

Social and Environmental Report



2023



Editorial Policy

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

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

Since 2022, we have 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.

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, 2022, to May 20, 2023

Referenced Guidelines

ISO26000

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Company building:
Head office • R&D Center



Company building:
Tateyama Factory

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

			Page and title							
			11 Together with our customers	15 With Our Shareholders and Investors	17 With Our Clients	19 With the Community	21 With Our Employees	27 Environmental Management	33 Environmental Impact reduction	42 Governance system
1	 NO POVERTY	End poverty in all its forms everywhere.						○	○	
2	 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.								
3	 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages.				○	○	○	○	
4	 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.				○	★			
5	 GENDER EQUALITY	Achieve gender equality and empower all women and girls.					★			
6	 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all.						○	○	
7	 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all.						★	★	
8	 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	○	○	○		★			
9	 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	○	○	○		○			★
10	 REDUCED INEQUALITIES	Reduce inequality within and among countries.	○		○		★			
11	 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable.				○	○			
12	 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	○	○	○			★	★	★
13	 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.	○	○	○	○	○	★	★	
14	 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.						○	○	
15	 LIFE ON LAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.						○	○	
16	 PEACE, JUSTICE and STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	○	○	○					○
17	 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development.						★	★	

※The size of the icon in the title of each page indicates the strength of the relationship to the SDGs.

Commitment of top management

COSEL's CSR is based on its Management Philosophy of "Responding to the Trust of society by Putting Quality as the Most Important Priority"

Based on our management philosophy of "Responding to the Trust of society by Putting Quality as the Most Important Priority," COSEL aims to continue to earn the trust of society by accomplishing both contributions to the realization of a sustainable society and our sustained growth.

We consider quality to be vital to realizing these goals.

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

Basic activities to fulfill our social responsibilities

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

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

Environmental initiatives

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

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

Taking on the challenges of technological innovation to create new value

The environment in which we do business has undergone massive changes in recent years as we come to face with a wide range of social issues and challenges. Customer needs have also grown increasingly diverse with the progress of globalization. The concept of quality referred to in the management philosophy has changed and grown increasingly diverse as well. We consider it vital to adapt to this changing concept of quality in a timely and appropriate manner.

The vision of COSEL's mid-term management policy 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 vision represents our aims to identify the needs of customers and society and what they want to achieve at an early stage, through communication and cooperation with customers, and to create, co-create, and realize new value for the future. We will advance efforts to realize valuable products and services by boldly taking on the challenges of innovation in technologies and manufacturing that are essential to this vision.

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

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

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

This is why we value communication and teamwork so highly.

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

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



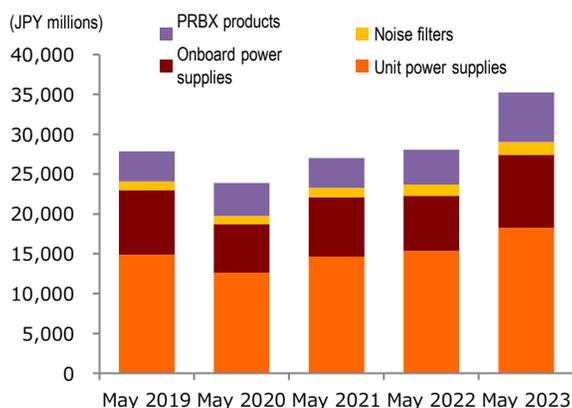
President & Chief Executive Officer, 有藤盛雄
COSEL Co., Ltd.

Company Overview

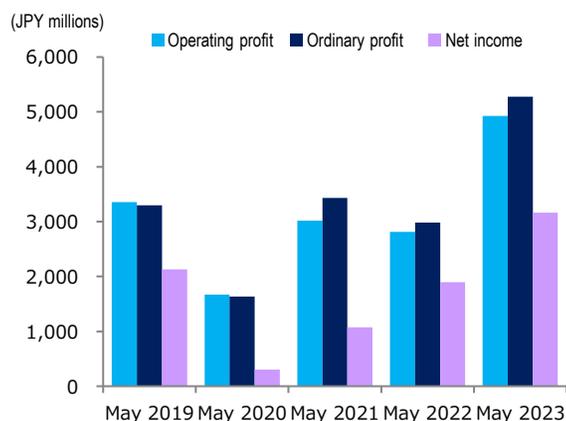
- Trade name : COSEL Co., Ltd.
- Headquarters : 1-6-43 Kami-Akae Machi, Toyama City, Toyama Prefecture 930-0816, Japan
- Lines of business : Manufacture and sale of electrical components and EMI filters
- Main products : Regulated DC power supplies (such as switch mode power supplies)
- Representative : Morio Saito
- Established : July 26, 1969
- Capital : 2.055 billion yen (as of May 2023)
- Net sales : 35,266 million yen (Year ended May 2023)
- Employees : 707 (as of May 2023)
- 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)

Net sales



Operating profit/Ordinary profit/Net income



Business Outline

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

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

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

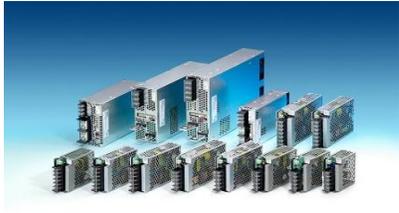
Thanks to their compact size, light weight, and high efficiency, switching power supplies are used nearly all ICT, medical, and factory automation devices.

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

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

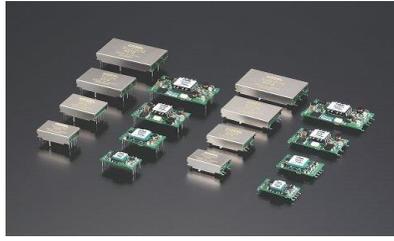
COSEL will continue to contribute to a smart energy society through unlimited interaction with new technologies and creating highly reliable products to build the future of electronics.

Our products



Unit power supplies

Power supplies enclosed in cabinets
*Mainly AC-DC converters



Onboard power supplies

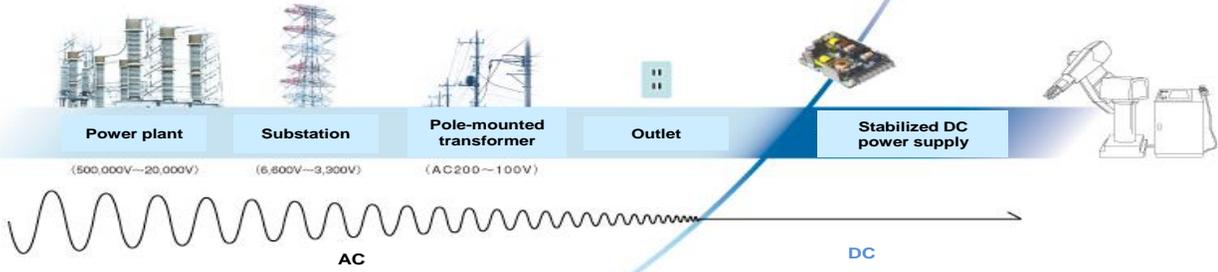
Power supplies implemented on customers' circuit boards
*Mainly DC-DC converters



Noise filters

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

<Delivery of electricity>



Examples of use of regulated DC power supplies

Display devices



Large-scale display devices



Large LED Sign for advertisement



Advertising display signs

Industrial devices



Industrial robots

Telecommunications equipment

Medical devices

CP application devices



Mobile-phone base stations



CT scanners



Ticket vending machines



ATMs



LED lighting



ATC equipment for high-speed rail rolling stock



Power transformers for wind power generation

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

	Business development	Quality control
FY1967	Launched as Kimura Electronics Sales Inc. (sole proprietorship) (Sale of parts and assembly of circuit boards)	
FY1969	ELCO CO., LTD., established (Kimura Electronics Sales Inc. dissolved with establishment of new company)	
FY1973	Head-office building and factory completed (Kamiakaecho, Toyama)	
FY1978	Began to specialize in the power supply business	Introduced quality-circle activities
FY1979		First quality-circle tournament held
FY1980		Head-office factory expanded
FY1982		Total quality control guidance meetings launched (adopted total quality control)
FY1983	Named a model plant for SME efficiency improvements by Toyama Prefecture	Policy management adopted (formulating long-term and annual policies) First presentation at external quality-circle tournament
FY1984	Received outstanding enterprise award from the Small and Medium Enterprise Agency	
FY1986	Named a model plant for efficiency improvements by the Small and Medium Enterprise Agency	
FY1987		Presented at QC Circle Headquarters tournament
FY1988	Won the Medium and Small Business Research Institute Prize	Adopted Toyota Production System (TPS) QC Circle Hokuriku Branch Toyama District: lead company
FY1989	Tateyama Factory completed (Tateyama, Toyama Prefecture)	
FY1990	U.S.ELCO CO INC. (now COSEL USA INC.) established	
FY1992	Name changed to COSEL Co., Ltd. Began to specialize in standard power supplies	CI (visual integration) introduced QC Circle Hokuriku Branch Toyama District: district chair company
FY1993		
FY1994	Shares registered for over-the-counter trading	
FY1996		TPM adopted
FY1997	German sales subsidiary (COSEL EUROPE GmbH) established	
FY1998	Hong Kong sales subsidiary (COSEL ASIA LTD.) established	
FY1999	Shares listed on the second section of the Tokyo Stock Exchange and the second section of the Nagoya Stock Exchange	Earned ISO 14001 certification
FY2000	Shares listed on the first section of the Tokyo Stock Exchange and the first section of the Nagoya Stock Exchange	
FY2002	Head office building expanded	Technical KI activities (now IM) launched
FY2003		QC Circle Hokuriku Branch: branch chair company
FY2004		Launched TQM guidance meetings led by outside instructors
FY2005	Entered noise-filter business	Launched TQM guidance meetings for partner companies, led by outside instructors Won Kaoru Ishikawa QC Circle Prize Won the QC Circle Managers' Prize First appearance in All-Japan QC Circle Tournament
FY2006		QC Circle Hokuriku Branch Toyama District: district chair company
FY2007	Tateyama Factory expanded	Launched TQM guidance meetings led by the Company (CINPR, KYT) Won gold medal in JHS All-Japan QC Circle Tournament Won Kaoru Ishikawa QC Circle Prize
FY2008		Won Kaoru Ishikawa QC Circle Prize
FY2009		Won Kaoru Ishikawa QC Circle Prize
FY2010		Won Kaoru Ishikawa QC Circle Prize
FY2012	WUXI COSEL ELECTRONICS CO., LTD. began operation (production in China)	
FY2014		Won the QC Circle Activities Outstanding Company/Site Prize
FY2015	COSEL VIETNAM CO.,LTD. , began operation	
FY2016		Won Kaoru Ishikawa QC Circle Prize Won two Kaoru Ishikawa QC Circle Outstanding Achievement Prizes
FY2018	Swedish power-supply maker Powerbox International AB made a subsidiary R&D Center completed	
FY2019		
FY2020	WUXI COSEL ELECTRONICS CO., LTD. opened new head-office plant	Won the Kaoru Ishikawa QC Circle Outstanding Achievement Prize Won gold medal in JHS All-Japan QC Circle Tournament
FY2021		Won the Kaoru Ishikawa QC Circle Promotion Prize
FY2022	Shares transferred from first section to 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

CSR in the COSEL Group

Management philosophy

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

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



<Core concept>

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

Charter on Ethics and Standards for Voluntary Action

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

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.



