



2025

Social and
Environmental Report



Editorial Policy

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

Since 2015, we have issued this *CSR Report* in order to enhance communication by providing all of our stakeholders with reports on our initiatives related to our corporate social responsibility (CSR) in addition to our environmental activities.

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 realization of 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, 2024, to May 20, 2025

Referenced Guidelines

ISO26000



Company building: Head office • R&D Center



Company building: Tateyama Factory

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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

 SUSTAINABLE DEVELOPMENT GOALS			Title									
			Promoting sustainability	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.



COSEL Co., Ltd.
President & Chief Executive Officer

斉藤盛雄

COSEL's businesses are 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 the 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 that we provide in response to changing needs (i.e., the quality of individual departments, such as sales, development, production, and management).

Basic actions 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 the 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, efforts toward carbon neutrality (decarbonization) are particularly urgent, and we have made progress on reducing Scopes 1 and 2 CO₂ emissions. Moving forward, we will ascertain total CO₂ emissions in Scopes 1, 2, and 3, including our supply chains. We consider it essential to realize carbon neutrality across the entire Group as soon as possible.

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 the 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 markets

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. Customer needs have also 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 values 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 that is 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.

Last year, we concluded a capital and business alliance with Lite-On Technology Corporation.

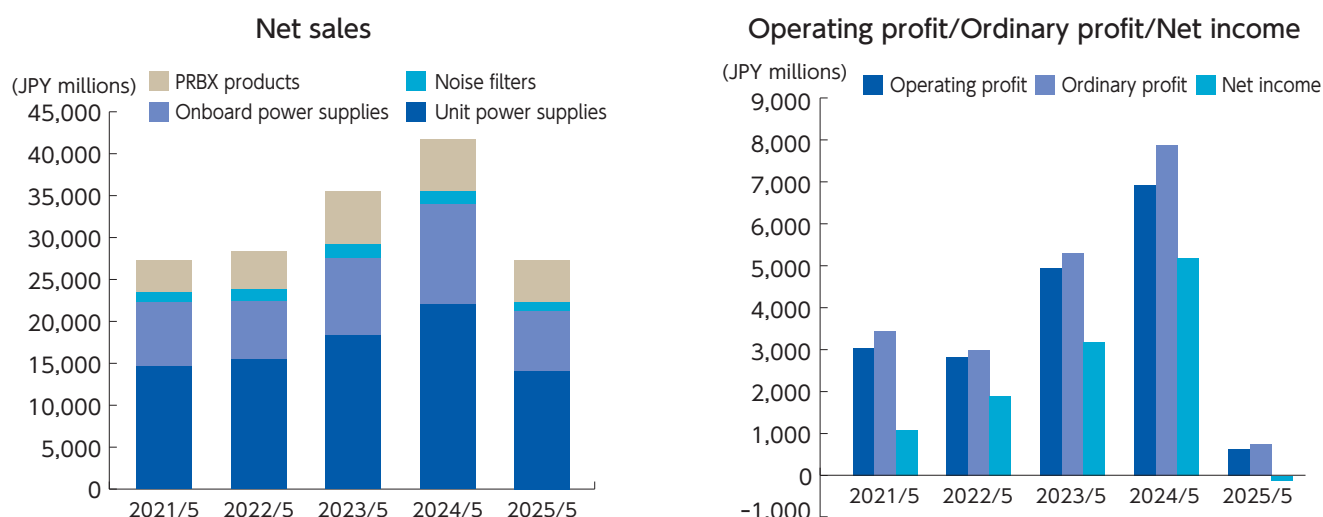
By promoting activities aimed at fusing the technological strengths of both groups to form a global organization capable of timely supply of even higher value-added products and services and, by extension, realizing sustained growth in corporate value for both companies, our employees are playing increasingly more active roles 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	Capital: 6,042,881,850 yen (as of May 2025)
Net sales	Net sales: 27,052 million yen (consolidated, period ended May 31, 2025)
Employees	Employees: 729 (consolidated, period ended May 31, 2025)
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 the 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.

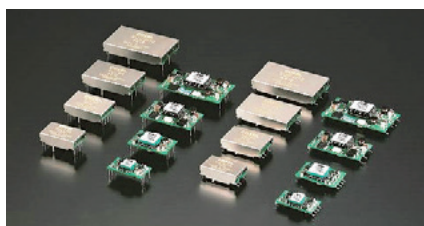
COSEL will continue to contribute to a smart energy society through unlimited interaction with new technologies and by creating highly reliable products to build the future of electronics.

Our products



Unit power supplies

Power supplies enclosed in cabinets
*Mainly AC-DC converters



Onboard power supplies

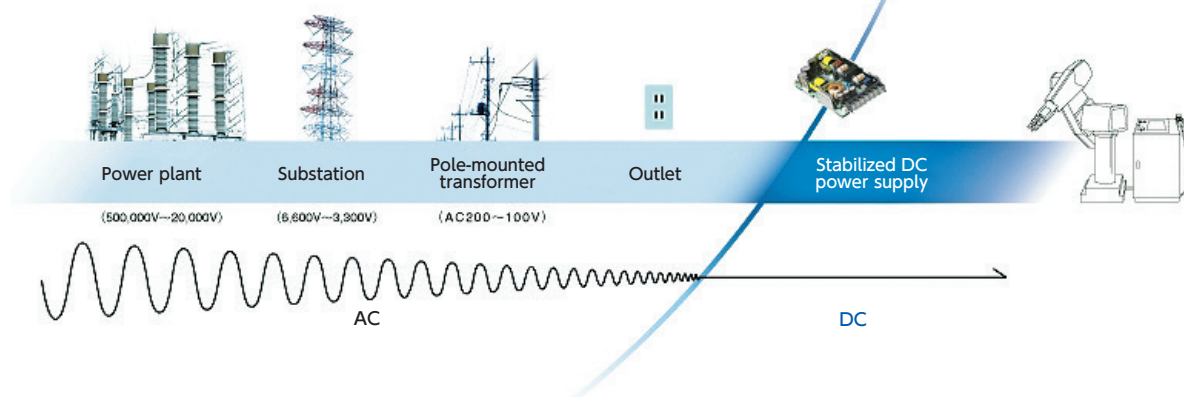
Power supplies implemented on customers' circuit boards
*Mainly DC-DC converters



Noise filters

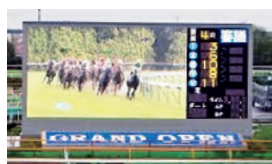
Prevention of malfunctioning caused by noise introduced from power-supply lines

<Delivery of electricity>

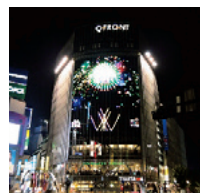


Examples of use of regulated DC power supplies

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



ATMs

Ticket vending machines

Other devices



LED lighting



ATC equipment for high-speed rail rolling stock



Power transformers for wind power generation

History

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
FY 1979		First company-wide QC circle tournament held
FY 1980	Expanded the head office factory	
FY 1982		Launched total quality control (TQC) guidance meetings (TQC adopted)
FY 1983	Named a model plant for SME efficiency improvements by Toyama Prefecture	Adopted policy management (formulated long-term and annual policies) First presentation at external QC circle tournament
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)
FY 2003		QC Circle Hokuriku Branch: branch chair company
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 factory	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	
FY 2025	COSELSYNC established as a brand for products developed jointly with Lite-On Technology Corporation	

Promoting sustainability

To realize a sustainable society



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

COSEL’s Management Philosophy

Management philosophy

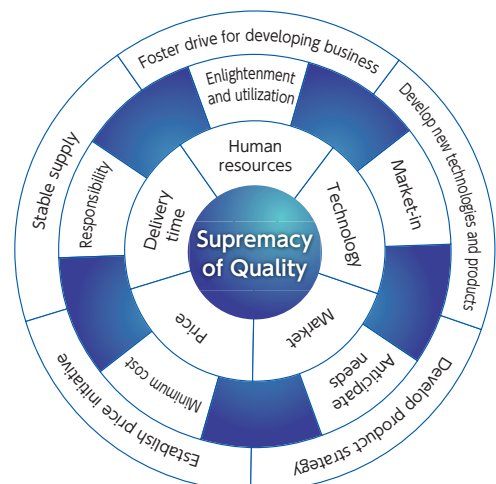
COSEL has strived to improve its organizational abilities and enhance its organizational structure through the concept and methods of total quality management (TQM), based on its management philosophy.

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]

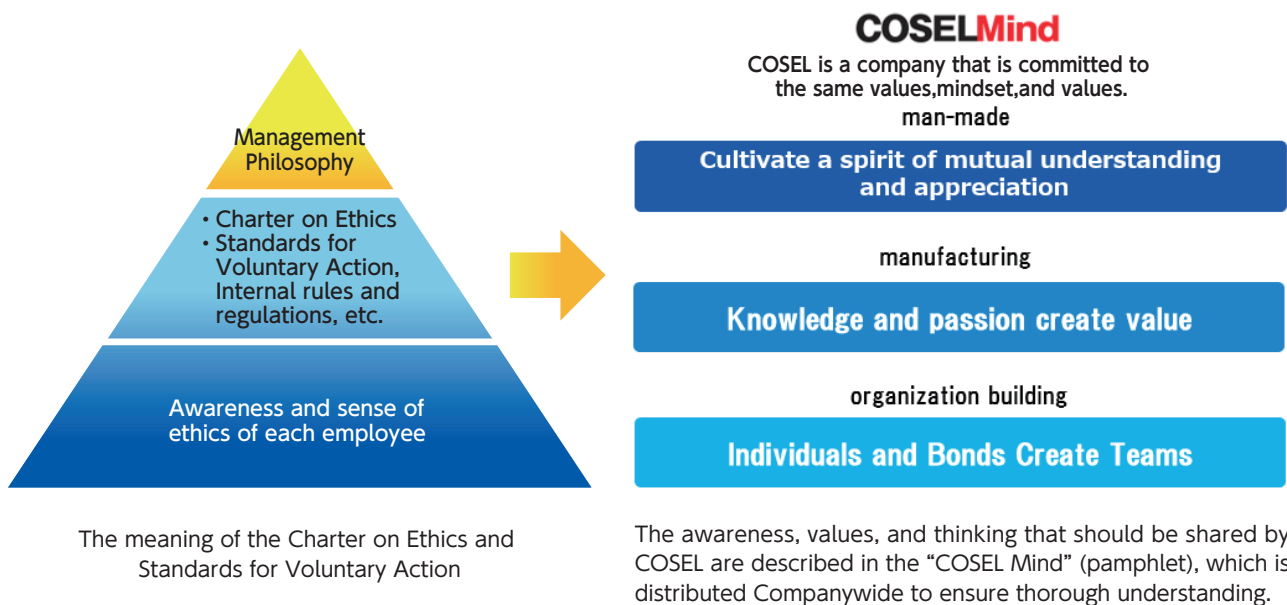
Respect the basic human rights of all and never commit any act of discrimination or any act that violates the dignity of individuals.

