask suppliers (component manufacturers) to develop and continually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

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 must 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.



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

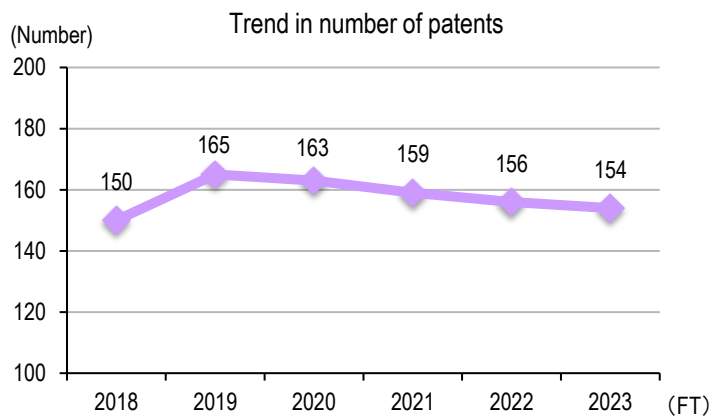
Responsible political involvement

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.

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.



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 implement 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.



# Messages from outside Directors



Outside Director  
Kyoko Yokota

Colabolabo Co., Ltd.  
Representative Director

Two women officers, including myself, were added to the management team in the general meeting of shareholders held in August 2024. This is an indication of COSEL's approach of emphasizing management diversity as it aims for further growth. With this step along with the enhancement of relationships with enterprises and human resources overseas through the business and capital alliance formed with LITE-ON this year, we can expect further growth in the organization's diversity.

While promoting diversity may not have immediate effects, it is an important factor in generating innovation. According to the Ministry of Economy, Trade and Industry's future strategic vision, companies with high management diversity scores generate net sales through innovation at a rate approximately 20 points higher than companies with low scores. I look forward to seeing COSEL actively incorporate reforms powered by diversity in its future growth strategies as well.

Upon my appointment, I met with individual sections and toured plants to learn about the current conditions of COSEL. I was profoundly impressed by the integrity of its employees and the cheerfulness and sense of responsibility of its women employees. The HR system reforms made in 2022 eliminated job categories (such as differentiating between general and career-track positions), and this has accelerated gender-neutral treatment. This can be expected to increase opportunities for all employees to take part in decision-making and bring further diversity to management. I have great expectations for COSEL's future growth.

In addition, as it aims to promote quality circles and grow human resources throughout the organization COSEL has established in the workplace deep-rooted quality improvement activities focused on not only product and service quality but job quality as well. It also has systems to reward noble failures, so that employees can continue to take on challenges and make improvements from day to day. I am confident that such everyday improvements will lead to even greater innovation as it promotes diversity in the future.

The business environment is an extremely complex and challenging one that includes increasingly intense global competition and rapid technological innovation, along with the impact of climate change. Under such conditions, COSEL aims for sustainable growth by promoting management powered by diversity and innovation. As an Outside Director, I will strive toward further increases in COSEL's shareholder value through repeated dialogue with management from an outsider's perspective, on behalf of all shareholders.



Outside Director  
Hiroo Nishikawa

Nishikawa Law Office  
Attorney

The business environment has been changing at a rapid pace in recent years. In addition, the issues a company faces are growing increasingly complex and large in scale. Examples include supply-chain disruptions caused by the spread of infectious disease and natural disasters thought to be caused by climate change. In such a time of turbulence, enhancement of corporate governance is essential to COSEL's continued growth. The role demanded of the Board of Directors is one of properly overseeing the actions of management and encouraging decision-making from a long-term perspective.

As an Outside Director, I will strive to ensure transparency in management's decision-making process and to support efforts to create corporate value. In addition, continual creation of corporate value requires not just pursuit of short-term profits but promotion of reorganization of the business portfolio while maintaining competitive strength in current markets as well as working to increase ROE through higher levels of capital efficiency. I also think that closely monitoring the progress of the business alliance with LITE-ON will be an important part of my role as an Outside Director. COSEL has been enhancing its ESG initiatives in recent years, and I am confident that these will be essential to its continuous growth in the future. My views on each aspect of ESG are outlined below.