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

COSELMind

COSEL is a company that is committed to the same values, mindset, and values.

man-made

Cultivate a spirit of mutual understanding and appreciation

manufacturing

Knowledge and passion create value

organization building

Individuals and Bonds Create Teams

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

Standards for Voluntary Action

- (1) Sincere response to customers
We will value the opinions of customers and utilize them in all business activities including product development.
- (2) Quality first
We will continue our efforts to provide the best quality products and services that satisfy our customers.
- (3) Product labels, explanations, and ads
We will provide our customers with accurate knowledge on the use of our products and give them a sense of security and satisfaction.
- (4) Fair and just transactions
We will conduct fair and just transactions, such as procurement and sales.
- (5) Relationship with 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.

CSR in the COSEL Group

The COSEL Group will contribute to a sustainable society based on its management philosophy of being an essential presence in a smart energy society by realizing products and services that provide added value to meet customer needs. To help realize a sustainable society, all members of the organization, conscious of our roles as members of society, promote CSR through autonomous efforts to fulfill the responsibilities for our business activities based on respect for all stakeholders, including employees as well as suppliers, customers, community members, and government.

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

FY 2022 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 2022 are shown below. We have also set new targets for FY 2023, toward which we are striving groupwide.

ESG Action Plan

ESG	Material item	Control item	KPI		BM (2020)	Target and performance		SDG theme
						FY 2022 (target)	FY 2022 (results)	
E ◆ Environment ◆	1. Reducing climate-change risk	Reducing CO ₂ emissions by 70% or more in FY 2030 (vs. FY 2020)	CO ₂ emissions	t-CO ₂ /year	2,967	2,372 or less	2,270	   
	<ul style="list-style-type: none"> Disclosure based on TCFD recommendations 	Climate-change risk identification/analysis	TCFD Report	-	-	Posted on the website	Posted on the website	
	<ul style="list-style-type: none"> Promoting decarbonization (Scopes 1, 2) 	CO ₂ emission reductions	CO ₂ emission reductions	t-CO ₂ /year	-	Reduction of 595 or more	Reduction of 697	
	CO ₂ emission reduction rate		%	-	Reduction of 20 or more	Reduction of 23.5		
	<ul style="list-style-type: none"> Lessening environmental impact through promotion of recycling (Scope 3) 	Reducing emissions	Total emissions Companywide	t	240.2	234 or less	258.2	
Eliminating waste disposed of in landfills by promoting the Three Rs	Recycling rate *Promoting zero emissions	%	93.9	98 or above	97.3			
S ◆ Society ◆	2. Leveraging diverse human resources and aptitudes	Realizing role-based compensation (Abolishing the dual-ladder HR system)	Planning and adopting a new HR system (role/grade system)	-	-	System operation	System operation	   
	<ul style="list-style-type: none"> Building an organization and culture to draw out and leverage diverse human resources 	Increasing the numbers of female managers	Percentage of women in positions of department manager or above	%	0	8.0 or above (2025)	4.8	
	Increasing the numbers of non-Japanese national employees	Number of non-Japanese national employees	People	4	20 or above (2025)	13		
	Creating workplaces and opportunities for people with disabilities	Percentage of employees with disabilities	%	1.3	2.3 or above	2.4		
	<ul style="list-style-type: none"> Support for balancing work with home life 	Encouraging male employees to take childcare leave	Percentage of male employees taking childcare leave	%	18.2	75 or above (2025)	50.0	
	Encouraging employees to take childbirth nursing leave	Percentage of employees taking childbirth nursing leave	%	36.4	50 or above	83.3		
	Encouraging female employees to take childcare time off	Percentage of female employees taking childcare time off	%	100	100	100		
3. Improving employee engagement	<ul style="list-style-type: none"> Increasing work engagement 	Fostering and spreading an attractive corporate culture	Planning and implementing education by level (strategic/logical thinking)	-	-	By May 2022	Implemented (May 2022)	
G ◆ Governance ◆	4. Enhancing corporate governance systems	<ul style="list-style-type: none"> Separating execution and oversight functions Enhancing execution systems 	Deadline for adopting an executive officer system	-	-	By May 2022	Implemented (May 2022)	 
	<ul style="list-style-type: none"> Increasing the transparency of management decision-making 	<ul style="list-style-type: none"> Clarification of the officer/executive officer selection/remuneration process 	Deadline for establishing a nomination and remuneration committee	-	-	By May 2022	Implemented (May 2022)	
	<ul style="list-style-type: none"> Enhancing the efficacy of the Board of Directors 	Enhancing the efficacy of the Board of Directors	Exchange of opinions with outside Directors	-	-	By May 2022	Implemented (May 2022)	

Quality assurance system

Our basic thinking on quality

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

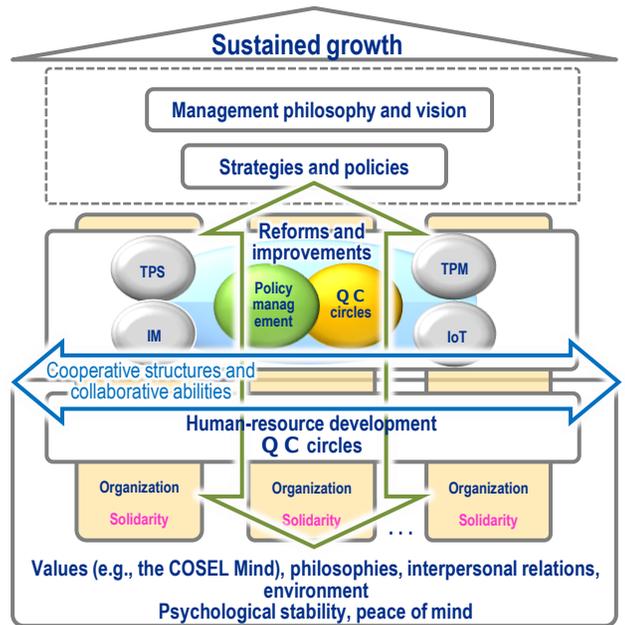
The bases of activities for quality improvement are product reliability and delivery of peace of mind to customers. We believe that these will enable us to earn the trust of society.

