

Disclosure Based on TCFD Recommendations

July 7, 2025
Cosel, Co. Ltd.

Information Disclosure Following the Recommendations by Task Force on Climate-Related Financial Disclosures (TCFD)

Overview of TCFD

TCFD is a task force established by the Financial Stability Board in December 2015 at the request of the G20. TCFD recommended in its final report in June 2017 that information around the four core elements of the TCFD recommendations to be disclosed.

Declaration of Our Support for TCFD Recommendation

Climate change poses great risk in our corporate activities and financial plannings as it increases sea surface temperatures and intensified rainstorms, causing adverse effects on our ecosystem.

Our main product line is "Switching Power Supplies," which is used in various electronic equipment such as information devices, medical equipment, and factory automation. At Cosel, we believe we can contribute in the "realization of sustainable society" through the development and the distribution of products with improved power dissipation and significant energy efficiency, while promoting corporate activities to reduce environmental impact from our business operations. It is our mission and responsibility to pass on this irreplaceable earth to the next generation in a healthy state.

In November 2019, we endorsed the TCFD Recommendations on the climate change related disclosure, and have launched a project to conduct Scenario Analysis to address this important issue.

Recommended Disclosure from TCFD and Status of the Measures Taken

Governance	
Recommended Disclosure	Status of the Measures Taken
a) Board oversight of climate-related risks and opportunities.	We established "Environmental Committee", a team dedicated for climate change related matters. Under the Board of Directors, the committee develops strategies against climate change, and updated them annually. The committee also oversees and evaluates the performance of our activities.
b) Management's role in assessing and managing climate-related risks and opportunities.	
Strategy	
Recommended Disclosure	Status of the Measures Taken
a) Short, mid, and long-term climate-related risks and opportunities identified by the organization.	Scenario analysis is currently underway for business segments associated with unit power supplies, onboard power supplies, noise filters, and PRBX products. As a result, climate-related risks and opportunities that have been determined to have significant financial impact are being addressed and implemented. *PRBX products : Product lineup developed and manufactured by European subsidiary Powerbox International AB
b) Impact of climate-related risks and opportunities on the organization's business, strategies, and financial planning.	
c) Resilience of the organization's strategies based on various climate-related scenarios, including the "Under 2°C" scenario.	
Risk Management	
Recommended Disclosure	Status of Measures Taken
a) Processes for the organization to identify and assess climate-related risks.	Our RC (Risk Management and Compliance) Committee takes the lead in identifying company-wide risks and implementing measures in consultation with each department assigned to each risk. The identified risks are classified according to their frequency, impact on human resources and business operations, and recovery levels. They are then addressed as a part of the corporate policy so that we continue to implement the measures. Environmental Committee plays a central role in addressing climate change-related risks. They work closely with each related department to formulate policies and strategies to reduce environmental impacts and monitor their implementation.
b) Processes for the organization to manage climate-related risks.	
c) How are organization's processes for identifying, assessing, and managing climate-related risks integrated into their overall risk management.	
Indicators and Targets	
Recommended Disclosure	Status of Measures Taken
a) Indicators used by the organization to assess climate-related risks and opportunities for their strategies and risk management processes.	Target for 2030 (compared to 2022) -Cosel Group: Scope 1 and 2: 74% or more reduction Progress against target -2024 result Cosel Japan: Scope 1 and 2 carbon neutrality achieved Monitoring Indicators -Scope 1 (direct), Scope 2 (indirect) CO2 emissions and energy consumption *We use CO2 emissions as an indicator as it is the only GHG emissions at Cosel.
b) GHG emissions and related risks for Scope 1, Scope 2, and Scope 3 where applicable.	
c) Targets used by the organization to manage the climate-related risks and opportunities, and the result against the targets.	

Governance

Through the discussions at the Board of Directors and Policy Development Committee meetings, Cosel has always positioned the climate change measures as an important business issues. In the wake of our endorsement for TCFD Recommendations, we have established a project team to reinforce our organizational structure for more effective management.