Environment (E): COSEL has set aggressive targets for reducing CO2 emissions to address climate change and carries out disclosure in line with the TCFD guidelines. These initiatives will both contribute to realization of a decarbonized society and increase stakeholders' regard for and trust in the Company.

Society (S): COSEL respects employee diversity as it focuses on areas including increasing women as a percentage of managers and improving work-life balance. To realize these aims, it has established a number of KPIs and is deploying a systematic HR development program. Management of human capital to support management is an important key to creating corporate value.

Governance (G): As an Outside Director, I intend to check periodically on the progress of measures proposed by management, through means such as discussions in the Board of Directors, and provide appropriate feedback to management. I hope through such activities to be able to contribute to continual creation of corporate value at COSEL.



【Standalone data】

## E: Environmental data

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
CO <sub>2</sub> emissions (Scope 1, Scope 2)	t-CO <sub>2</sub>	—	2,967	2,655	2,270	1,557
Electricity use	kWh	4,627,806	5,001,522	4,850,286	5,145,408	5,299,073
Percentage of conventional power sources	%	95.5	96.1	93.6	79.7	49.9
Wastes	t	208.5	240.8	246.3	258.2	303.2

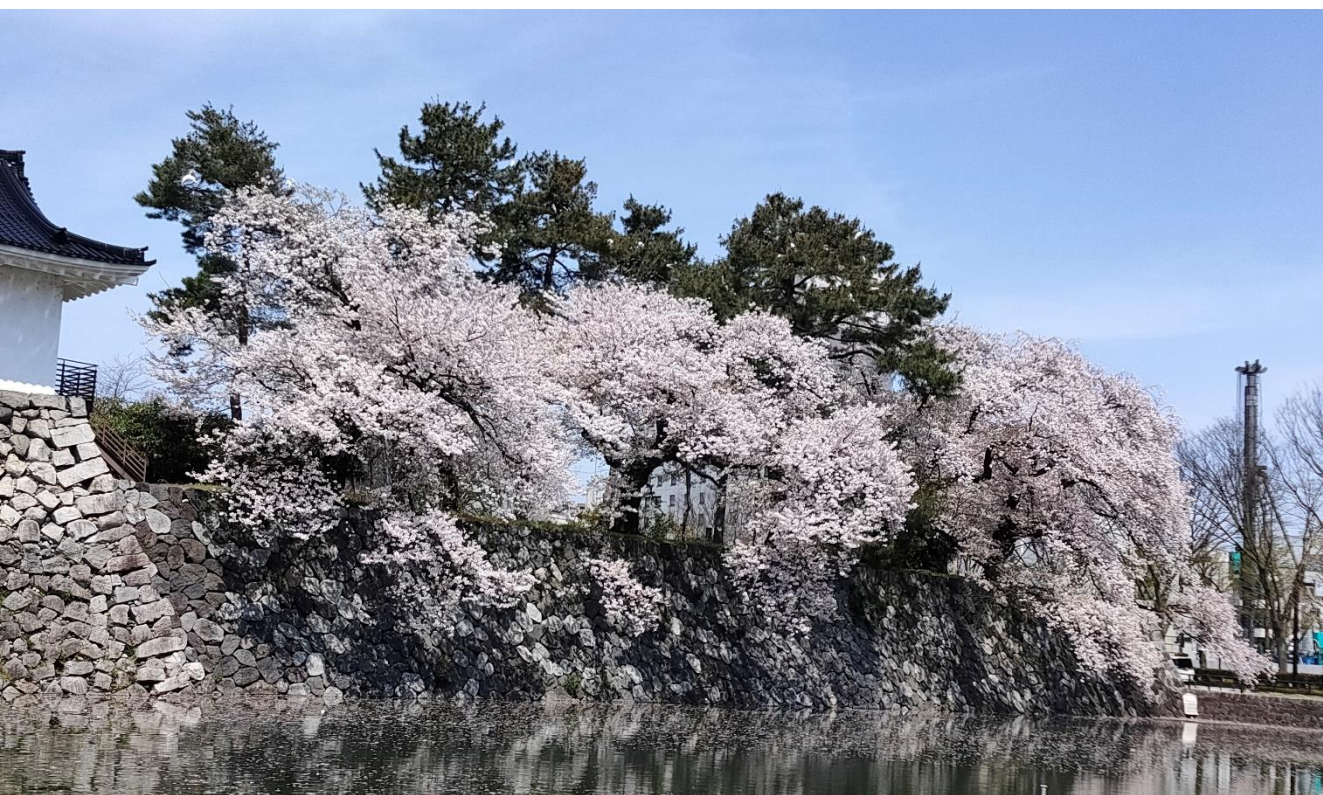
## S: Social data

Employee data				FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Employees	Male	People		353	360	361	353	351
	Female			130	131	131	126	132
	Total			483	491	492	479	483
Average age	Male	Years		38.6	38.6	39.0	39.1	38.8
	Female			42.7	43.4	44.3	45.6	45.3
	Total			39.7	39.9	40.4	40.8	40.6
Average years of continuous service	Male	Years		14.4	14.5	16.9	15.1	15.0
	Female			20.9	21.6	22.4	23.7	22.9
	Total			16.1	16.4	16.9	17.4	17.2
Number separated	Male	People		15	16	6	19	16
	Female			5	1	3	5	4
	Total			20	17	9	24	20
Separation rate	Male	%		4.2	4.4	1.7	5.4	4.6
	Female			3.8	0.8	2.3	4.0	3.0
	Total			4.1	3.5	1.8	5.0	4.1
Number re-employed	Male	People		12	12	13	17	22
	Female			1	5	7	9	9
	Total			13	17	20	26	31
New hires (new graduates only)	Male	People		15	17	15	6	14
	Female			5	2	1	1	0