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

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

【TQM concept】

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



Quality Policy

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

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

Quality Policy

Creating customer confidence through our products and services

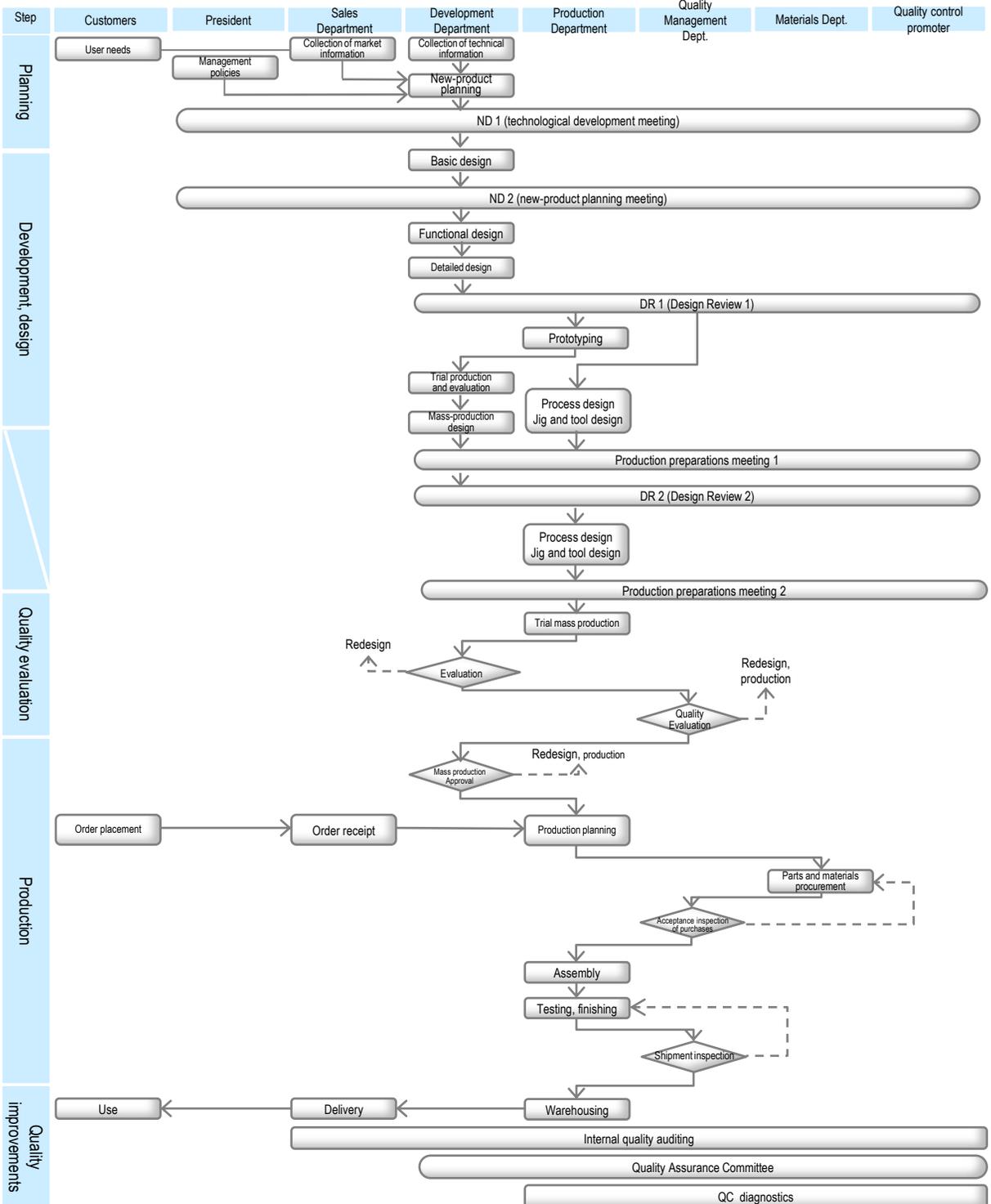
Quality assurance system

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

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

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

Quality assurance structure diagram



The Customer Support Structure

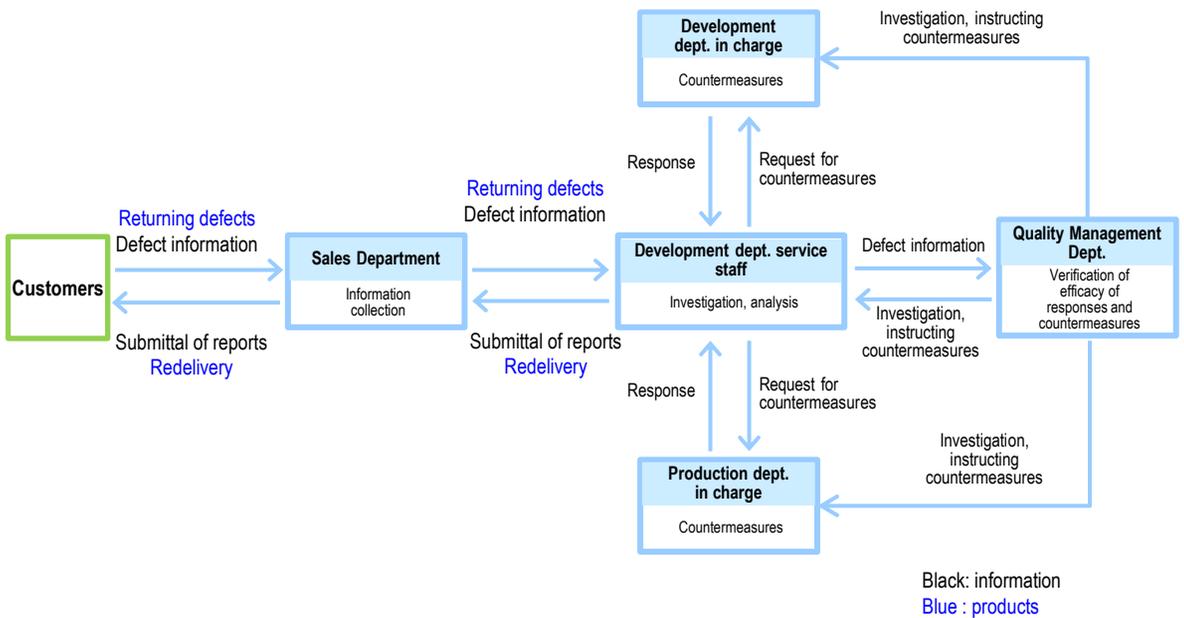
Responding to quality issues

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

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

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

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



Increasing customer loyalty by creating added value

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

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

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

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



Disclosure of Information to Shareholders and Investor Relations

Regular general meetings of shareholders

COSEL holds a regular general meeting of shareholders each year in early August. The 54th regular general meeting of shareholders was held at the Toyama Chamber of Commerce and Industry on August 9, 2023. Shareholders asked numerous questions in the meeting, which served to enhance communication and deepen their understandings of COSEL.

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



Enhancement of tools for providing information

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

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

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

Returns to shareholders

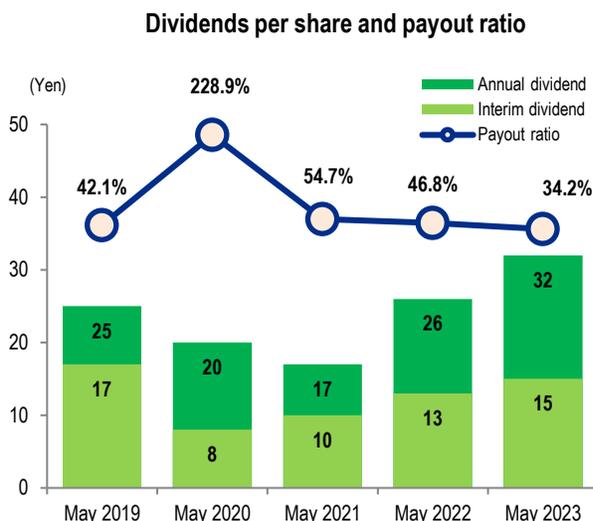
Dividend policy

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

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

Dividend trends

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



Disclosure of IR information

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

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

Dialogues with shareholders and investors

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

Basic thinking on procurement

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

To develop outstanding products that will satisfy customers around the world through our businesses, it is essential to manage the quality of the components and materials we purchase, delivery times, and costs and to take the environment into consideration. To this end, we strive to deepen mutual understanding with suppliers in daily business activities and provide them regularly with information concerning quality, delivery time, costs, our management policies, and our technology strategies.

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

Requests for CSR initiatives by suppliers

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

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

1. Appointment of auditors and auditor-secretaries and implementation of healthy corporate management
2. Respect for human rights
3. Development of a safer workplace and improvement of work-life balance
4. Energy saving, CO₂ reduction, and environmental conservation
5. Implementation of ethical actions to society

Initiatives to address conflict minerals

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

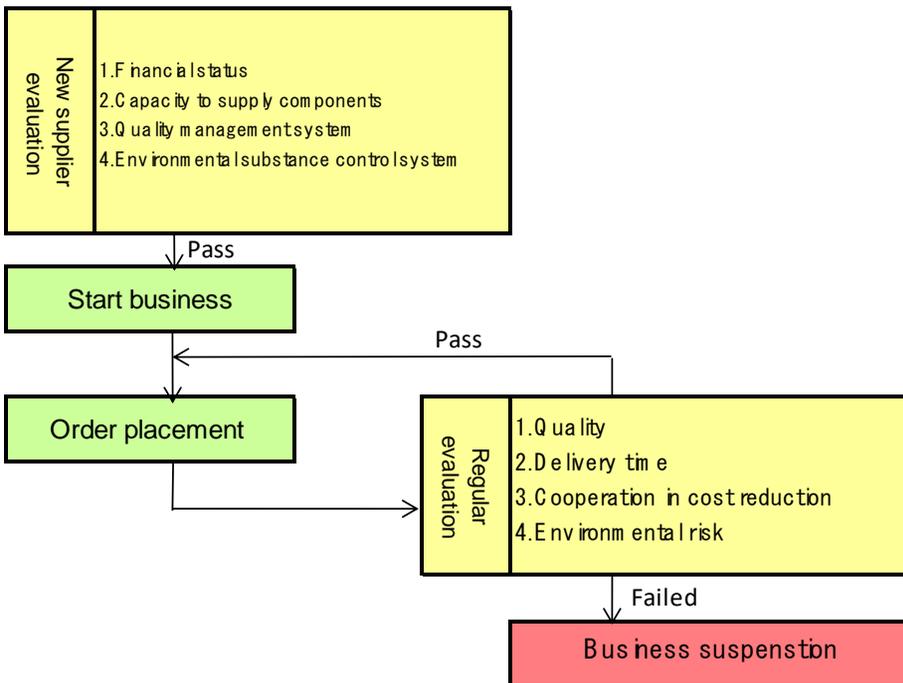
We support the aims of the Dodd-Frank Act and have established our own rules investigation of conflict minerals, to promote responsible procurement of minerals. We explain the purpose and necessity of investigation of conflict minerals to our suppliers and collect information utilizing the Conflict Mineral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

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

Supplier evaluation

When commencing business with a new supplier, we conduct supplier evaluations from perspectives that include those of financial standing, capacity to supply components, and quality and environmental management systems. From an environmental perspective, we make it a condition that suppliers are able to comply with our Green Procurement Standards. At the beginning of the fiscal year, we also evaluate each supplier based on the perspectives of the previous fiscal year's product quality, supply, cooperation on costs, and the environment, and we audit suppliers whose evaluation results are low.

New supplier evaluation flowchart



Green procurement

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

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

Community contribution activities

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

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

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

[Joint research]

- University of Toyama Center for Promotion of Regional Collaboration Exchange and Promotion Council
- Toyama Prefectural University Research Cooperation Council

[Industry associations]

- Japan Electronics and Information Technology Industries Association (JEITA)
- Japanese Society for Quality Control
- KEC Electronic Industry Development Center
- Union of Japanese Scientists and Engineers
- Japan Management Association
- Japan Society for the Promotion of Science
- Toyama Association of Corporate Executives
- Toyama Chamber of Commerce and Industry
- Toyama Employer's Association
- Toyamaken Kiden Kougyoukai
- Toyama New Industry Organization Young Researchers Development Council
- Toyama Technology Exchange Club
- Toyama IoT Acceleration Consortium

Internships

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

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

Cosponsoring the Toyama Prefecture Middle School Manufacturing Education Promotion Conference

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

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



Blood drives

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

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

Fund raising

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

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

Support for 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 help develop future human resources in the region.

NT Toyama is a manufacturing exposition that has been held since 2021.

Its aims include the following:

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

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



Support for athletic activities

【COSEL Cup Challenge Super Kids】

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

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

The 34th tournament was held right before COVID-19 was reclassified as a category-five infectious disease. A total of 189 students from 81 schools in Toyama Prefecture took part while implementing measures to prevent infection.

The weather was beautiful, and the children competed enthusiastically in each event. Nine COSEL staff members volunteered to guide the students during the tournament.



Continual investment in human rights

Training to prevent harassment in the workplace

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

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

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

Establishing contact points for consultation

COSEL has set up contact points to receive reports from employees and consultation on whether or not certain behavior violates laws and regulations. These contact points provide problem-solving services. In addition, our in-house rules require strict confidentiality and prohibit any disadvantageous treatment of those who have reported cases of harassment. We continue strengthening our harassment reporting system by ensuring all employees are aware of the contact points and improving advisors' skills.

COSEL

▼3つの通報ルート

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

通報制度は、次のことを遵守します。

誠実かつ正当な目的で情報を提供した従業員に対し、情報提供を理由に不利益な扱いをしません。当制度を通じての情報(相談)に対し、迅速・適切に対応します。

情報(相談)内容は、客観的事実に基づく、または信じるに足りる情報に基づいていることを前提にします。証拠の提出は必要ありませんが、感情や憶測に基づいた誹謗中傷行為は禁止します。

通報者から要望があれば、通報者本人に審査結果をお知らせします。

受理された情報(相談)は、事実調査の上、総務担当部門で審査いたします。

Relationship with the Labor Union

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

Prohibition of forced labor and child labor

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

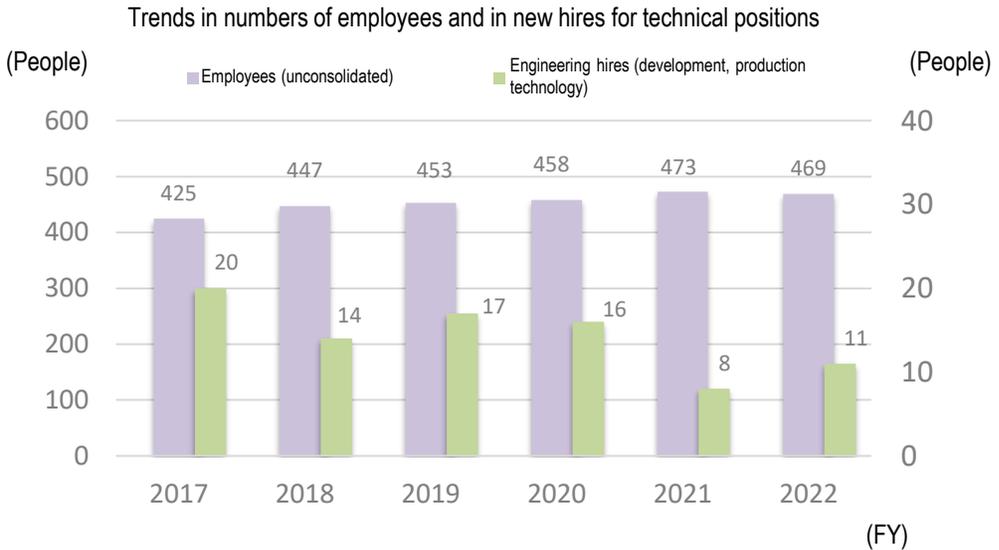
◆ Stabilization of employment

Labor-management dialogue

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

Trends in numbers of employees (trend in new hires)

This chart depicts trends in numbers of employees and in new hires for technical positions. COSEL's hiring activities are focused on technical positions. Under conditions in which it is difficult to find new employees for technical positions, we plan to incorporate measures catering to student needs in the future, for example, by deepening their understandings of the work of engineers through internships.



◆ Diversity and Inclusion

Employment of people with disabilities

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

We provide an environment in which people can find fulfilling positions and work hard in accordance with the details of their disabilities and skills.