(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

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 in a timely manner. Our aim is to achieve the continual growth of the COSEL Group by contributing to realizing 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 realizing 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

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 Officer Committee plays a central role as the decision-making body while also cooperating with the Risk and Compliance Committee.

SDG promotion activities

Based on its management philosophy, the COSEL Group aims to continue to earn society's trust by balancing contributions to realizing 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 departments, we also appoint promotion personnel in quality control (QC) circle activities and kaizen proposal activities in which all employees take part as key SDG 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 SDG contributions.

In addition, we signed on to the Toyama Prefecture SDGs Statement in October 2023.

We will contribute to realizing 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「品質至上を軸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	【目的】 事業活動におけるCO2排出量削減 【取組】 ・高効率電源の開発 ・再生エネルギーの活用促進 ・省エネ取り組み強化	 
2	【目的】 社員の多様性・能力を活かす組織・風土づくり 【取組】 ・人事制度の再構築 ・女性経営比率の向上、女性社外取締役の採用 ・障害者雇用の充実	 
3	【目的】 社員一人ひとりが働きやすい職場づくり 【取組】 ・男性育休取得促進 ・企業文化、価値観「COSEL mind」の共有	 

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 2024 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 2024 are shown below. Nine of 12 environmental targets and goals were achieved (not including targets and goals for future years). We will continue groupwide efforts to achieve targets and goals in FY 2025 as well.

ESG Action Plan

[Evaluation] ○: Goal achieved; △: 80% to 99% of goal achieved; ×: Less than 80% of goal achieved
In parentheses: Evaluation targets and goals for FY 2025

ESG	Material Item	Control Item	KPI		BM (2020)	Target and Result			SDG goals	
						Target of FY 2024	Results of FY 2024	Evaluation (2024)		
E ◆ Environment ◆	1. Reducing climate-change risk	Realizing carbon neutrality (Scopes 1 and 2)	CO ₂ emissions	t-CO ₂ /year	2,967	171 or less	86	○		
	■ Disclosure based on TCFD recommendations	Responding to climate-change risks	CDP score	—	—	B (-) or above	B	○		
	■ Promoting decarbonization (Scopes 1, 2)	CO ₂ emissions reduction	CO ₂ emission reductions	t-CO ₂ /year	—	2,796 or above	2,881	○		
			CO ₂ emission reductions rate (vs. BM)	%	—	94.2 or above	97.1	○		
	■ Lessening environmental impacts through promotion of recycling (Scope 3)	Reducing emissions	Total emissions Companywide	t	240.2	250 or less	295.4 ※ 1	×		
		Eliminating waste disposed of in landfills by promoting the Three Rs	Recycling rate *Promoting zero emissions	%	93.9	99 or above	98.4	△		
S ◆ Society ◆	2. Leveraging diverse human resources and aptitudes	Realizing treatment that reflects roles (abolition of the multi-track personnel system)	Structures related to the role ranking system and number of revisions to treatment	—	—	Two or more cases	One case	×		
	■ 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 division manager or above	%	0	8.0 or above (2025)	6.56	(×)		
		Increasing the numbers of non-Japanese national employees	Number of non-Japanese national employees	Persons	4	20 or above (2025)	11	(×)		
		Creating workplaces and opportunities for people with disabilities	Employment rate of people with disabilities	%	1.3	2.3 or above	2.85	○		
		■ Support for balancing work with home life	Encouraging male employees to take childcare leave	Percentage of male employees taking childcare leave	%	18.2	100 or above *2 (2025)	109.1	(○)	
			Encouraging employees to take childbirth nursing leave	Percentage of employees taking childbirth nursing leave	%	36.4	50 or above (2025)	63.6	(○)	
			Encouraging female employees to take childcare time off	Percentage of female employees taking childcare time off	%	100	100	100	○	
	3. Improving employee engagement	Increasing the sufficiency of self-reporting surveys *Subjects: Union members	Percentage answering "Sufficient" Subject evaluations: (very high + high)	%	—	50 or above (2025)	27.9	(×)		
G ◆ Governance ◆	4. Enhancing corporate governance systems	Promoting separation of execution and oversight functions through enhancements to business execution systems	Number of Executive Officer Committee meetings held	Times/year	13	10	11	○		
	■ Increasing the transparency of management decision-making	Improving precision of the officer/executive officer selection/remuneration process	Updating Directors' skills matrix	Times/year	—	1	1	○		
		Improving the qualifications of directors and strengthening their management capabilities	Number of officer study meetings held	Times/year	0	2	3	○		
	■ Increasing the efficacy of the Board of Directors									

*1: Includes equipment-related abolition associated with liquidation of partner company

*2: Goal revised from 75% to 100% or above

◆ To improve the quality of management

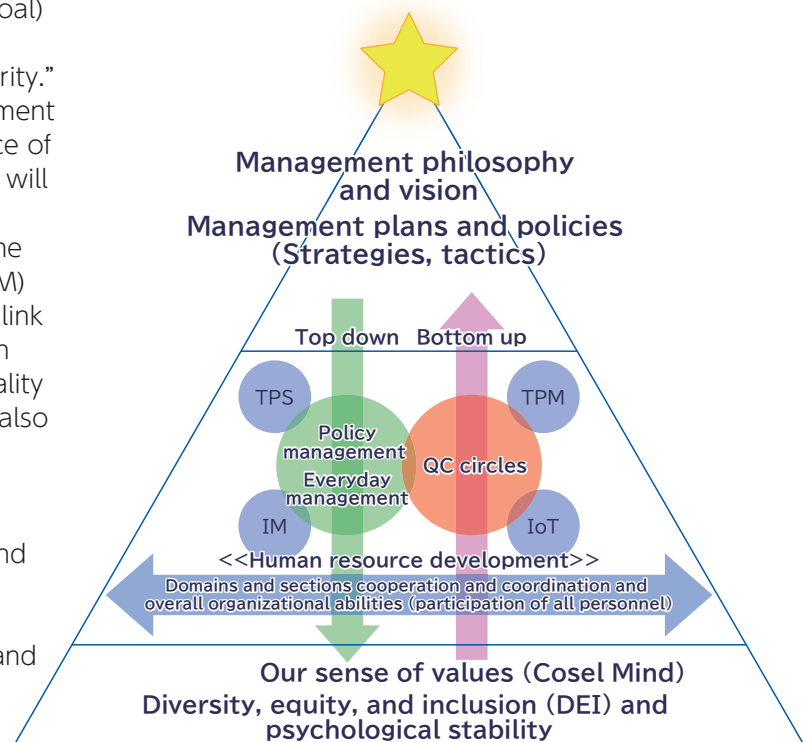
Our basic thinking on quality

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 TQM as illustrated below, and we strive to ensure its thorough understanding throughout the organization.

Contributing to a sustainable society



Cosel's TQM: All activities to improve the quality of management
(With policy management, everyday management, and QC circle activities as its cores)

Quality Policy

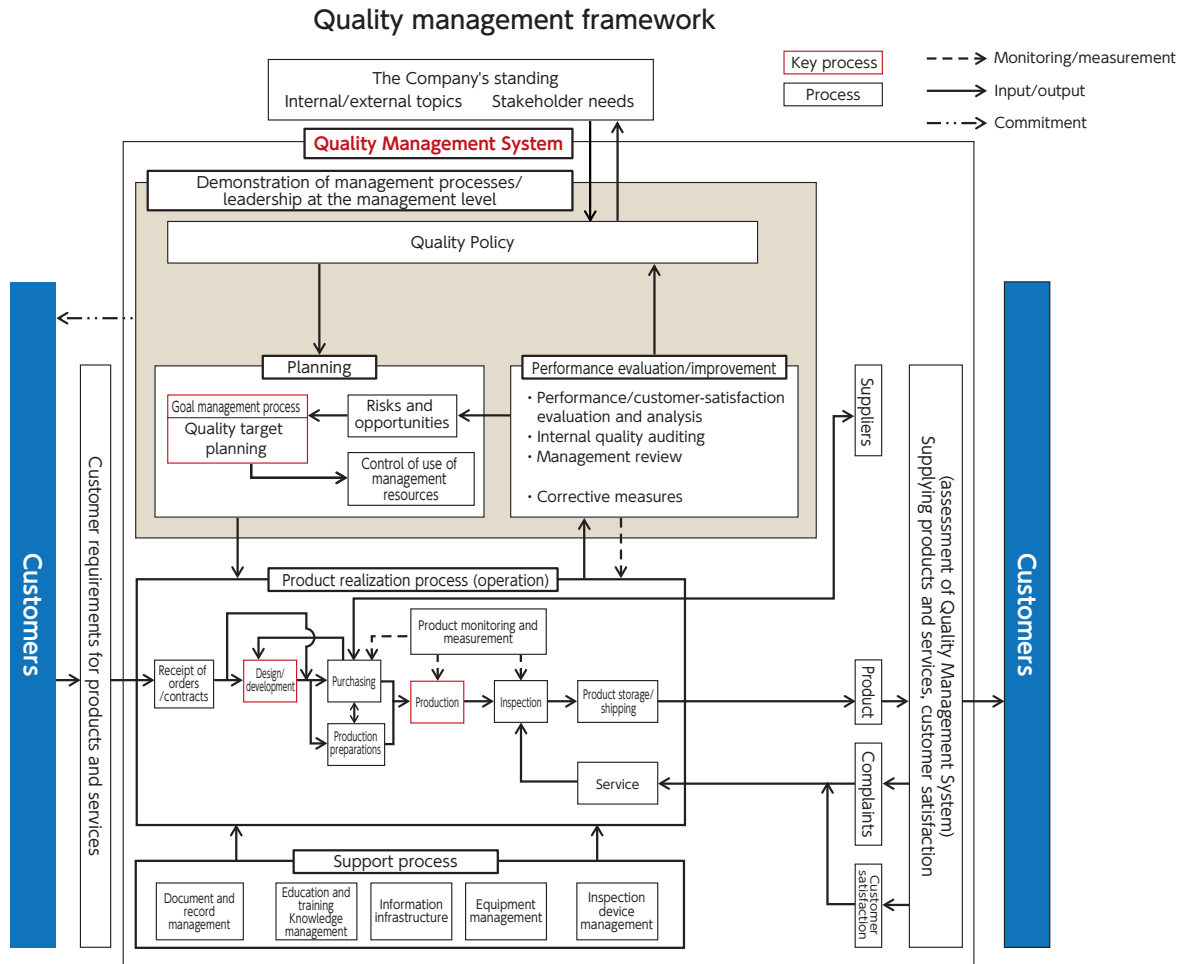
Based on the Quality Policy, COSEL considers it to be our mission to deliver to customers products and services that they can use with trust, with each and every employee working hard from day to day. These efforts are being made in all processes, from product planning and development through design, 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.