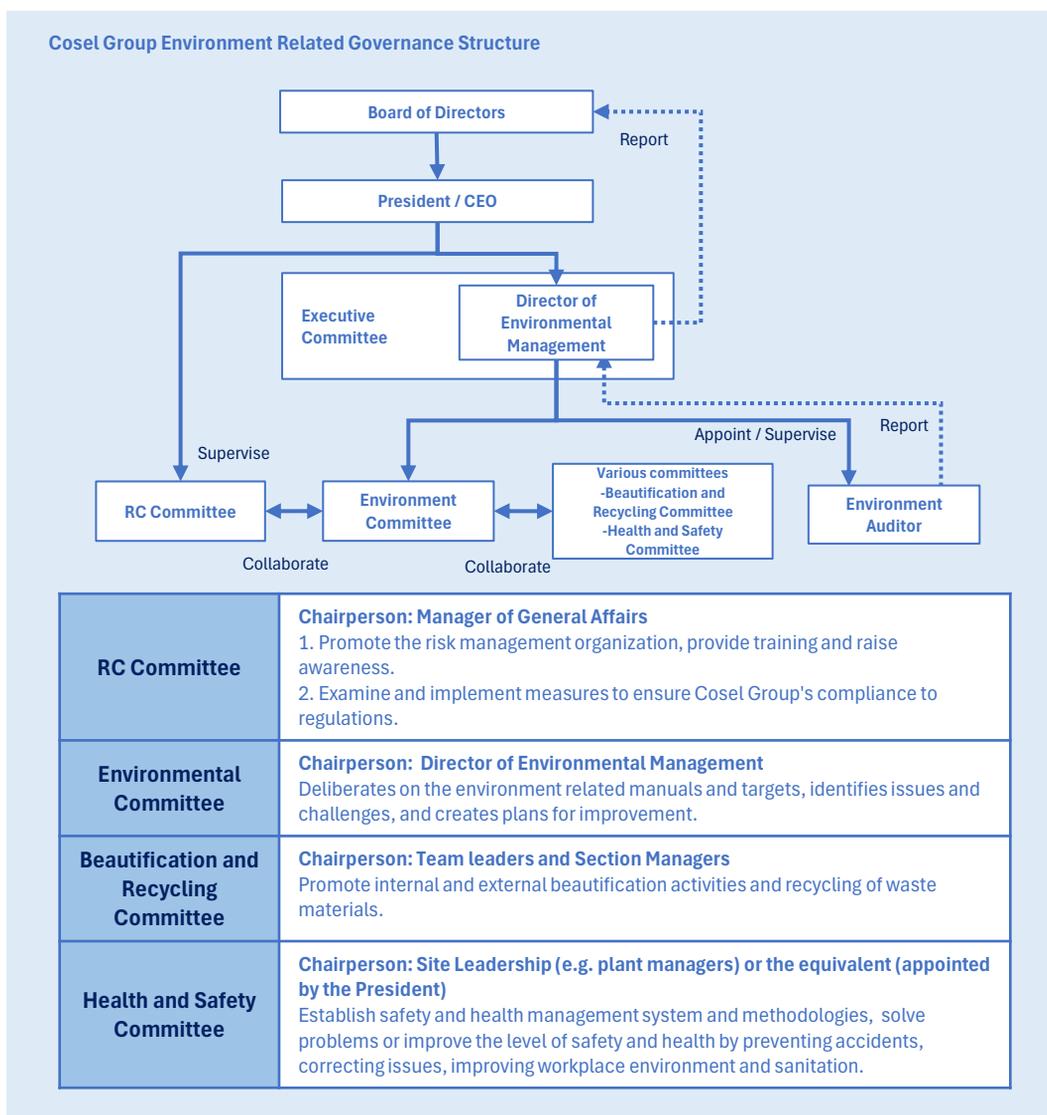
Our President, who also serves as the chief executive of the Board of Directors, is in charge of climate change measures, and the Environmental Committee, which directly reports to the President, discusses and formulates the strategies for climate-related issues. The issues examined and discussed by the Environmental Committee are reported to the Board of Directors as appropriate, and critical issues are discussed in the Board of Director's meetings. Once the Board of Directors decides that an action needs to be taken, they order the Environmental Committee to implement measures. The Board of Directors receives feedbacks and results of the measures and monitors the progress of the activities.

Thus far, the Board of Directors had discussed the targets for reducing greenhouse gas emissions and installing photovoltaic power generators to utilize renewable energy sources, and the President called the final decision to execute the initiatives. They have also made decisions to identify risks and opportunities associated with climate change, and is working to strengthen our strategies to deal with climate change.

The following topics were also on the Board's agenda for discussion:

- Discussion and decision making on capital investment for decarbonization
- Progress report on our efforts toward carbon neutral
- Progress report on climate-related financial planning and information disclosure initiatives based on TCFD Recommendations.