We also strive to raise awareness of human rights among employees without disabilities because their experiences working with people with disabilities help to deepen their understanding of people with disabilities.

Gender-neutral treatment

Following a series of preparations, in FY 2022, COSEL migrated to a new HR system to realize clear and fair treatment reflecting employees' individual roles. This program is intended to evaluate and compensate employees based on how they perform their roles without regard to age (experience) or gender.

Through hiring and promotion activities with respect for diversity and use of the new HR system, we will help each and every employee to grow while also ensuring fair treatment regardless of gender and promoting women managers, among other goals.

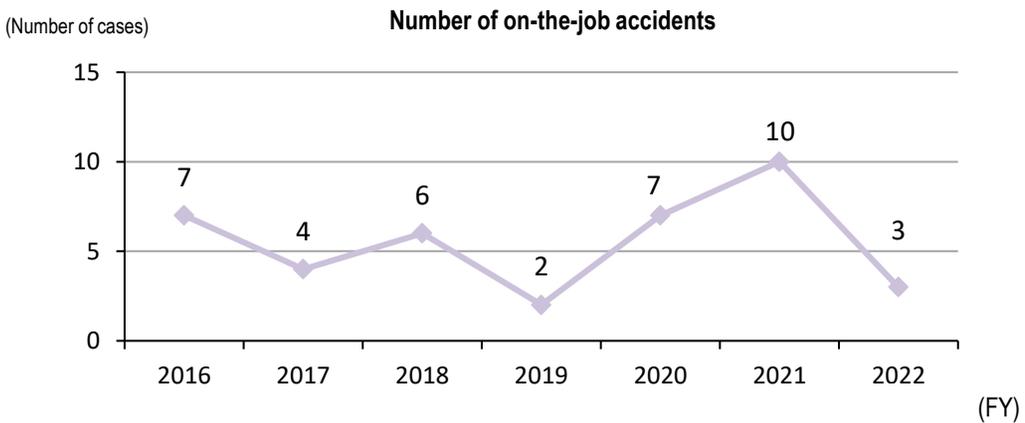
Creating safe, healthy workplaces

Industrial health and safety

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

Activities in FY 2022 included review of health and safety education and checking on the state of establishment of measures to prevent reoccurrence. As a result, the number of on-the-job accidents has started to decrease.

We will continue efforts toward the goal of zero on-the-job accidents in the future as well.



Health management

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

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

To promote early detection and raise awareness of women's health issues, COSEL pays a subsidy equivalent to one-half of the costs of medical examinations for women aged 25 and older.

Twenty-eight employees used this system in FY 2022.

Stress checks

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

COSEL implements stress checks for the following purposes:

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

Promotion of work-life balance

Leave systems

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

Family-care leave/time off

Employees caring for family members who require long-term care can take family-care leave/time off in accordance with the terms and conditions of these programs.

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

Our in-house rules clearly describe such systems as those for maternity leave before or after childbirth and childcare leave.

Childcare leave may be taken through the last day of the month after the month in which the child reaches the age of two years.

Childbirth leave (leave for fathers after childbirth) may be taken for up to four weeks (which may be divided into two periods) during the period through the day after the eighth week following the date of birth.

Child nursing-care leave

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

Encouraging employees to take paid leave systematically

We encourage employees to take paid leave through in-house rules that require them to take two days of their annual paid leave each half-year.

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

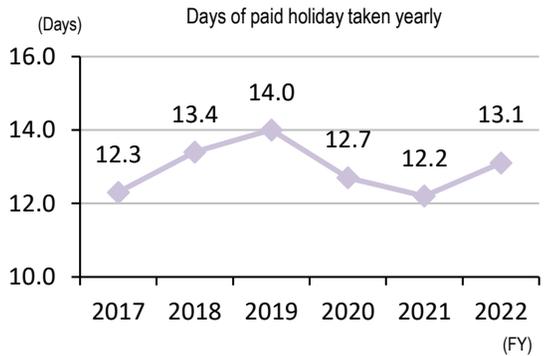
We will continue to encourage employees to take paid leave systematically, to help balance work and home life, encourage self-improvement, and provide opportunities for rest and relaxation.

Accumulated healthcare leave

Employees may take up to 20 days/year in leave for (i) personal injury or illness and (ii) short-term childcare, family care, or nursing care.

Refreshment leave

Employees may take refreshment leave days for the numbers of days corresponding to their years of continuous service in milestone years. This leave is intended for mental and physical refreshment purposes (including recognition of their service, health maintenance and improvement, and enrichment of home life). (The period during which the leave may be taken was extended from one to two years to make it easier to take refreshment leave even during the COVID-19 pandemic.)



Consideration for working hours

Flextime system

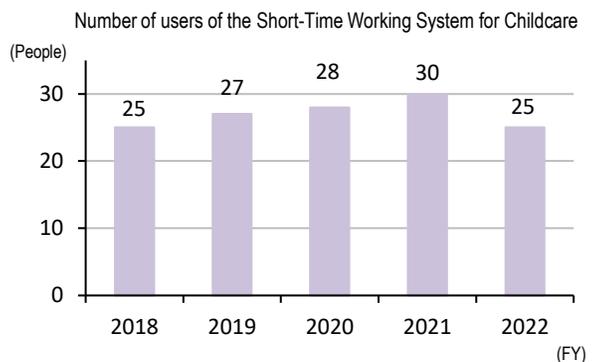
We employ a flextime system so that our employees can work efficiently while maintaining harmony between their work and personal lives.

No-overtime day

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

Shortened working hours for childcare

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



Creating fulfilling, rewarding workplaces

Self-improvement and skills development

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

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

Education of human resources

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

Education categories/System of education by level

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

Intellectual-property activities

In recognition of the need to motivate engineers to develop advanced technologies and secure intellectual property rights, COSEL has established an award system for inventions under which awards are presented for securing and utilizing IP. In particular, the originality of the circuits and structures we employ is important to competitive strength in the markets for switching power supplies and noise filters. The level of such technologies is directly linked to product performance differentiation. In order to continue our business activities and contribute to society, we make constant efforts to develop new technologies. Believing that it is important to secure competitive advantage by applying, registering and protecting the technologies we have developed as intellectual properties, we actively apply for patents and other means of such protection. To this end, we require discussions among IP staff and development engineers during the development process to consider appropriate applications for IP rights.

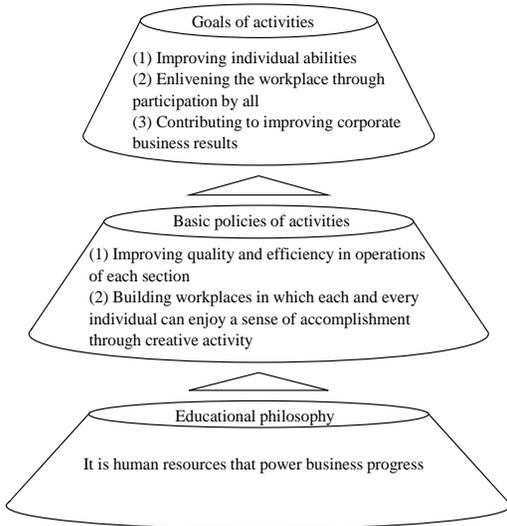
We also emphasize compliance with applicable laws and regulations in our IP activities. In line with the intents of IP laws and regulations, we make it a practice to search for relevant patents in the product development process to respect the intellectual property rights of other companies and prevent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

QC circle activities

We have continued QC circle activities since 1978.

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

Through these activities, employees working on the frontlines in the workplace form small groups to arrive at solutions to issues in the workplace concerning such matters as business efficiency, products, services, and work. 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.



The basic concept of QC circles

Currently there are 82 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.



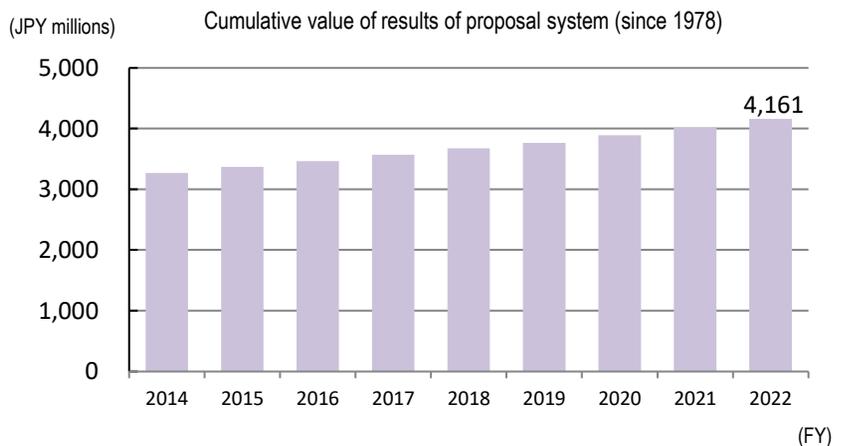
The Company-wide meeting (photographed in April 2023)
Main Hall, Toyama Chamber of Commerce and Industry

Kaizen proposal system

The kaizen proposal system was launched in 1978 to build better workplaces while also improving operations through providing employees with various opportunities to submit proposals.

It involves setting individual target figures at the start of the year and distributing commemorative gifts (assorted snacks) to all employees if they all achieve their targets. It has become an annual event enjoyed by all.

Awards and monetary incentives are provided in monthly and annual categories for proposals implemented, in fixed amounts regardless of the monetary effect of the kaizen proposals.



Environmental Policy

Environmental Policy

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

Environmental Policy

Environmental Philosophy

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

Action Guidelines

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

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

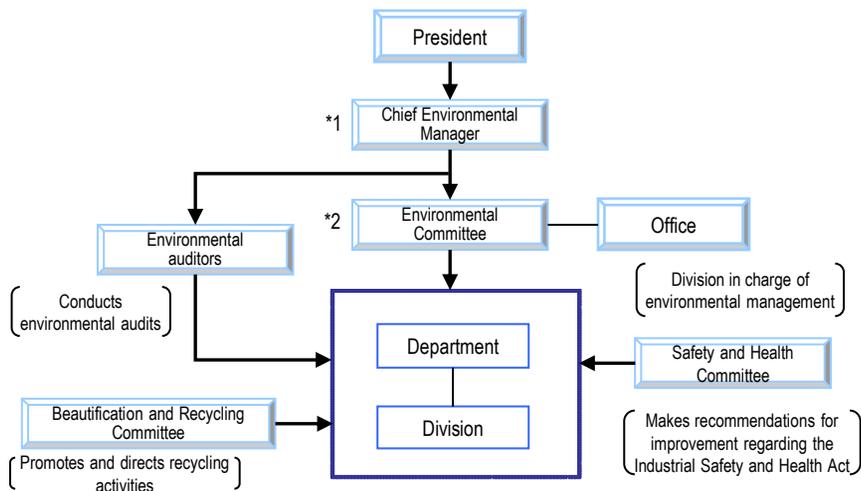
Enacted on May 21, 1999

Revised on July 24, 2012

Environmental Management System

Environmental Management System

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



*1 Chief Environmental Manager: Chairman of Environmental Committee

*2 Made up of the heads of major departments

Environmental Management System

ISO 14001 certification

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

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

ISO 14001 certificate



【Dates of acquisition】

- 1996 version: December 17, 1999
- 2004 version: October 21, 2005
- 2015 version: September 1, 2017

【Scope】

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

【Registered sites】

- Head Office Factory, Tateyama Factory, R&D Center

【Certifying agency】

- Japan Quality Assurance Organization

Internal Environmental Auditing

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

During FY 2022, it was conducted in October-November. This did not identify any serious systemic flaws or minor nonconformities. Internal auditor also proposed eight improvements to make the system even better.