ISO 9001 certificate



[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

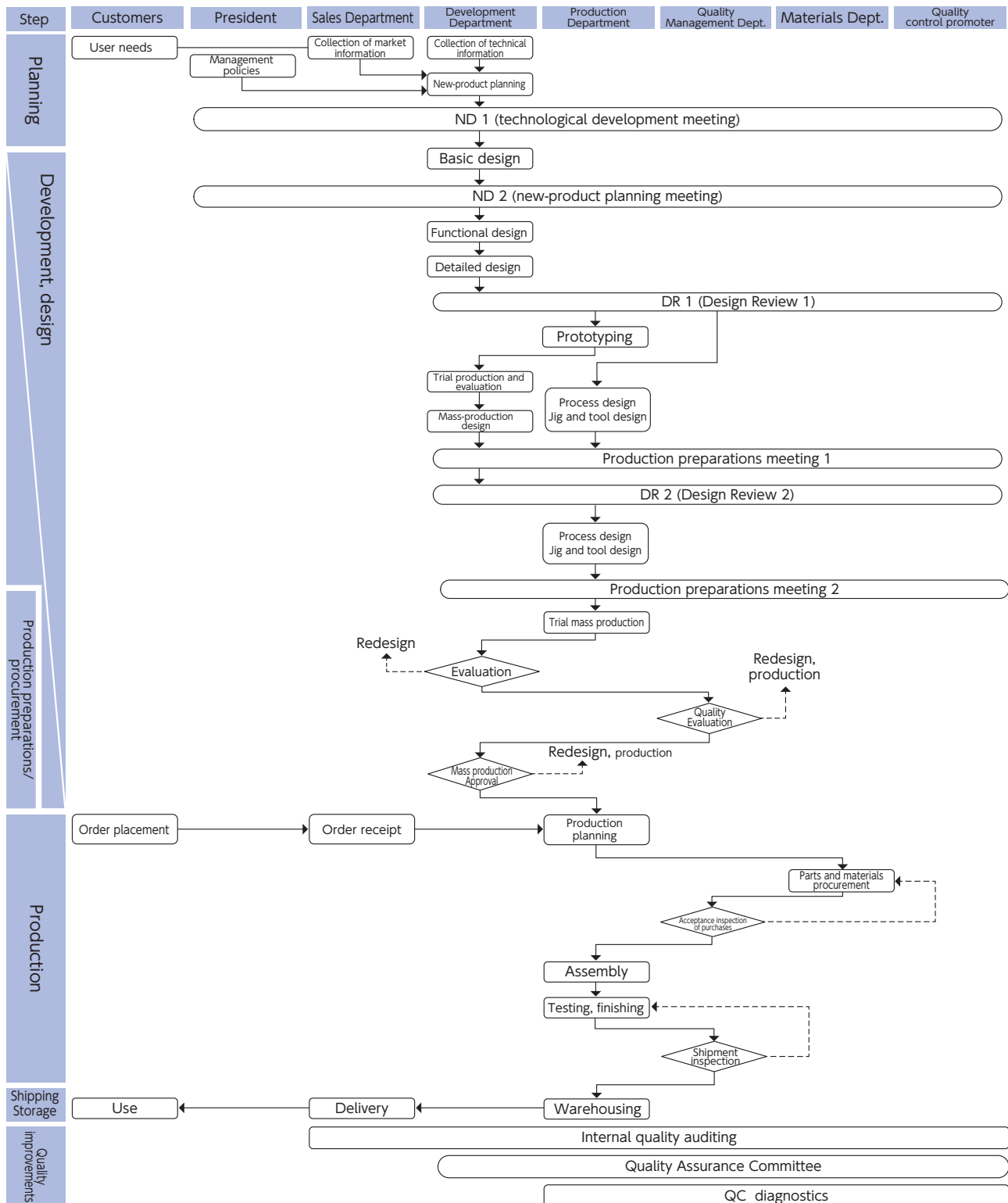
Quality assurance system

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



Responding to quality issues

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.

```
graph LR
    Customers[Customers]
    Sales[Sales Department  
Information collection]
    DevStaff[Development dept. service staff  
Investigation, analysis]
    DevInCh[Development dept. in charge  
Countermeasures]
    ProdInCh[Production dept. in charge  
Countermeasures]
    QM[Quality Management Dept.  
Verification of efficacy of responses and countermeasures]

    Customers -- "Returning defects  
Defect information" --> Sales
    Sales -- "Submittal of reports  
Redelivery" --> Customers
    Sales -- "Returning defects  
Defect information" --> DevStaff
    DevStaff -- "Submittal of reports  
Redelivery" --> Sales
    DevStaff -- "Request for countermeasures" --> DevInCh
    DevInCh -- "Response" --> DevStaff
    DevStaff -- "Request for countermeasures" --> ProdInCh
    ProdInCh -- "Response" --> DevStaff
    DevStaff -- "Defect information" --> QM
    QM -- "Investigation, instructing countermeasures" --> DevInCh
    QM -- "Investigation, instructing countermeasures" --> ProdInCh
    QM -- "Investigation, instructing countermeasures" --> DevInCh
```

Black: information
Blue : products

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.



◆ 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 55th regular general meeting of shareholders was held at the Toyama Chamber of Commerce and Industry on August 8, 2024. Shareholders asked numerous questions in the meeting, which served to deepen their understanding 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 recommendations for corporate management. We strive to reflect 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.

 Management Information › Corporate Governance › Risk Management › Compliance › Climate Change Risk (TCFD)	 Financial/Business Highlights › Consolidated Financial/Business Graphs › Financial Statements	 IR Library › Explanatory Materials for Accounts › Materials for General Meeting of Shareholders
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Returns to shareholders

Dividend policy

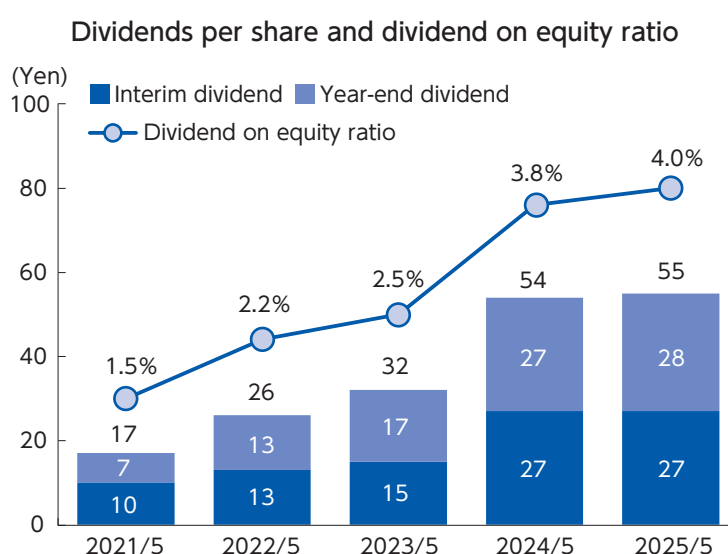
In returning profits to shareholders beginning with the fiscal year ending in May 2025 (May 21, 2024, to May 20, 2025), we adopted a basic policy of paying stable and continuous dividends of surplus while targeting a dividend on equity ratio of 3.5%. This policy reflects consideration of business results, 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.

For future returns of profits to shareholders, we will adopt a basic policy of paying stable and continuous dividends of surplus while targeting a minimum 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.

Dividend trends

Dividends per share and the dividend on equity ratio are shown below.



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 for securities analysts and online company briefings for individual investors. In these briefings, the President describes information on such subjects as 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 that we purchase, the delivery times, and the 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 times, costs, our management policies, and our technology strategies. We believe that improving our partnerships with suppliers by maintaining and strengthening such activities is vital to our continued growth.

COSEL Supplier CSR Code

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 established the COSEL Supplier CSR Code in 2024 describing our basic approach on procurement activities.

We also strive to ensure mutual understanding of and compliance with this Code when beginning transactions with a supplier.

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 sources 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 of investigation of conflict minerals to promote the responsible procurement of minerals. We explain the purpose and necessity of investigations 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 an investigation of conflict minerals, we provide them with the information using the CMRT.