Going forward, we will enhance governance by reporting to the Board of Directors on a semi-annual basis.



Strategies

In order to identify risks and opportunities related to uncertain future events caused by climate change, and to understand how they will affect us so that we can determine appropriate responses, we conducted a Scenario Analysis in line with the TCFD recommendations.

Prerequisites for Scenario Analysis

■ Scope

The target businesses included unit power supplies, onboard power supplies, noise filters, and PRBX products.

■ Duration (analysis timeline)

Given the nature of our business, we suspect significant risks and opportunities that will impact our supply chain.

In considering the impact on supply chain, we selected the year 2030 to analyze the risks from transitional period as there is relatively more information on policies and market forecasts available for this year, while 2050 was selected to analyze the physical impact as we assumed that is around the time such impact may become more apparent.

■ Scenarios

We referred to the following scenarios, various reports by the Ministry of the Environment and the Japan Meteorological Agency, and hazard maps by local governments for this analysis.

Temperature ranges	Scenarios
4°C (2°C or higher)	IEA* ¹ STEPS (Stated Policies Scenario) (2.6°C) IPCC* ² RCP8.5
2°C	IEA SDS (Sustainable Development Scenario) IPCC RCP2.6
1.5°C	IEA NZE (Net Zero emissions by 2050 Scenario)

*1 : IEA...International Energy Agency

*2 : IPCC...Intergovernmental Panel on Climate Change

The outlook of the world we hypothesized for each scenario are as follows.

Scenarios	Hypothesis based on the Scenarios	Expected Impact
4°C increase	-Current environmental effort would continue, and the impact of climate change on business activities would increase.	-Increased severity and frequency of weather-related disasters. -Rising average temperature and sea level.
Under 2°C increase	-More stringent climate change measures would be introduced, new policies and technological innovations would advance, and the use of environmentally harmful resources would be restricted.	-Incurred or increased cost associated with the introduction of new carbon taxes and higher tax rates. -Increased costs associated with increased renewable energy procurement and equipment renewal to achieve GHG emission reduction target.
1.5°C increase	-Policies and investment for clean energy would rapidly increase, and the developed nations would achieve Net Zero state ahead of others. -Major SDGs energy related requirements are met by 2030. -Globally achieve the 2050 carbon neutral goal.	-Increased fuel and raw material costs. -Changes in customers' needs for low-carbon products. -Increased development costs for low-carbon products. -Opportunity loss due to delay in responding to climate change.

Identification of Risks and Opportunities, Impact Assessment, and Countermeasure Study

A cross-functional project team led by the Environmental Committee identified and screened various risks and opportunities our business could face due to the climate change.

First, we identified possible climate-related risks and opportunities for the businesses and regions in scope. The timeframes impacted by these risks and opportunities were determined respectively in short, medium, and long term, and all stages of supply chain including upstream, downstream, and direct operations, were also included in the scope of the study.

Next, the identified risks and opportunities were sorted by the significance and individually scored for ① the likelihood of impact, and ② magnitude of the impact on a scale of 1 to 3. If the total points from ①×② equals to 6 or higher, they are categorized as climate related risks / opportunities that should be quantitatively evaluated.

【Definition of Timeframes】

Timeframe	Our definition
Short-term	0 to 3 years
Mid-term	3 to 10 years
Long-term	10+ years

【Possibility of being affected by the risk】

Pts	Scale	Judgement criteria
3	High	• 80+% / Every year
2	Medium	• Once every 5 years
1	Low	• 20% or less / rarely affected

【Significance of the impact】

Pts	Scale	Judgement criteria
3	Large	-Affects entire company, bankruptcy risk must be taken into account in financial planning
2	Medium	-Affects multiple functions, the impact needs to be considered in financial planning
1	Small	-Affects only one function, limited impact

We calculated the financial impact of each risks/opportunities identified above, and considered measures to address those issues that were determined to have significant financial impact. The results are as follows:

【Scenario Analysis Result (Financial impact from climate-related risks/opportunities and measures)】