Compliance with environmental laws and regulations

Each month, we collect information on legal and regulatory amendments and check for the necessary of changes to our management structure.

We also conduct an annual legal and regulatory compliance evaluation. Results of the compliance evaluation confirmed that once again there were no compliance violations in 2022.

Environmental education

Environmental education

Education on management of chemicals harmful to the environment

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

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

Encouraging employees to take the Eco Test

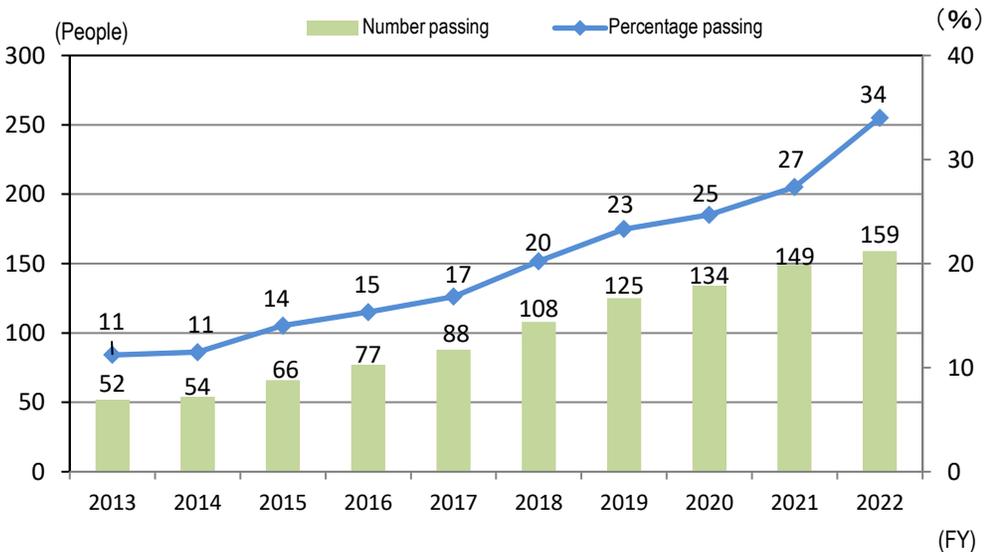
Organized by the Tokyo Chamber of Commerce and Industry, the Eco Test has the following aims:

- i. To develop highly knowledgeable human resources to lead society in addressing environmental issues
- ii. To promote a sustainable society balancing environmental and economic concerns

COSEL employees have been taking the Eco Test since the sixth test in FY 2009. Currently, 159 employees (34% of all employees) have passed the exam.

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

Employees who have passed the Eco Test



Environmental goals and achievement state

Environmental goals and achievement state

The state of achievement of environmental targets and goals in FY 2022 is shown on the table below.

Six of 12 environmental targets and goals were achieved.

To continue to fulfill our corporate social responsibilities, we will continue efforts through groupwide cooperation centered on the Environmental Committee.

Environmental targets and goals and achievement state

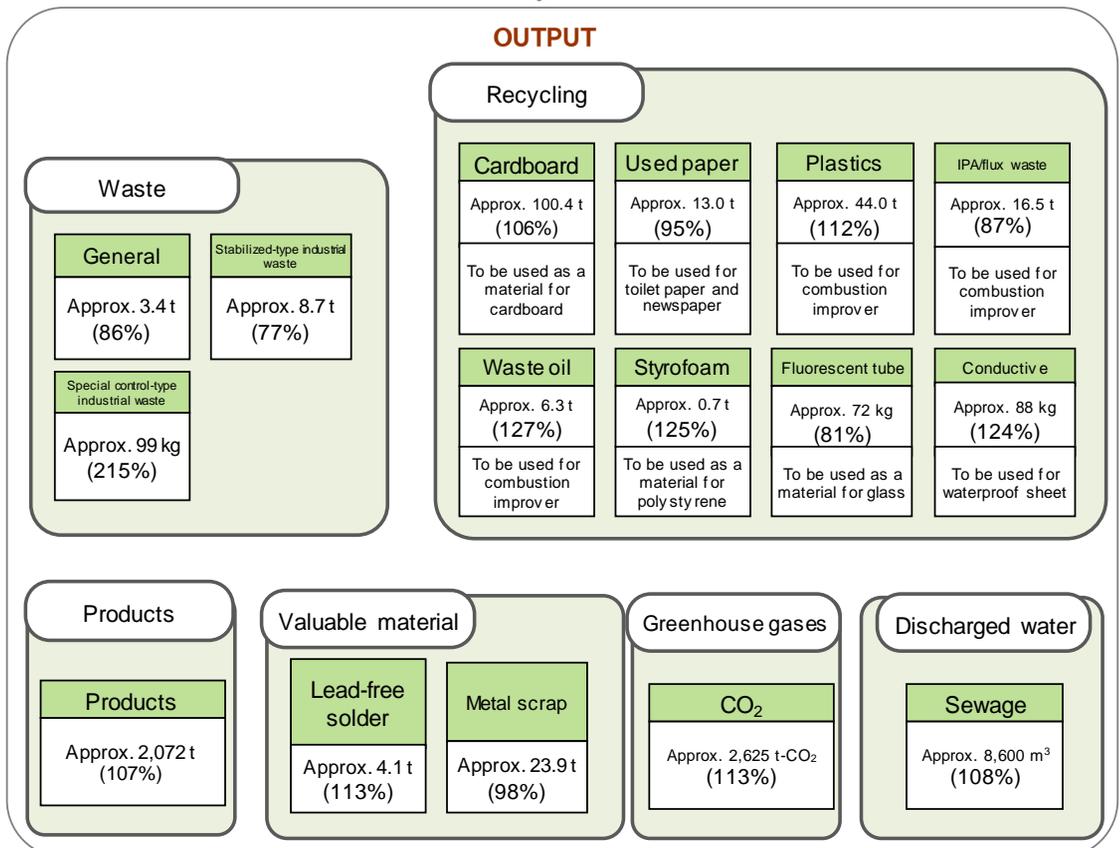
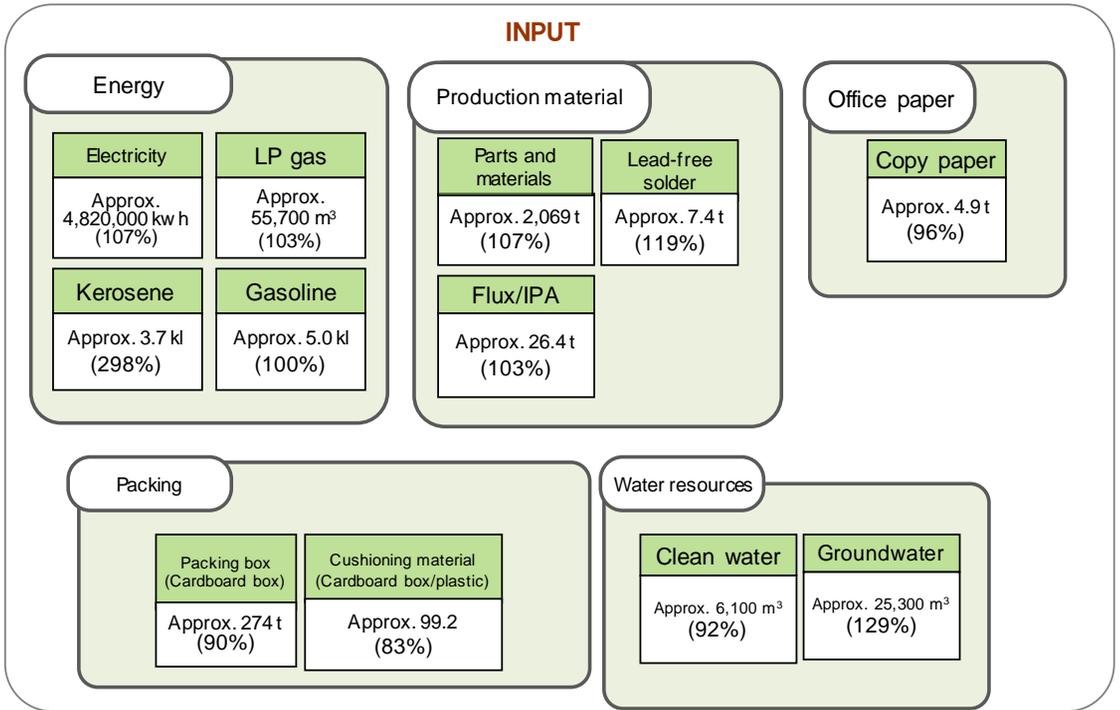
[Evaluation] ○ : Goal achieved; △ : 80% to 99% of goal achieved; × : Less than 80% of goal achieved

No.	Objective (priority)	Control item	Goal	Result	Evaluation	
1	Greenhouse-gas emissions reductions	Reducing CO ₂ emissions by reducing the consumption of fossil fuels	CO ₂ emission reductions	58 t-CO ₂ or more	92.6 t-CO ₂	○
2		Studying enhanced use of renewable energy	Preparing a report on study of adopting solar power	Deadline for preparation: November 2022	Completed in March 2023	△
3		Switching to LED lighting	Percentage of lighting switched to LED	74.2% or above	74.3%	○
4		Updating air-conditioning equipment	Number of units switched from GHP (which users fossil fuels) to EHP	57	57	○
5		Promoting energy-conservation activities	Electricity use reduced through promoting energy-conservation activities	18.8 MWh or more	39.5 MWh	○
6		Promoting the sharing of initiatives with suppliers	Ascertaining the status of initiatives by suppliers	30 or more	22	×
7			Implementing approaches to obtain supplier Scope 1 and 2 data	5 or more	21	○
8		Reducing emissions (industrial waste)	Promoting the Three Rs for landfill waste	Surveying details of landfill waste and preparing reduction plans	Not implemented	×
9		Ascertaining use of energy	Electricity use	4,104 MWh or less	4,101 MWh	○
10		Ascertaining emissions (waste)	Emission/waste volume	234,000 kg or less	258,228 kg	△
11			Recycling rate	98% or above	97.3%	△
12		Promoting and expanding eco models	Number of eco product development models (Eco models as a percentage of shipments)	New: 11/expanded: 7	New: 8/expanded: 4 (82.9%)	×

Environmental impact

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

Period surveyed: December 2021 to November 2022 (Figures in parentheses indicate year-on-year comparisons)



Environmental accounting

In FY 2022, we invested approximately 139 million yen as environmental protection costs. This includes switching from fluorescent to LED lighting and switching from GHP to EHP air conditioning. We also recorded approximately 18 million yen as economic benefits of environmental protection through gains on the sale of waste as valuable materials, reduced the purchase of electric power through the use of solar power, generated savings in electricity consumption through use of solder tanks developed in house.