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 the University of Toyama by communicating to students the spirit of manufacturing as well as the latest science and technology by 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 Center for Promotion of Regional Collaboration Exchange and Promotion Council
- Toyama Prefectural University Research Cooperation Council
- Kanazawa Institute of Technology
- National Institute of Technology, 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
- Toyama Employer's Association
- Toyamaken Kiden Kougyoukai.
- Japan Society for the Promotion of Science
- Toyama Association of Corporate Executives
- Toyama Chamber of Commerce and Industry
- Toyama New Industry Organization Young Researchers Development Council
- Toyama Technology Exchange Club
- Toyama DX Consortium

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 objectives are as follows:

- To stimulate manufacturing and increase the number of people involved in manufacturing in Toyama
- To help even people unfamiliar with manufacturing to appreciate how enjoyable it can be
- To provide a place where people who enjoy manufacturing can bring their works together for mutual stimulus 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.



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 Blood Center.

Internship initiatives

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 Prefectural Junior High School Manufacturing Education Promotion Association

COSEL is a cosponsor of the Toyama Prefectural Junior High School Manufacturing Education Promotion Association, organized by the Toyama Prefectural Machinery and Electronic Industries Association to help junior high 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 junior high 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 junior high school students in choosing their future career paths.

We also cosponsored the Toyama Open Junior High School Robotics Competition, held in the event space at Toyama Station on October 27, 2024, to mark the 10th anniversary of the Toyama Prefecture Manufacturing Education Promotion Conference.

In this event, junior high school students programmed and operated robots with the task of snow removal in the fierce Toyama winter.



Support for athletic activities

[COSEL Cup: Challenge Super Kids]

We have been a special sponsor of COSEL Cup Challenge Super Kids since 1989.

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

The 36th COSEL Cup Challenge Super Kids tournament held at the Toyama Prefectural General Sports Center on April 29, 2025. A total of 242 pupils from 91 schools in Toyama Prefecture took part in the tournament. The weather was perfect for athletics, and the children competed enthusiastically in each event. Twelve COSEL staff members guided the pupils during the tournament.



◆ Continual investment in human rights

Harassment prevention 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、または信じるに足る情報に基づいていることを前提にします。 証拠の提出は必要ありませんが、感情や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

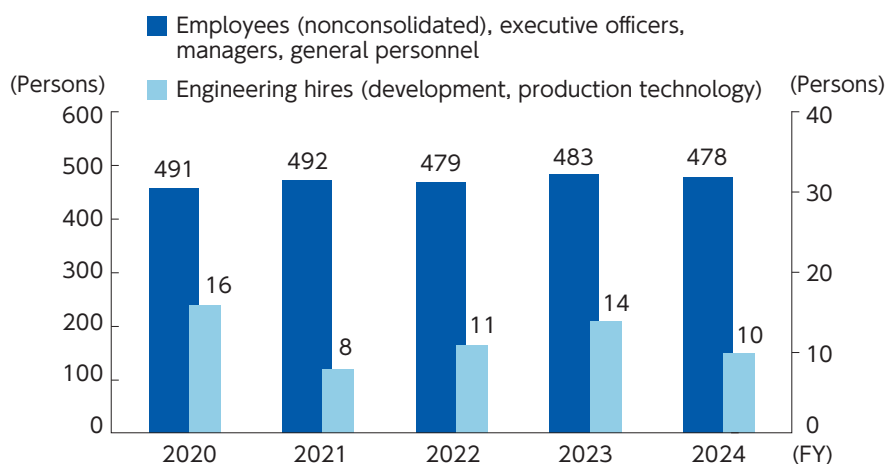
Labor-management dialogue

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 job attendance of 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 the number of employees (trend in new hires)

This chart depicts trends in the number 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 understanding of the work of engineers through internships.

Trends in the number of employees and in new hires for technical positions



◆ Promoting diversity awareness

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 can work hard in accordance with the details of their disabilities and skills. In particular, as a member of the Toyama Special Needs School Employment Support Group, we cooperate with special-needs schools in Toyama Prefecture to provide opportunities for students to gain work experience suited to their hopes and dreams.

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

COSEL operates an HR system 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 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.

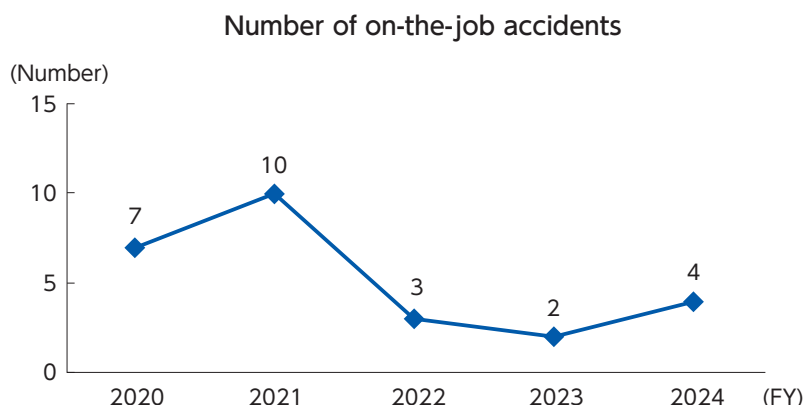
Creating safe, healthy workplaces

Industrial health and safety

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

Unfortunately, the number of industrial accidents shifted to an increasing trend in FY 2024. No general trends were apparent in the details of the accidents. We responded by implementing preventive measures individually, publicizing and raising awareness of the accidents across the organization, and making additions to health and safety educational materials.

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.

Twelve employees used this system in FY 2024.

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 by enabling employees to notice their own stress conditions, gain basic understandings of stress and mental health, and have effective ways to relieve stress.
- (ii) By 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 (including hourly 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 until the last day of the month following 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 until the day after the eighth week following the date of birth.

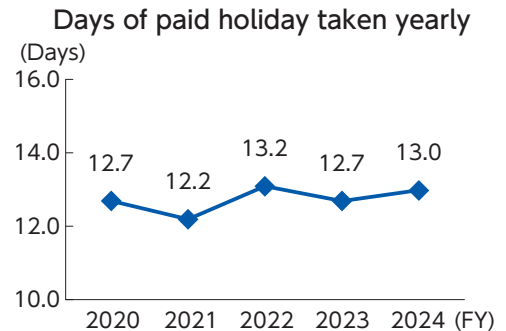
Child nursing-care leave

An employee caring for a child in the sixth grade of elementary school or younger may take child nursing care leave (including hourly 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, vaccinations, or health checkups.

Encouraging employees to take paid leave systematically

We encourage employees to take paid leave based on in-house rules that require them to take two days of their annual paid leave per half-year on a planned basis.

We will continue to encourage employees to take paid leave systematically. This is intended to help balance work and home life, encourage self-improvement, and provide opportunities for rest and relaxation. We will check on the achievement of this aim by collecting periodic reports on taking leave.



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 number of days corresponding to their years of continuous service in milestone years. This leave is intended for mental and physical refreshment purposes (including recognition of their service, health maintenance and improvement, and enrichment of home life).

Consideration for working hours

Flextime system

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

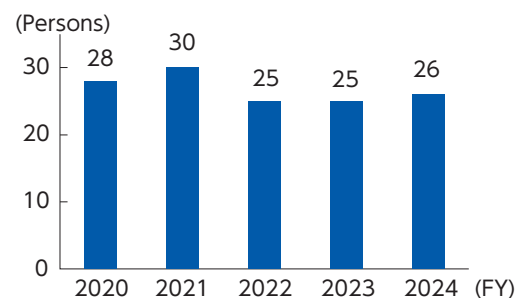
No-overtime day

COSEL has designated Wednesday of each week as no-overtime 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 in the sixth grade of elementary school or younger (until 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.

Number of users of the Shortened Working Hours System for Childcare



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

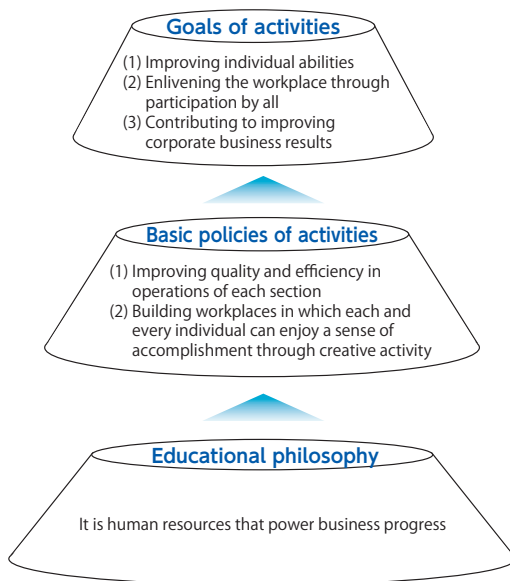
We have continued QC circle activities since 1978.

All employees, including department and division managers, participate in QC circle activities as part of 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 79 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, 159 persons from 34 outside companies also attended to view our activities.

The basic concept of QC circles



The Company-wide meeting
Main Hall, Toyama Chamber of Commerce and Industry

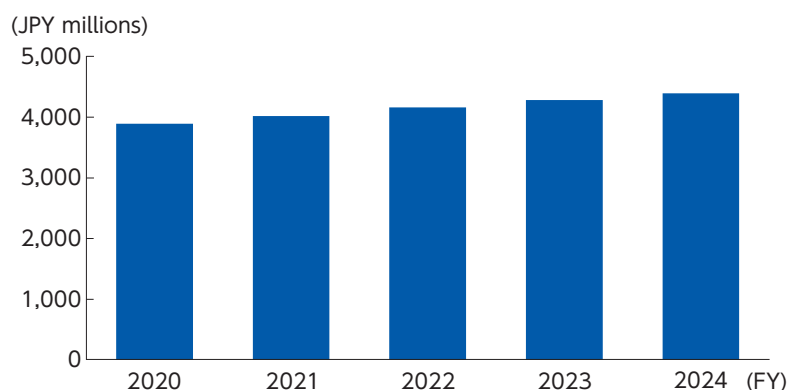
Kaizen proposal system

Kaizen proposal activities based on employee participation were launched in 1978. These activities encourage all employees to propose creative improvements to actual issues in their own work. In this way, they aim to build brighter working environments while also improving abilities to identify problems and issues.