Risks		Descriptions	Manifest timing	Scenario	Financial impact	Measures
Transitiona l Risks	Policy / regulation risks	Cost increase from the introduction of new carbon tax	Mid term	1.5°C	Medium	-Procurement of renewable energy ① Installation of solar power generators ② Off-site PPA implementation
	Market risks	Higher raw material procurement cost due to higher fuel and electricity prices Cost increase from the changes in supply-demand (shortage) of certain procured goods as a result of transition to a low-carbon society	Mid term	4°C 2°C	High	-Promoting VACD activities ① Reducing parts/material price or switching ② Switching to parts / raw materials with low carbon tax ③ Reducing the number of parts ④ Promoting centralized purchasing -Reflecting in appropriate product prices
Physical Risks	Acute	Suspended or reduced operations due to disaster damage to suppliers, production and logistics (decreased sales from reduced production capacity)	Mid Long term	4°C	High	-Taking disaster damage risks to our partner companies into consideration ① Parallel production ② Reviewing outsourced products ③ Selecting new partner companies
		Additional cost of fixed asset losses from the damage to suppliers, production, and logistics	Mid Long term	4°C	High	
		Loss of inventory due to the damage to suppliers, production, and logistics	Mid Long term	4°C	High	
		Difficulty obtaining materials due to disruption of logistics or damage to suppliers (additional handling cost)	Mid Long term	4°C	High	
		Difficulty obtaining materials due to disruption of logistics or damage to suppliers (decreased sales)	Mid Long term	4°C	High	
	Chronic	Suspended operations due to flooded production and logistics bases in coastal areas	Long term	4°C	— (Qualitative evaluation only)	—
Opportunities		Descriptions	Manifest timing	Scenario	Financial impact	Measures
Product / service		Increased demand for low-carbon product and increased sales of the products that meet such demand	Mid	1.5°C 2°C	— (Qualitative evaluation only)	-Development of compact, high-efficiency power supplies -Reduction of environmental impact at manufacturing sites

【Definition of [High] financial impact】

More than 100 million yen for expenditure / More than 1 billion yen for sales

Risk Management

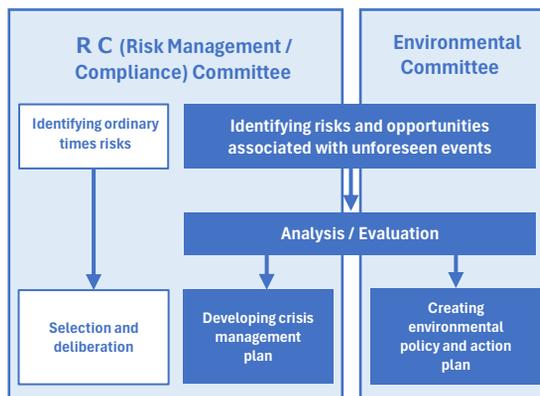
At Cosel, we have established “RC (Risk Management and Compliance) Committee,” an organization that oversees our risk management, chaired by the Director of the General Affairs and participated by each department as its members. The risk management is classified into the following two risk factors.

- Ordinary times risk management
- Crisis management

Ordinary times risk management refers to the risks related to administrative issues found in business operation. Risks and countermeasures are decided with the approval of the President, and the policy implementation and the follow-ups are conducted as a part of policy management activities.

Crisis management refers to the risks related to the crisis situations. In order to take appropriate actions, control the risks, and minimize damages, we plan a crisis management plan that draws out the responses and preventive measures in advance, which are reviewed annually.

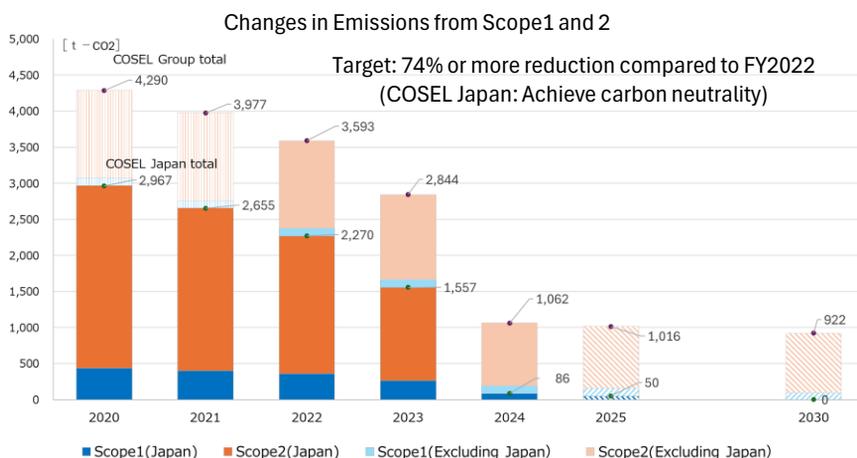
Climate change-related activities are led by the “Environmental Committee.” In cooperation with other departments, they draw out various policies and strategies to reduce environmental impact and monitors the activities.