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

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

Category	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	LED lighting, air conditioning (from GHP to EHP)	139.2	93.0
(iii) Resource recycling costs		0	9.7
(2) Upstream/downstream costs Costs to control environmental impacts arising upstream/downstream in connection with production and service activities	(Expense) Promotion of green procurement Management of environmental chemicals	0	6.2
(3) Costs of management activities Environmental protection costs in management activities	(Expense) Maintenance of environmental management Monitoring and measurement of equipment and facilities causing environmental impacts Responding to environmental chemical content surveys	0	13.3
(4) R&D costs Environmental protection costs in R&D activities		0	0.0
Total		139.2	122.2

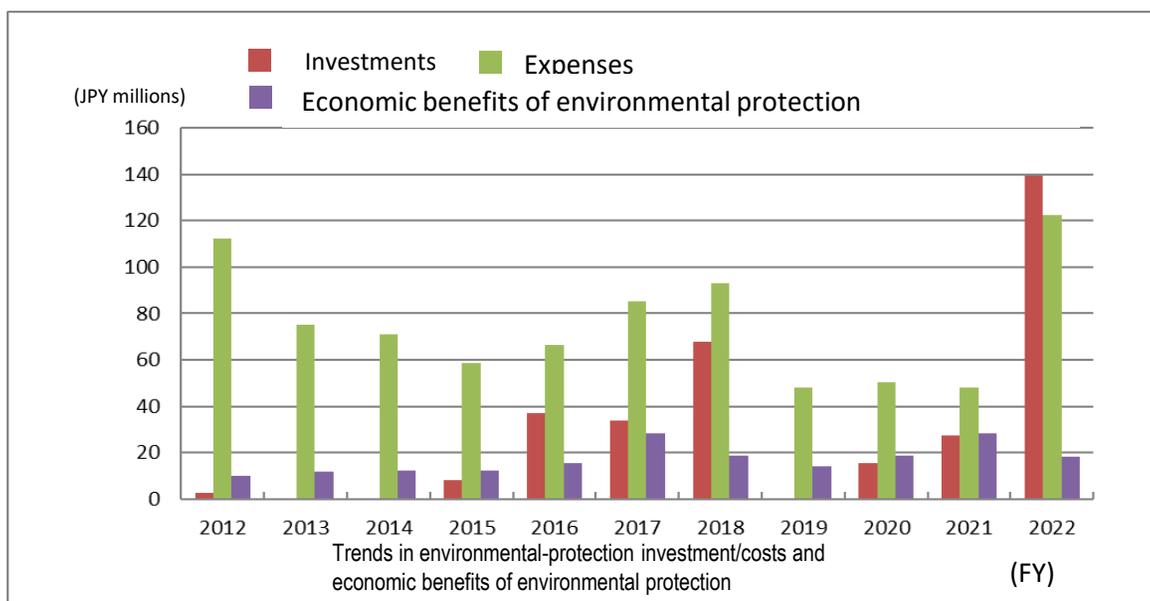
*Expenses recorded as environmental protection costs include depreciation on capital investments made in past fiscal years and personnel costs.

Quantity benefits of environmental protection

Item	Volume of effects
Benchmark: FY 2020	697 (t-CO ₂)
(Solar power generated, power use reduction through energy conservation measures)	
Volume of emissions put to effective use (Volume recycled, reused, and used as valuables)	251.2 (t)

Economic benefits of environmental protection (Unit: JPY millions)

Item	Amount of effects
Gain on sale of valuables	16.8
Reduction in power use by solar power generation	1.3
Reduction in power use by solder tanks developed in-house	0.1
Total	18.2



Promoting Efforts toward a Zero-carbon Society

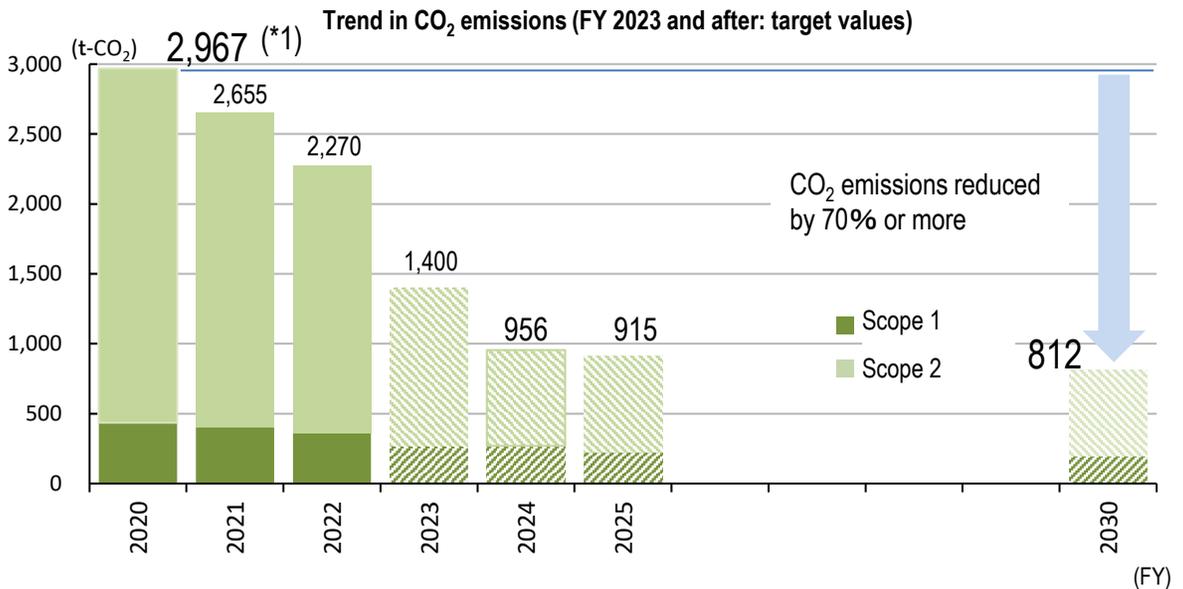
CO₂ emissions reduction

COSEL aims to reduce its CO₂ emissions by at least 30% in FY 2030 vs. FY 2020.

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 also are making active progress on switching to renewable energy. The R&D Center is powered 100% by renewables. We are making progress on switching air conditioning from GHP air conditioners, which use fossil fuels, to highly energy efficient EHP.

We will continue to promote further activities to conserve energy and prevent global warming through means that include the adoption of renewable energy-based power and reducing use of fossil fuels.



(*1) Emissions coefficients for FY 2022 CO₂ emissions have been revised.

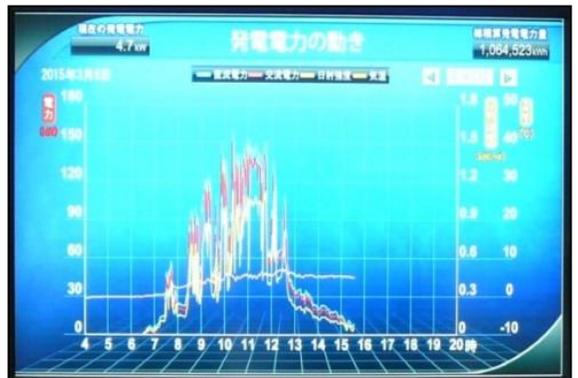
Use of renewable energy

In 2002, we installed 60 kW solar panels on the roof of the new Head Office building, which generate approximately 60 million Wh per year (reducing CO₂ emissions by approximately 25 t-CO₂). In 2004 we installed 50 kW solar panels on the roof of the Tateyama Factory, followed by the installation of additional units in 2007 and 2011.

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



Tateyama Factory solar panels



Tateyama Factory power generation display monitor

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.



High-efficiency AEA series of AC/DC power supplies compatible with peak current (800 W)

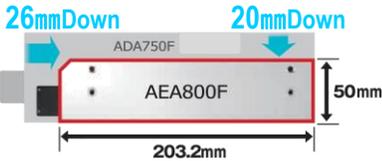


Point 1
Helps make customers' equipment more compact!

Resource conservation

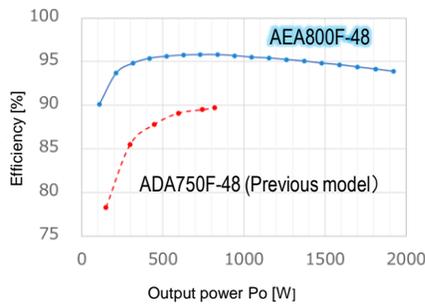
Bulk reduced by 36.9%
Weight reduced from 1.9 kg to 1.3 kg

(Compared to previous products)



Point 2
High-efficiency design

Energy conservation



Approx. 6% improvement
(Compared to previous products)

Power loss reduced by one-half compared to previous products

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

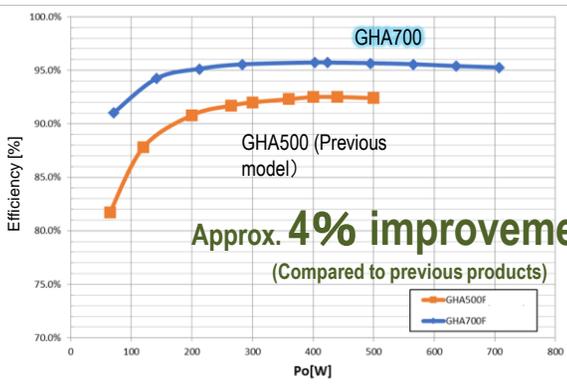


3 x 5-inch AC/DC GHA700 model (700 W)



Point 1
High-efficiency design

Energy conservation



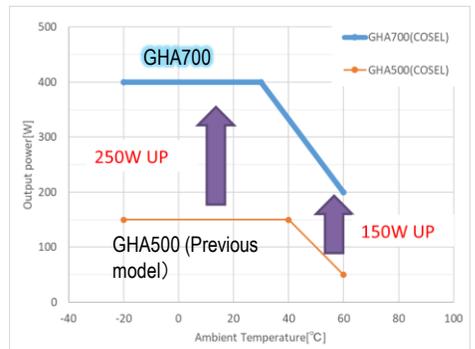
Approx. 4% improvement
(Compared to previous products)

Power loss reduced by about **20 W !**

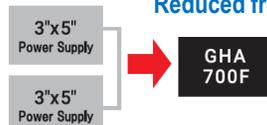


Point 2
Wide temperature derating

Resource conservation



Reduced from two units to one!