It involves setting individual target figures at the start of the year and distributing commemorative gifts 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.

Cumulative value of results of proposal system (since 1978)



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.

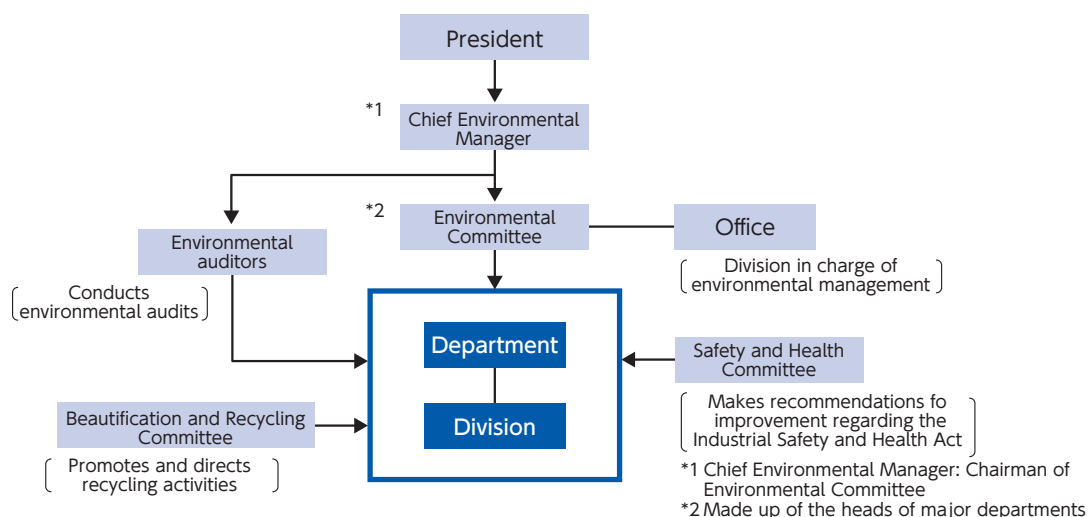
Enacted on May 21, 1999
Revised on July 24, 2012

Environmental Management System

Environmental Management System

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

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 2024, it was conducted from October through November. This audit found no flaws in the system. The 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 necessity 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 FY 2024.

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 engaged in management of chemicals harmful to the environment at our head office factory, Tateyama factory, R&D Center, and our subcontractors.

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 understanding of the objectives and importance of managing chemicals harmful to the environment as well as the details of COSEL 's initiatives.

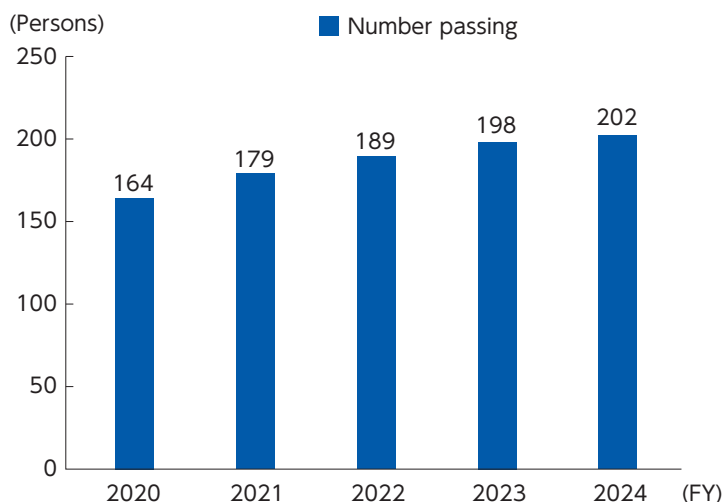
Encouraging employees to take the Eco Test

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, 202 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 (cumulative since 2009)



Environmental goals and achievement state

Environmental goals and achievement state

The state of achievement of environmental targets and goals in FY 2024 is shown on the table below.
 Four of six environmental targets and goals were achieved.
 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	Promoting energy conservation in production departments	MWh/year	18.5 or above	41.2	○
2		Promoting energy conservation through revising operation of office building equipment		165 or above	173.4	○
3		Promoting eco model development	Deadline	2025/4	2024/11	○
4		Promoting the initiatives with suppliers	Companies	5 or above	2	×
5		Promoting sharing of efforts with partner companies	Companies	3 or above	4	○
6		Promoting Three R activities toward zero emissions	Deadline	2024/11	2025/3	×

Environmental impact

We investigate and ascertain the environmental impact of our business activities annually to facilitate management activities.

Period surveyed: December 2023 to November 2024

INPUT	COSEL business activities	OUTPUT
Energy Electricity 4,683 MWh LPG 29,800 m ³ Kerosene 3.8 kℓ Gasoline 28.5 kℓ	Suppliers  Production  Logistics  Use  Recycling	Waste General waste 4.5 t Stable/controlled industrial waste 5.5 t Specially controlled industrial waste 115 kg Recycling Cardboard 82.9 t Waste paper 13 t Plastic waste 38.9 t IPA/flux waste solution 12 t Waste oil 7.9 t Polystyrene foam 0.5 t Antistatic workwear 76 kg Conductive work shoes 110 kg Products Products 1,906.1 t Valuables Lead-free solder scrap 2.1 t Metal scrap 69.2 t Greenhouse gases CO ₂ 472.1 t-CO ₂ Wastewater Sewer 8,100 m ³
Production materials Parts and materials 1,904 t Lead-free solder 4.2 t Flux, IPA 18 t		
Office paper Copier paper 4.8 t		
Packing box Packing box (Cardboard) 232.1 t Cushioning material (Cardboard/plastic) 111.7 t		
Water resources Tap water 5,000 m ³ Ground water 14,400 m ³		

Environmental accounting

In FY 2024, we invested approximately 25 million yen in environmental protection costs on solar power equipment.

We also recorded approximately 17.5 million yen in economic benefits from environmental protection, including gains on sale of valuables and benefits from energy conservation activities.

*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	Adoption of power monitoring system, switching to LED lighting	24.9	31.2
(iii) Resource recycling costs		0	13.1
(2) Upstream/downstream costs			
Costs to control environmental impacts arising upstream/downstream in connection with production and service activities			
	Promotion of green procurement Management of environmental chemicals	0	66.1
(3) Costs of management activities			
Environmental protection costs in management activities			
	Maintenance of environmental management systems Monitoring and measurement of equipment and facilities causing environmental impacts Responding to environmental chemical content surveys	0	18.3
(4) R&D costs			
Environmental protection costs in R&D activities			
		0	0
Total		24.9	128.7

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

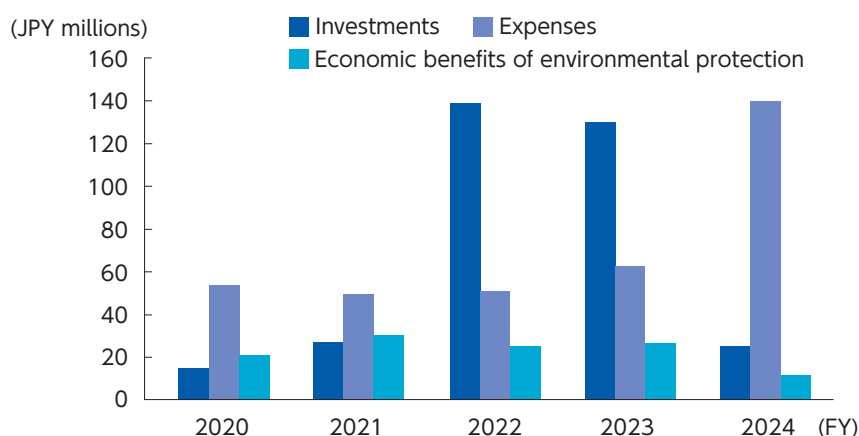
Quantity benefits of environmental protection

Item	Volume of effects
CO ₂ emissions reduction (solar power generation, energy conservation activities, etc.)	2,881 (t-CO ₂)
*BM FY 2020	

Economic benefits of environmental protection (Unit: JPY millions)

Item	Amount of effects
Gain on sale of valuables	2.5
Monetary effect of energy conservation activities	8.5
Reduction in power use by solar power generation	6.0
Reduction in power use by solder tanks developed in-house	0.5
Total	17.5

Trends in environmental protection investments/costs and economic benefits of environmental protection



Promoting Efforts toward a Zero-carbon Society

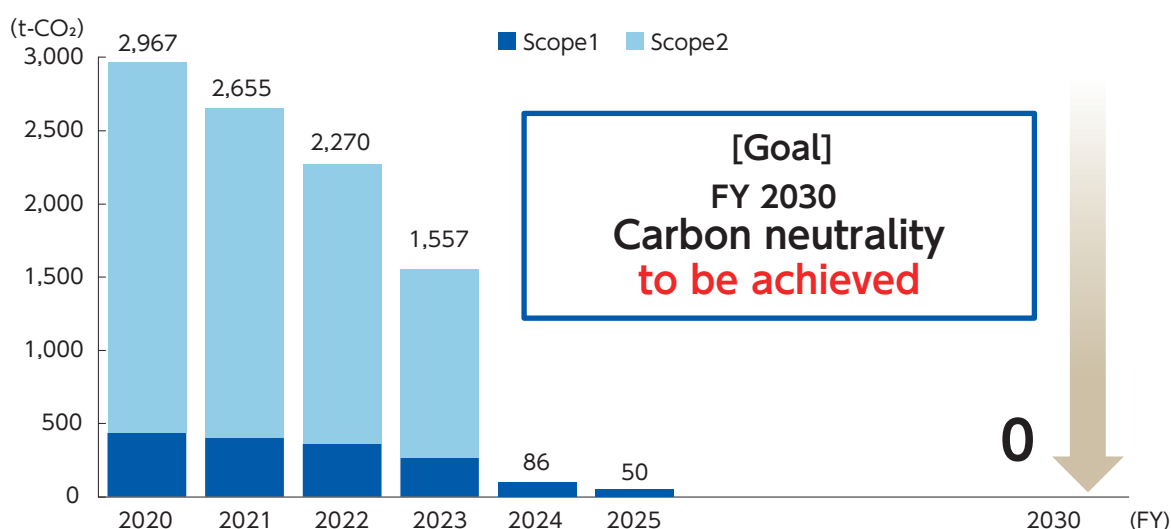
CO₂ emissions reduction

COSEL's target was to reduce its CO₂ emissions to 30% or less in FY 2030 vs. FY 2020, but to accelerate related efforts, we have moved the goal forward and are working toward carbon neutrality by FY 2030. We launched a project to reduce electric power use, which accounts for a large share of energy consumption, under which we are actively promoting energy conservation activities (such as adoption of energy saving machinery and conserving electricity).