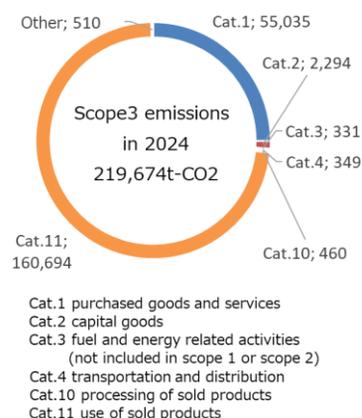
Climate Change-Related Indicators and Targets

We believe that reducing CO2 emissions and helping to decarbonize the society through our business activities will reduce climate-related risks and increase our opportunities.

We have selected GHG emissions as our performance indicator against the climate change. We also disclose the resulted GHG emissions from Scope 1 and Scope 2. Our climate change indicator is CO2 emissions reduction, and the target and actual results are as shown below.



Breakdown of Scope 3 emissions in 2024



*Data collection scope: Scope 1, 2 COSEL Group (COSEL Group emissions for FY2020 and FY2021 are estimated values)
Scope 3 COSEL Japan

*Due to rounding off to the nearest unit, the breakdown and total may not match.

Categories	Target	Activities / Policies
Scope1	Reduction of 74% or more compared to FY2022 by FY2030 (COSEL Japan: Achieving carbon neutrality)	-Aggressively promoting energy conversion and replacing air conditioner from GHP to EHP. -We also promote the conversion to carbon neutral fuels.
Scope2		-Continue to promote energy conservation efforts. -Outside Japan, advance research and the implementation of carbon offset measures, such as green certificates.
Scope3	Cat.1: We will strengthen collaboration with suppliers and pursue further emissions reductions through coordinated efforts and shared initiatives. Cat.11: We will promote the adoption of high-efficiency products that produce low CO ₂ emissions during operation, contributing to the reduction of overall greenhouse gas emissions.	

Examples of CO2 Emissions Reduction Initiatives

Activity Examples

Solar Power Generation

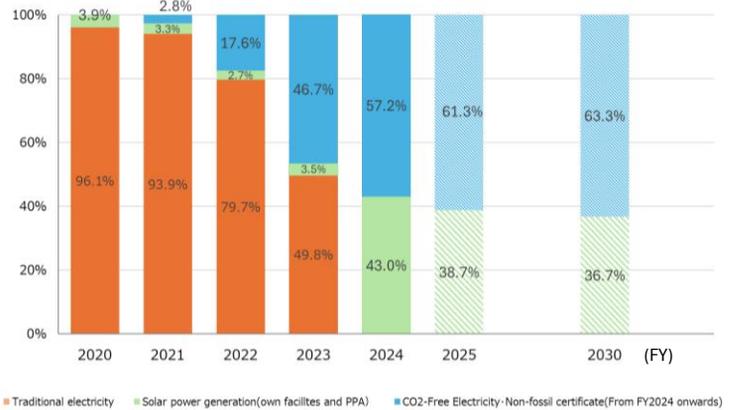
In order to reduce the environmental impact of our business activities, we introduced a 60kW solar power generation system at our headquarters plant and a 150kW solar power generation system at our Tateyama Plant between FY2002 and FY2011. In addition, our headquarters plant has been replaced and its solar power generation system brought the total company-wide capacity to 249kW in FY2023. With the introduction of off-site solar PPA power in FY2024, 43% of the electricity consumed domestically will be sourced entirely from solar energy.

CO2-Free Electricity • Non-fossil certificate

Since FY2021, we introduced electricity derived from renewable energy sources as CO2-free electricity, and we have introduced 100% CO2-free electricity at the Head Office Plant, Tateyama Plant, and R&D Center in FY2023.

Starting in FY2024, all electricity consumed domestically will be sourced from renewable energy, certified through non-fossil fuel certificates.

Changes in Electric Power Ratio (excluding energy saving)



Development of compact, high-efficiency power supplies

For new products, we conduct environmental assessments during the development stage, evaluating factors such as resource conservation, energy efficiency, recyclability, the use of hazardous substances, and packaging materials. Additionally, we actively promote the development of products that are more environmentally friendly.