	Total			20	19	16	7	14
New hires (mid-career only)	Male	People						9
	Female							6
	Total							15
Male-female wage disparity	Male/female	%		—	—	—	72.2	80.0
Diversity and inclusion				FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Number of managers	Male	People		42	46	46	60	55
	Female			0	0	0	3	3
	Total			42	46	46	63	58
Women as a percentage of managers	-	%		0.00	0.00	0.00	4.76	5.17
Number of employees with disabilities	-	People		6	6	6	8	9
Employment rate	-	%		1.74	1.70	1.59	2.21	2.37
Number of non-Japanese national employees	-	People		6	9	10	13	14

Work-life balance			FY2019	FY2020	FY2021	FY2022	FY2023
Percentage taking paid vacation (general personnel)	-	%	69.8	63.5	61.0	69.5	70.3
Percentage taking childcare leave	Female	%	100.0	100.0	100.0	100.0	100.0
	Male		4.8	18.2	41.2	50.0	86.7
Number of days of childcare leave taken by male employees	Max.	Days	—	—	—	92.0	365.0
	Average		—	—	—	46.3	91.6
	Min.		—	—	—	14.0	6.0
Percentage of employees taking childbirth nursing leave	-	%	76.2	36.4	70.6	83.3	66.7
Number taking long-term-care leave	-	People	0	1	0	3	0
Human-resource development			FY2019	FY2020	FY2021	FY2022	FY2023
Annual hours of education per person	H		79.1	82.5	84.1	75.3	93.0
Annual investment in education per person	Yen		—	—	—	79,577	122,274
Number undergoing human skills and	People		13	0	27	27	21
Number undergoing career training	People		31	69	51	40	50
Number undergoing distance learning	People		77	80	87	114	243
Number undergoing language learning: Conversational English	People		15	12	10	7	7
			11	8	8	9	11
Conversational Chinese							
Health and productivity management/Industrial health and safety			FY2019	FY2020	FY2021	FY2022	FY2023
Percentage undergoing regular health checkups	%		96.0	93.8	94.6	99.8	99.6
		Percentage with issues identified	60.5	53.1	56.9	76.9	79.7
Percentage on leave due to emotional	%		0.8	0.2	1.4	1.9	0.8
Number of on-the-job accidents	Number		2	7	10	3	2
Number of commuting accidents	Number		13	13	14	11	8
Number of auto accidents at work	Number		2	3	1	3	4



To be an essential presence in a society based on smart energy by realizing products and services that provide added value to meet customer needs



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