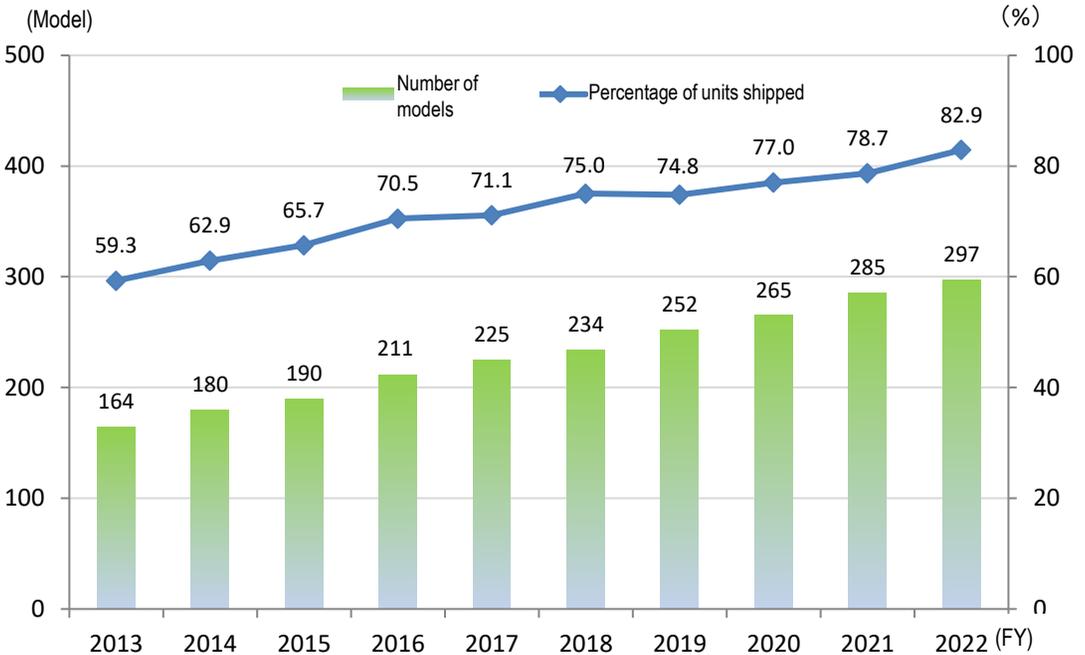
Environmentally friendly Eco products and their logo

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

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

For such evaluation, we have established our own standards that we use to certify and register products that satisfy the standards and are highly effective for lessening environmental impact, as Eco Model products. We encourage customers to use these Eco Model products by identifying them using the logo below.

Eco Model products (cumulative total)/Eco Model products as a percentage of all products shipped



COSEL's Eco Model logo

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

Lessening environmental impact at production sites

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



Soldering equipment developed in-house

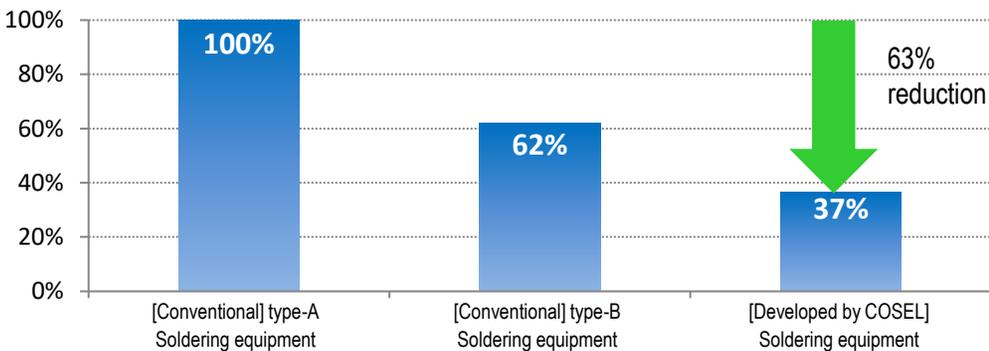
[Equipment cost reduction]
32% reduction compared to existing equipment

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

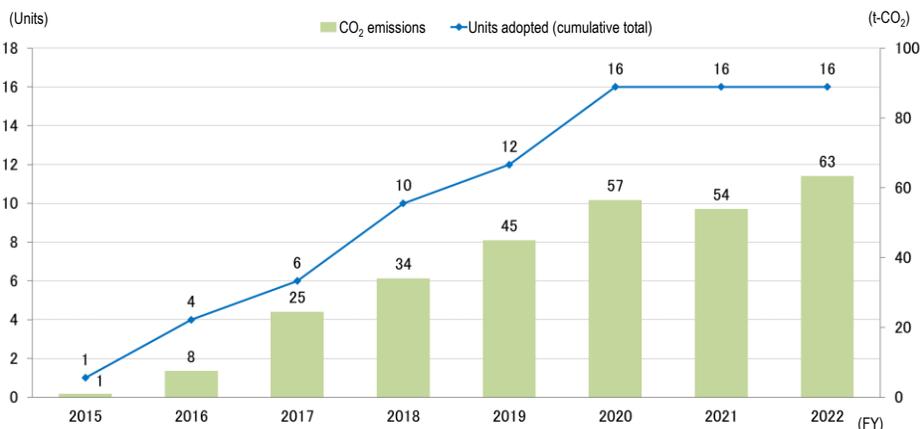
[Maintenance work reduction]
60% reduction compared to existing equipment

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

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



Units of soldering equipment (facilities) adopted/ CO₂ reductions



Promoting a recycling-oriented society

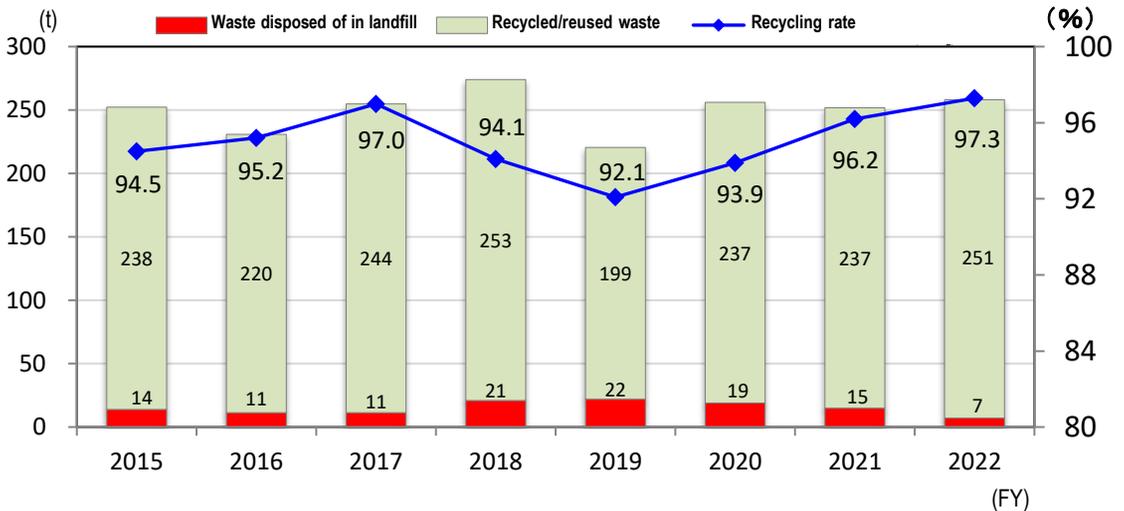
Promoting reductions in waste disposed of in landfills and recycling activities: *1 Toward zero emissions

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

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

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

Trends in waste and recycling rates



Examples of initiatives

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

Reduction

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



Reuse

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



Recycling

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

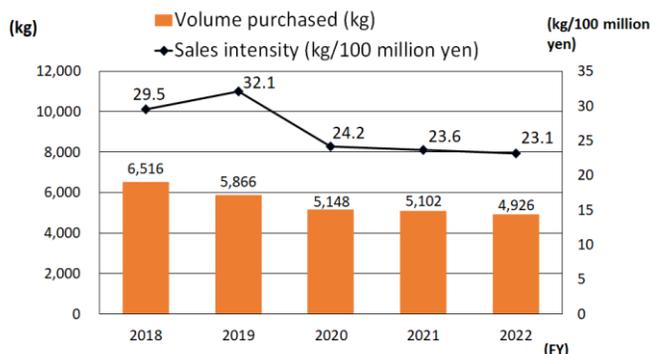
In FY 2022, we began recycling parts containers, solder tank filters, cleaning rags, and other materials. As a result, we were able to reduce the waste disposed of in landfills by about 50% from the previous fiscal year.



Reducing paper use

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

Trend in paper use



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

	Environmental-protection history
FY1990	Began recycling wastes
FY1999	Earned ISO 14001 certification
FY2000	Began publishing Environmental Report
FY2001	Adopted environmental accounting
	Began lead-free efforts
FY2002	Adopted solar power equipment: 60 kW at head-office factory
FY2003	Began activities to eliminate fully six substances covered by the RoHS Directive
FY2004	Began green procurement
	Eliminated use of HCFCs in processes
	Adopted solar power equipment: 50 kW at Tateyama Factory
FY2005	Adopted fluoroscopy X-ray analysis equipment
FY2006	Launched environmental education for all employees
	Launched RoHS compliance declarations
	Began issue of certificates of nonuse of six substances covered by the RoHS Directive
	Joined the Japan Green Procurement Survey Standardization Initiative (JGPSSI)
FY2007	Adopted solar power equipment: 50 kW at Tateyama Factory (phase one of expansion: total 100 kW)
FY2009	Began encouraging seasonal business attire to save energy
	Began JAMP_AIS data provision
	Began ICP (precision chemical analysis) data provision
	Joined the Joint Article Management Promotion-consortium (JAMP)
FY2011	Adopted solar power equipment: 50 kW at Tateyama Factory (phase two of expansion: total 150 kW)
FY2012	Formulated the Business Continuity Plan (BCP)
FY2013	Began publishing environmental and chemical data on website
FY2014	Began switching to LED lighting inside Company facilities
FY2015	Began the use of energy-saving solder tanks developed in house
	Compliance with the Act on Rational Use and Appropriate Management of Fluorocarbons
	Began publishing the CSR Report as successor to the Environmental Report
FY2017	Compliance 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
FY2018	Began providing environmental and chemical data using chemSHERPA
FY2021	Announced support for TCFD, joined TCFD Consortium
	Product packaging materials: Began transitioning from plastic to paper packaging materials
FY2022	Began the transition to 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 successor to the CSR Report

Promotion of environmental management of chemical substances

Environmental management of chemical substances

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

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

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

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

■ Adoption of new components and introduction of new products

When employing a new component, we ask the suppliers to submit a Warranty for Non-inclusion of RoHS Materials to verify that it does not contain any substances restricted by the RoHS Directive.

Furthermore, we obtain a list of materials used in each component and check the actual component against the list to make sure that there are no omissions. Then, we compare data on chemicals harmful to the environment with the results of X-ray fluorescence analysis and register only those components that have been found to present no issues.

■ Acceptance of purchased components

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



X-ray fluorescence spectrometer

*X-ray fluorescence analysis

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

■ Operation of a portal site for suppliers

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

RoHS/REACH compliance

The RoHS Directive came into effect on July 1, 2006*1. It restricts the use of six substances that negatively impact the human body and the natural environment (mercury, lead, cadmium, hexavalent chromium, PBB, and PBDE). Furthermore, the Directive was revised on January 3, 2013. Although the restricted substances and their tolerated maximum concentration values remain the same in the revised Directive (2011/65/EU: RoHS2), the number of subject product categories was increased, and CE marking requirements were added.

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

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

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

In addition, in May 2020 we ceased the manufacture and discontinued all concurrent production of eutectic solder products.

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

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

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

Information on compliance with the RoHS Directive and information on SVHC content under REACH Regulations are published in certificates of the nonuse of RoHS substances and provided on our website as data for use with the chemSHERPA tool for communication of information on environmentally harmful chemical substances, developed by the Ministry of Economy, Trade and Industry and operated by the Joint Article Management Promotion-consortium (JAMP) to allow companies that procure the COSEL's products to quickly and efficiently acquire information on contained chemical substances.