Ultra-compact high-efficiency ACDC TE□S Series (10/20W)

Mounting area 1/3
Weight reduced from 60 g to 35 g

Previous product LHA15 TECS20

Increased by approx. 10%

Compared to previous products

General-purpose compact DCDC MU Series (1.5/3/6/10W)

Helps make customers' equipment more compact

28% reduction 33% reduction 53% reduction

Compared to previous products SU Series

Increased by approx. 5%

Compared to previous products

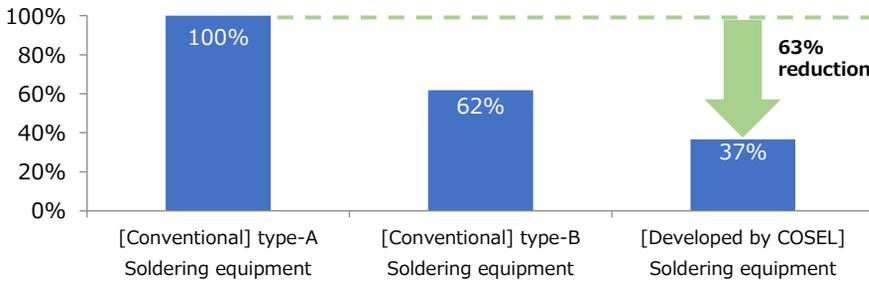
Reducing Environmental Impact at Manufacturing Sites

To reduce assembly costs by 50%, we are deploying internally developed soldering equipment across our production lines. Compared to conventional soldering equipment, these devices significantly increase operational capacity and contribute to lowering environmental impact.

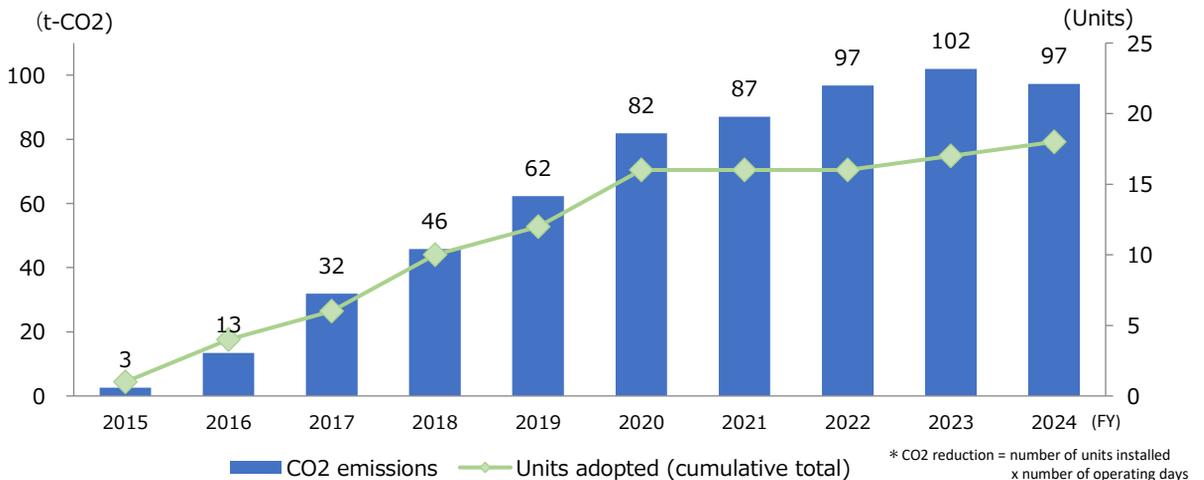


Equipment cost reduction	▶ 32% reduction compared to existing equipment
Auxiliary material cost reduction (solder bars, IPA)	▶ 48% reduction compared to existing equipment
Maintenance work reduction	▶ 60% reduction compared to existing equipment
Equipment footprint reduction (space saving)	▶ 25% reduction compared to existing equipment

Ratio of power consumption relative to conventional soldering equipment (Comparison to conventional type-A soldering equipment)



Adopted soldering equipment units in production /CO2 Reduction



Path Forward

Our effort started in FY2021, in response to the TCFD recommendations for FY2024, by organizing each of our processes and conducting quantitative analysis of the financial impact. We have identified the following as our future tasks, and we plan to continue our study and activities going forward.

- Clarifying the details of and budgeting the measures we have considered in this phase.
- Quantitative analysis of climate-related opportunities (especially those related to low-carbon products).
- Further advancing with Scope 3 data collection and analysis, and study how we will reduce.
- Establishing a roadmap (transition plan) toward achieving carbon neutrality (Scope 1, 2, 3) by 2050.