We are also making active progress on switching to renewable energy. In FY 2024 we adopted an offsite PPA and reduced Scope 2 emissions to zero at sales facilities through use of non-fossil-fuel certificates.

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

Trend in CO₂ emissions (FY 2025 and after: target values)



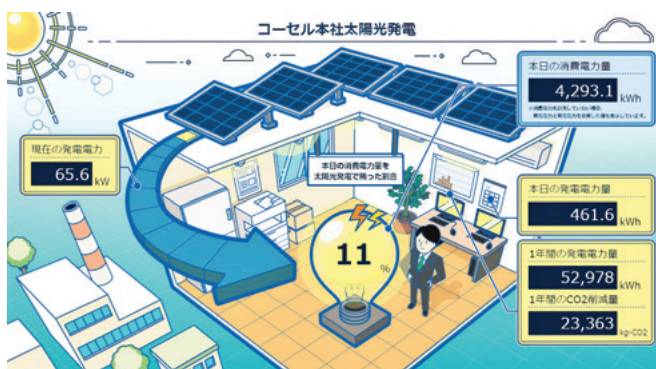
Use of renewable energy

In 2002, we installed 60 kW solar panels on the roof of the new head office building, and we have expanded and updated the power generation equipment since then. Currently, we operate solar power generation equipment of 99 kW at the head office factory and 150 kW at the Tateyama factory.

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



Solar panels



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 TECS/TEPS Series (10/20 W)

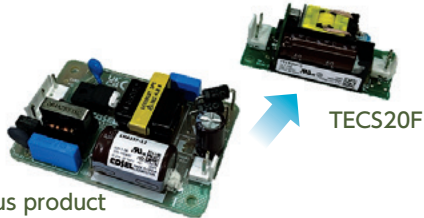
POINT 1

Helps make customers' equipment more compact!

Installed surface areas reduced to about one-third

Weight reduced from 60 g to 35 g

*Compared to previous products (LHA15 vs. TECS20)



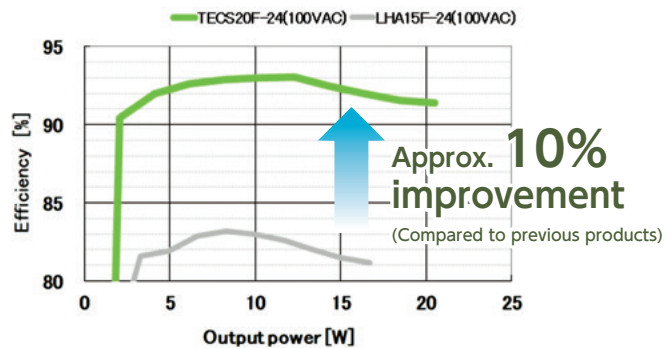
Previous product
LHA15F

Resource
conservation

POINT 2

High-efficiency design

Energy
conservation



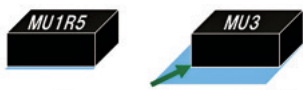
*Power loss reduced by one-half compared to previous products

General-purpose compact DC-DC MU series (1.5/3/6/10 W)

POINT 1

Helps make customers' equipment more compact!

The MU1R5 and MU3 have the same external form



Equivalent

28% reduction

The MU6 and MU10 have the same external form



33% reduction

53% reduction

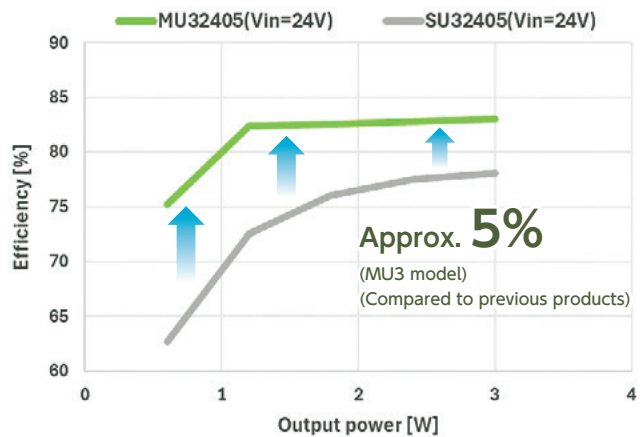
*Compared to the previous SU series

Resource
conservation

POINT 2

High-efficiency design

Energy
conservation



*Also greatly improves efficiency under light loads

Winner of major manufacturing prizes

Our new TECS/TEPS series products have won major manufacturing prizes.

- **Cho-Monozukuri Grand Prize: Electrical/Electronic Components Prize**
(sponsor: Nikkan Kogyo Shimbun, Ltd.)
- **Toyama Prefecture Monozukuri Grand Prize: Merit Award**
(sponsor: Toyama Prefecture Department of Commerce, Industry and Labor)

By designing unique circuitry that can run wide-bandgap semiconductors efficiently and highly reliably, COSEL has developed products that deliver much higher conversion efficiency than previous products. This product series has won these awards in recognition of its contributions to the global challenge of decarbonization through more efficient use of power supplies. We will continue to contribute to realizing a sustainable society by supporting solutions to customers' and society's needs through technological development.



TECS/TEPS Series (45W/65W)



Toyama Prefecture Monozukuri Grand Prize awards ceremony
(commemorative photo with the Governor of Toyama Prefecture and the Chairperson
of the Toyama Prefectural Machinery and Electronic Industries Association)

Lessening environmental impact at production sites

To lower assembly costs by half, we are deploying on our production lines soldering devices that we developed in-house.

Compared with conventional soldering equipment, these devices help to lessen the environmental impact by greatly increasing equipment capacity.



Soldering equipment developed in-house

Equipment cost reduction

Down 32% compared to existing equipment

Auxiliary material cost reduction (solder bars, IPA)

Down 48% compared to existing equipment

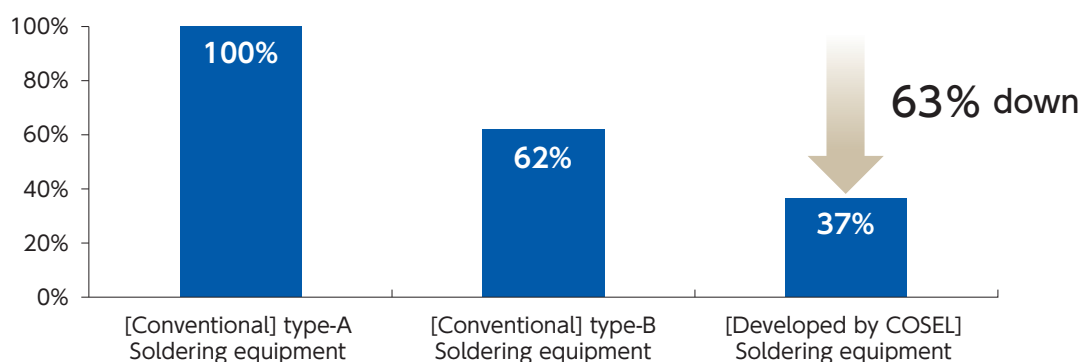
Maintenance work reduction

Down 60% compared to existing equipment

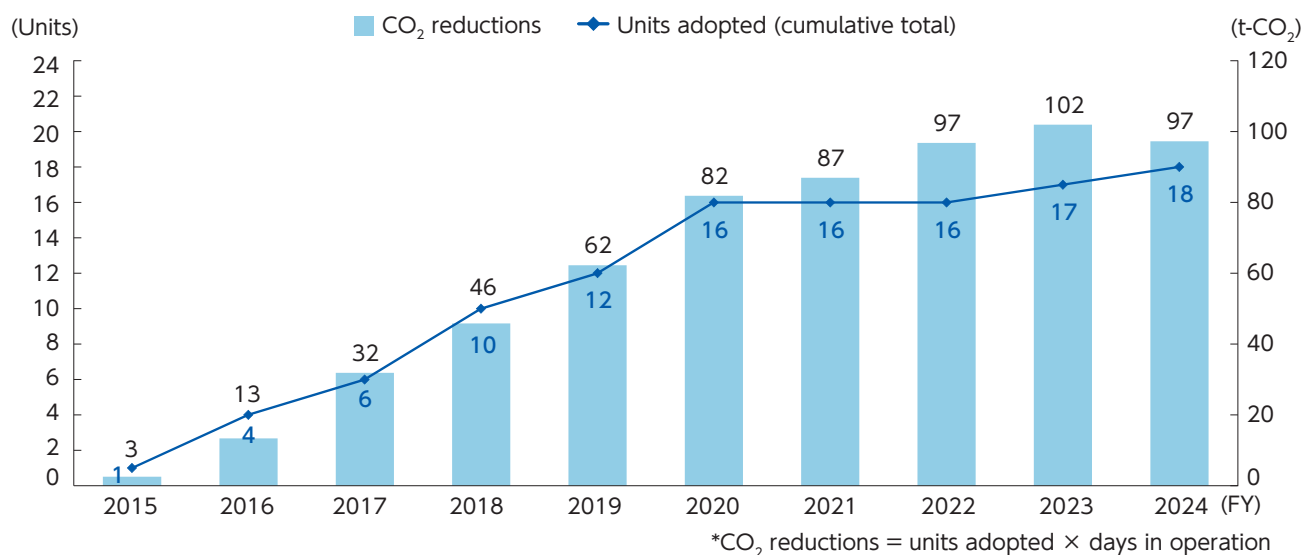
Equipment footprint reduction (space saving)

Down 25% compared to existing equipment

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



Trends in units of soldering equipment (facilities) adopted/CO₂ reductions



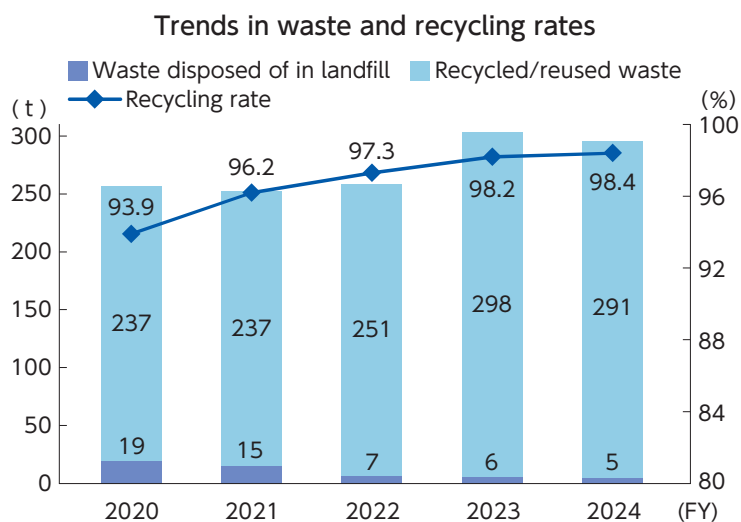
Promoting a recycling-oriented society

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

COSEL promotes the Three Rs 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.



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

Examples of initiatives

■ Reduction

Previously, we had used bubble wrap bags to send certain components to our OEM manufacturers. After unpacking, these were disposed of as industrial waste. We were able to reduce the amount of waste by adopting a new packing method using reusable returnable containers. We also improved the reusability of these containers through means 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, we now have specialized vendors collect them for reuse.



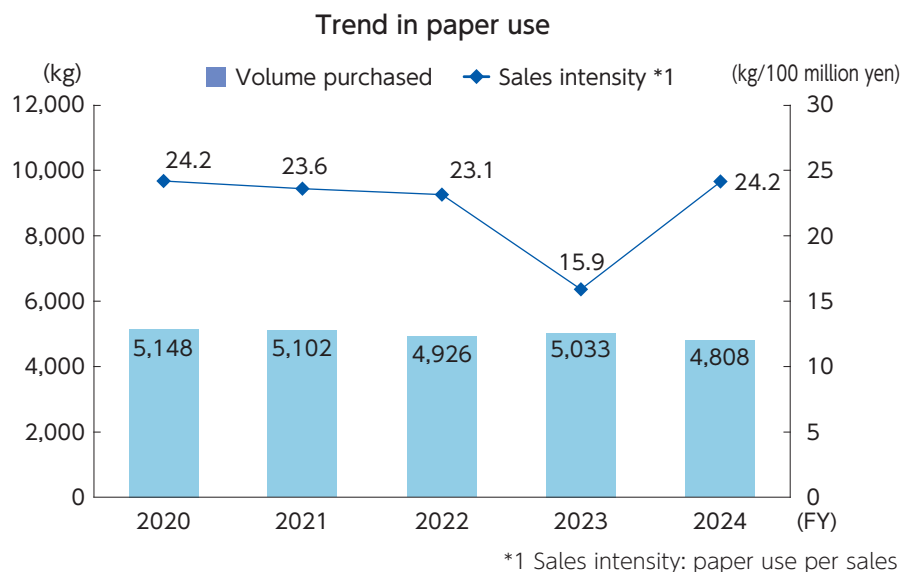
■ Recycling

Defective units that could not be shipped as products and substrate scraps cut off in the production process were disposed of as industrial waste. We now 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.



Reducing paper use

Paper use per sales increased in FY 2024 because of a decrease in sales. We will continue to work toward a paperless office by promoting higher efficiency through business improvements based on QC circle activities and proposal activities.



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
FY 2004	Began green procurement Eliminated use of HCFCs in processes Adopted solar power equipment: 50 kW at the Tateyama factory
FY 2005	Adopted fluoroscopy X-ray analysis equipment
FY 2006	Launched environmental education for all employees 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)
FY 2009	Began encouraging seasonal business attire to save energy Began providing JAMP_AIS data Began providing ICP (precision chemical analysis) data Joined the Joint Article Management Promotion-consortium (JAMP)
FY 2010	Adopted an internal power monitoring system
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
FY 2015	Began the use of energy-saving solder tanks developed in house Complied with the Act on Rational Use and Appropriate Management of Fluorocarbons Began publishing the CSR Report as the successor to the Environmental Report
FY 2017	Complied with the Act on Preventing Mercury Pollution of the Environment Began collecting environmental and chemical data using a portal site Achieved full compliance with amended RoHS Directive

Year	Environmental-protection History
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 Began responding to the CDP survey
FY 2024	Adopted offsite PPA: Began supply to head office factory, Tateyama factory, and R&D Center Updated the power monitoring system Began global calculation of supply chain emissions (Scopes 1 and 2) Joined the Japan Climate Initiative (JCI) Achieved carbon neutrality through non-fossil-fuel certificates (at locations in Japan) Replaced all desktop computers used by individual employees with laptops

◆ Promotion of environmental management of chemical substances

Management of environmental chemicals

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. 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.

RoHS/REACH compliance

The RoHS Directive came into effect on July 1, 2006*1. It restricts the use of six specified 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 products 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, which was officially published in July 2015, added four phthalic acids*3 to the substances subject to the RoHS Directive, 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 as 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.

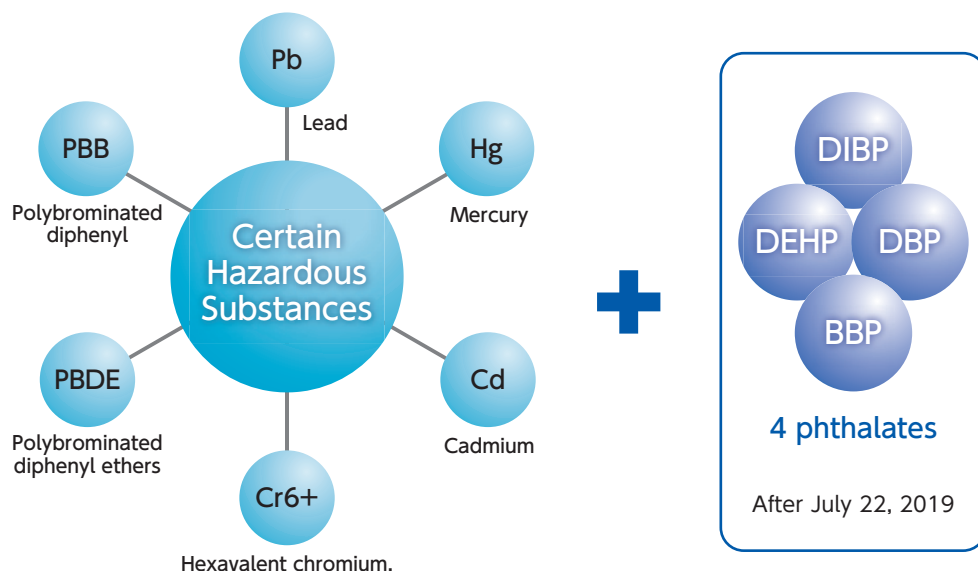
***2 Not including some products for which cessation of production is planned**

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

***3 Four phthalic acids**

Di (2-ethylhexyl) phthalate (DEHP)
Dibutyl phthalate (DBP)

Benzyl butyl phthalate (BBP)
Diisobutyl phthalate (DIBP)

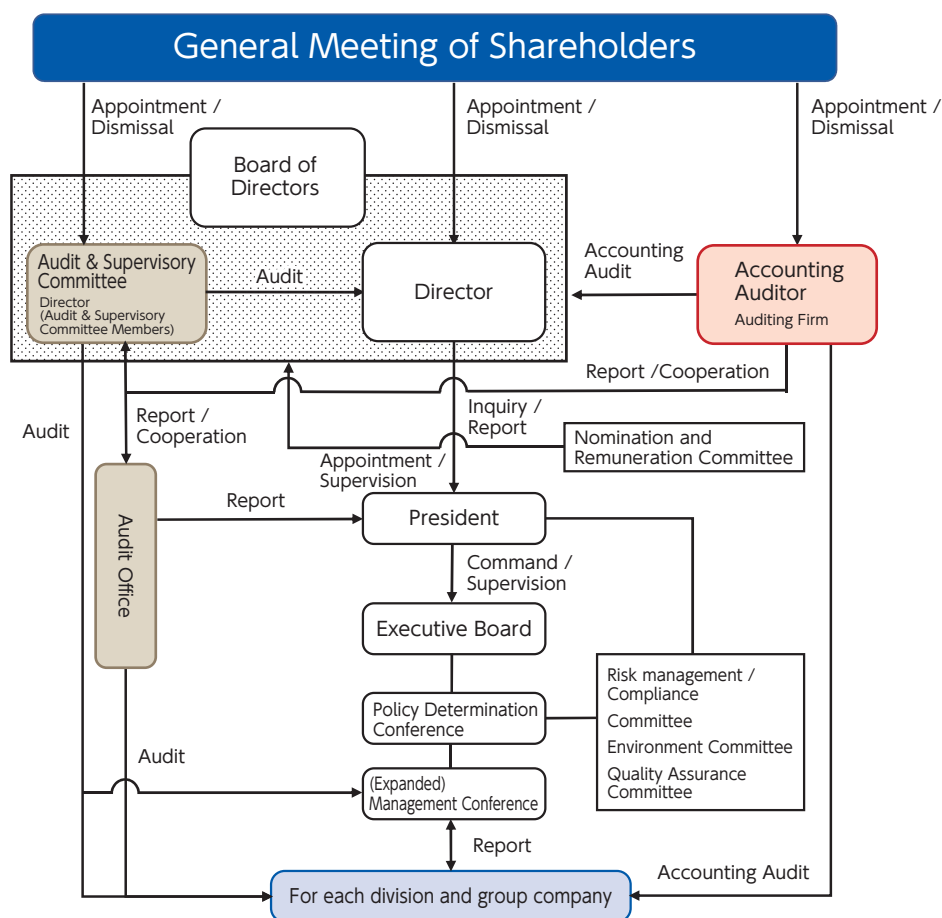


Corporate governance system

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.

[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 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.

[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.

[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.

[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

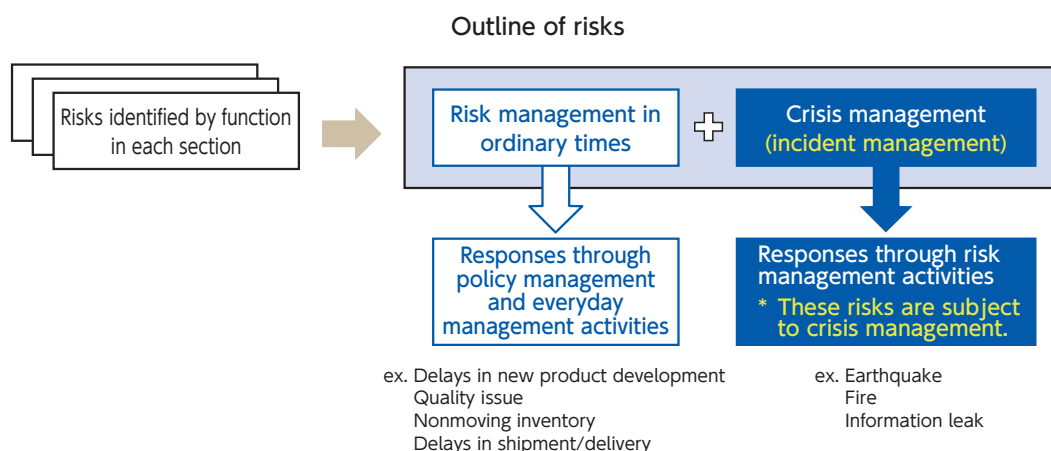
Risk compliance initiatives

COSEL has established Risk Management Regulations and addresses corporate risks in accordance with the following flow chart.

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

For crisis management in response to such contingencies 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 have established the Business Continuity Plan (BCP) Regulations and maintain a system to enable the swift resumption of business operations in response to contingencies.



Business Continuity Plan (BCP)

COSEL launched its Business Continuity Plan (BCP) project in 2012 after the Great East Japan Earthquake in March 2011 to establish a disaster response system and procedures for initial responses and resumption of business operations. We have taken seismic retrofitting measures for production equipment 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 employee safety confirmation drills and earthquake evacuation drills to be ready for earthquake disasters and related fires.

Compliance

With the aim 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 the 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

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. Using the Compliance Manual, COSEL holds an educational program on compliance for all employees once a year that is 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.



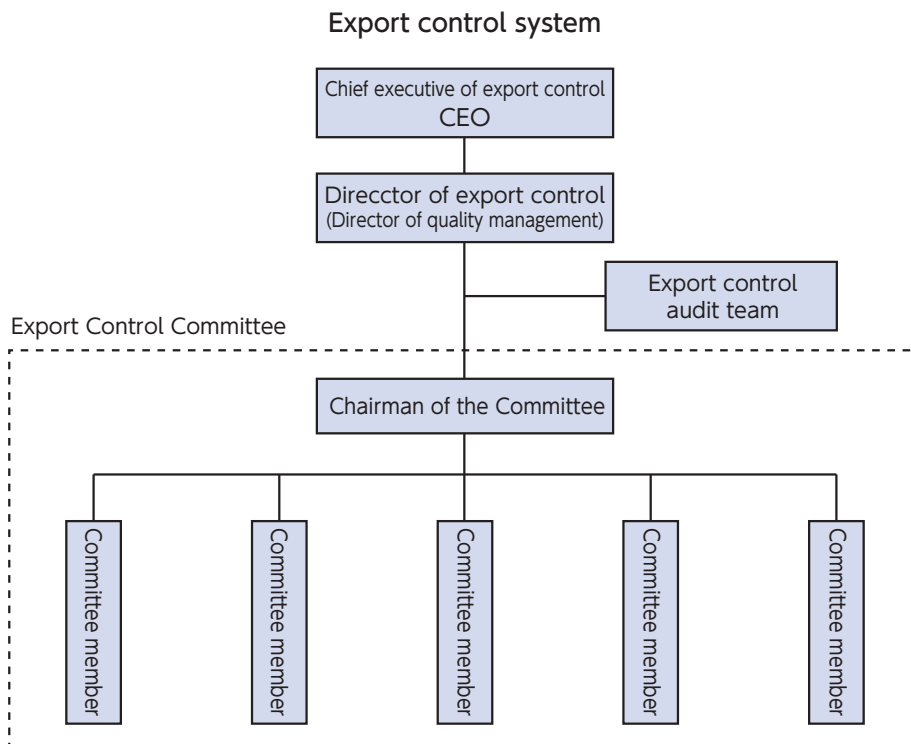
Compliance Education

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.

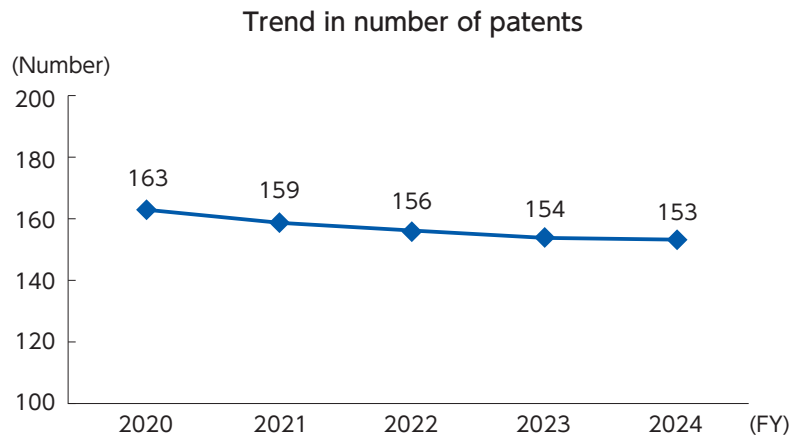
Responsible political involvement

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 our social responsibility to protect the information assets that 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 the information assets 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 a 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.



Information security training

Sustainability Data

【Non-consolidated Data】

E: Environmental data

		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
CO ₂ emissions (Scope 1, Scope 2)	t-CO ₂	2,967	2,655	2,270	1,557	86
Electricity use	kWh	5,001,522	4,850,286	5,145,408	5,299,073	4,855,287
Percentage of conventional power sources	%	96.1	93.6	79.7	49.9	0.0
Wastes	t	240.2	246.3	258.2	303.2	295.4

S: Social data

Employee data

			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Employees	Male	People	360	361	353	351	347
	Female		131	131	126	132	131
	Total		491	492	479	483	478
Average age	Male	Years	38.6	39.0	39.1	38.8	39.1
	Female		43.4	44.3	45.6	45.3	45.2
	Total		39.9	40.4	40.8	40.6	40.8
Average years of continuous service	Male	Years	14.5	16.9	15.1	15.0	15.4
	Female		21.6	22.4	23.7	22.9	22.5
	Total		16.4	16.9	17.4	17.2	17.3
Number separated	Male	People	16	6	19	16	21
	Female		1	3	5	4	4
	Total		17	9	24	20	25
Separation rate	Male	%	4.4	1.7	5.4	4.6	6.1
	Female		0.8	2.3	4.0	3.0	3.1
	Total		3.5	1.8	5.0	4.1	5.2
Number re-employed	Male	People	12	13	17	22	23
	Female		5	7	9	9	11
	Total		17	20	26	31	34
New hires (new graduates only)	Male	People	17	15	6	14	11
	Female		2	1	1	0	3
	Total		19	16	7	14	14
New hires (mid-career only)	Male	People				9	9
	Female					6	3
	Total					15	12
Male-female wage disparity	Male/female	%	—	—	72.2	80.0	77.5

Diversity and inclusion

			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Number of managers	Male	People	46	46	60	55	57
	Female		0	0	3	3	4
	Total		46	46	63	58	61
Women as a percentage of managers	—	%	0.00	0.00	4.76	5.17	6.56
Number of employees with disabilities	—	People	6	6	8	9	11
Employment rate	—	%	1.70	1.59	2.21	2.37	2.85
Number of non-Japanese national employees	—	People	9	10	13	14	11

■ Work-life balance			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Percentage taking paid vacation (general personnel)	—	%	63.5	61.0	69.5	70.3	70.3
Percentage taking childcare leave	Female	%	100.0	100.0	100.0	100.0	100.0
	Male		18.2	41.2	50.0	86.7	109.1
Number of days of childcare leave taken by male employees	Max.	Days	—	—	92.0	365.0	176.0
	Average		—	—	46.3	91.6	81.4
	Min.		—	—	14.0	6.0	34.0
Percentage of employees taking childbirth nursing leave	—	%	36.4	70.6	83.3	66.7	63.6
Number taking long-term-care leave	—	People	1	0	3	0	0

■ Human-resource development			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Annual hours of education per person	H		82.5	84.1	75.3	93.0	82.6
Annual investment in education per person	Yen		—	—	79,577	122,274	110,574
Human skills and management skills training	Number undergoing	People	0	27	27	21	15
Number undergoing career training		People	69	51	40	50	38
Number undergoing distance learning		People	80	87	114	243	177
Number undergoing language learning:	Conversational English	People	12	10	7	7	11
	Conversational Chinese		8	8	9	11	9

■ Health and productivity management/Industrial health and safety			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Percentage undergoing regular health checkups	%		93.8	94.6	99.8	99.6	100.0
		Percentage with issues identified	53.1	56.9	76.9	79.7	76.7
Percentage on leave due to emotional	%		0.2	1.4	1.9	0.8	0.4
Number of on-the-job accidents	Number		7	10	3	2	4
Number of commuting accidents	Number		13	14	11	8	4
Number of auto accidents at work	Number		3	1	3	4	3



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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