*1 RoHS Directive

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

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

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

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

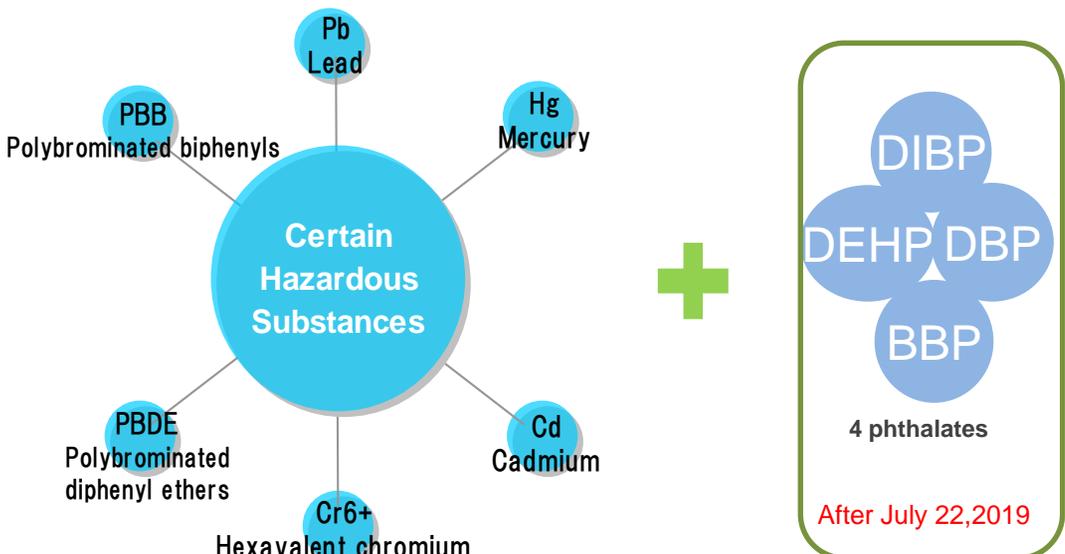
*3 Four phthalic acids

Di (2-ethylhexyl) phthalate (DEHP)

Benzyl butyl phthalate (BBP)

Dibutyl phthalate (DBP)

Diisobutyl phthalate (DIBP)



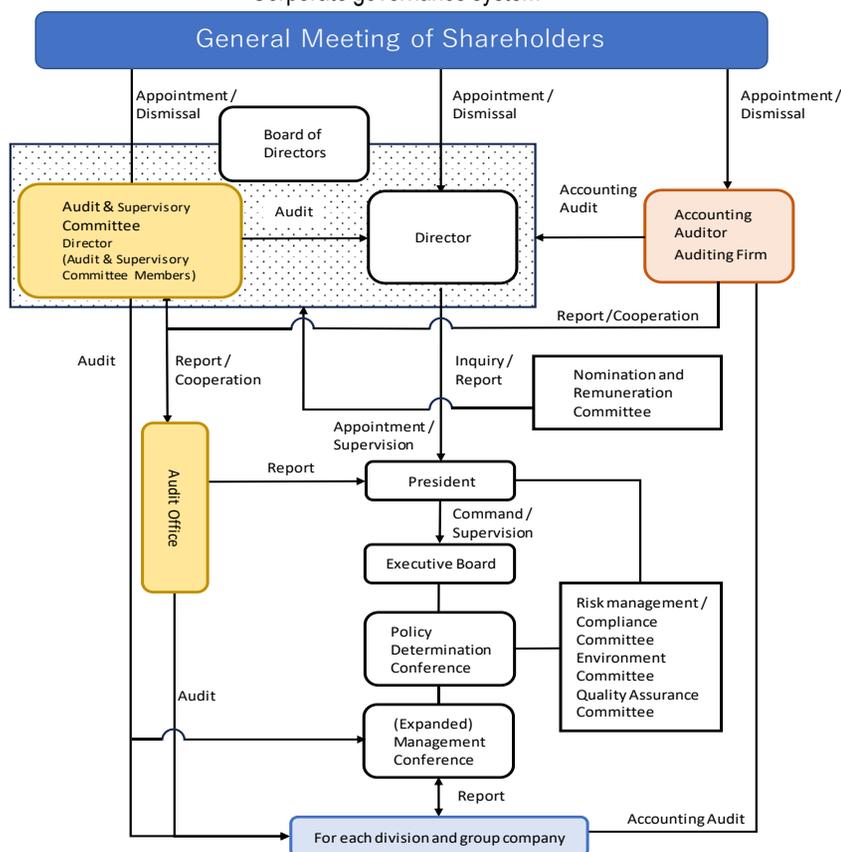
Corporate governance system

Corporate governance

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

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

Corporate governance system



【Board of Directors】

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

Meetings of the Board of Directors are usually held once a month. Directors execute business activities in their areas of responsibility under the direction of the CEO based on the management policies as determined in meetings of the Board of Directors.

【Executive Board】

Under the guidance and supervision of the CEO, the Board of Executive Officers executes its assigned duties in accordance with decisions made by the Board of Directors or directors to whom decision-making authority is delegated by the Board of Directors.

Meetings of the Board of Executive Officers are held once a month, in principle, and at other times as necessary.

【Nomination and Remuneration Committee】

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

【Audit Office】

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

【Audit and Supervisory Committee】

Chaired by a director and full-time Audit and Supervisory Committee member, this Committee meets once a month in principle and at other times as necessary.

Audit and Supervisory Committee members attend meetings of the Board of Directors and other meetings to audit the performance of the duties of directors.

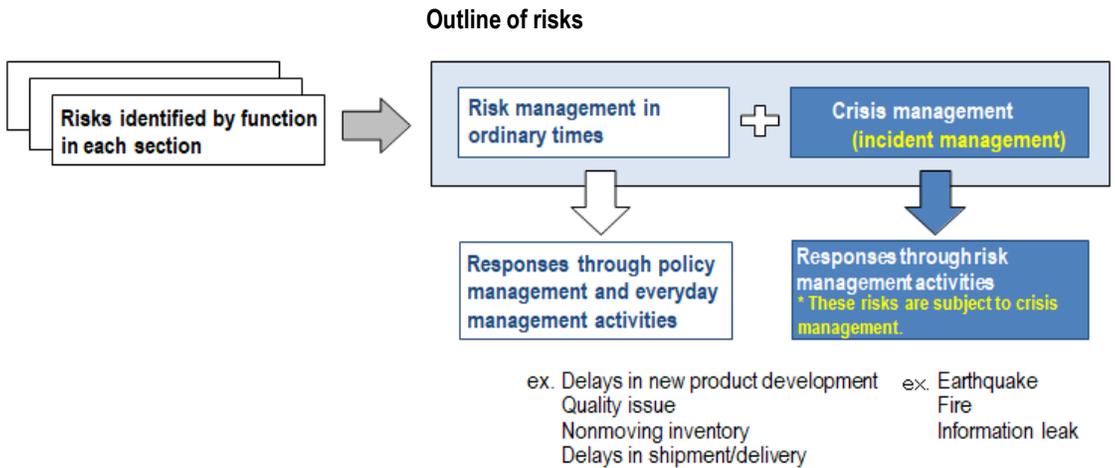
【Management Meeting】

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

Risk management

Risk compliance initiatives

COSEL has established Risk Management Regulations and addresses corporate risks in line with the following categories. In normal times, each division plays the main role in risk management, which is treated as an item subject to annual policy management and daily management in each division as part of its policy management activities. For crisis management in response to contingencies such as disasters, accidents, and fires, we have established Regulations on Responding to Crisis Situations under which we give top priority to protecting human life, rescue, and minimizing the impact on customers in accordance with the Emergency Initial Response Manual. In addition, the Risk Management/Compliance Committee reviews and assesses subject risks and studies and implements related countermeasures. In addition, we established the Business Continuity Plan (BCP) Regulations and maintain a system to enable the swift resumption of business operations in response to contingencies.



Compliance

As it aims to ensure thorough legal and regulatory compliance (hereinafter referred to simply as “compliance”), the COSEL Group has established the Charter on Ethics and Standards for Voluntary Action as principles to be followed by all Group employees. We established a “COMPLIANCE MANUAL” in April 2023 and are making efforts toward its thorough implementation.

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

The Audit 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

Compliance Education

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

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



Business Continuity Plan (BCP)

COSEL launched its Business Continuity Plan (BCP) project after the Great East Japan Earthquake in March 2011, to establish a disaster response system and procedures for initial responses and resumption of business operations. We have taken seismic retrofitting measures for production equipment and inspection equipment at COSEL Group plants and established a framework for backing up information systems and enabling backbone systems to operate safely even in the event of a disaster.

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

Deployment of BCP initiatives in the supply chain

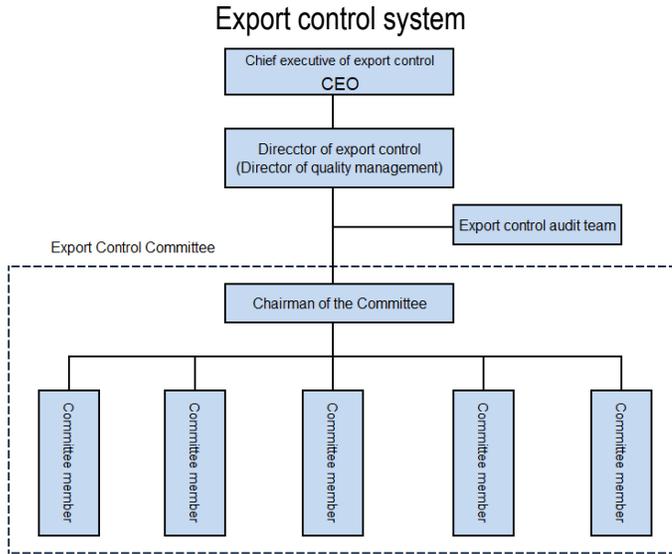
While the COSEL Group already had implemented its own BCP initiatives through 2014, in 2015 we launched Business Continuity Management (BCM) efforts for the entire supply chain. We ask suppliers (component manufacturers) to develop and continually implement BCM activities.

Response to Security Export Control Regulations

COSEL's security export controls

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

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



Determination of whether products are subject to controls

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

Transaction screening

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

Education

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

Reporting to government agencies

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

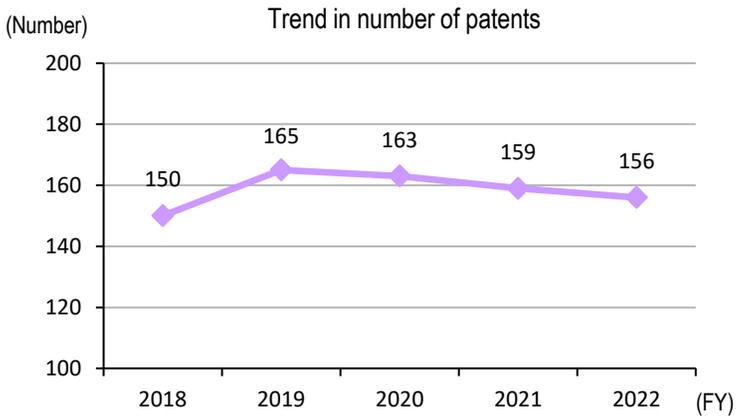
Responsible political involvement

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

IP management system

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

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



Basic policy for information security

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

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





Outside Director
Yasuro Uchida

Professor, Graduate School
of Social Sciences,
University of Hyogo

Sustained growth through continual review of the essence of COSEL management

More than 20 years have passed since we entered the twenty-first century. This has been a period of changing business activities in response to global economic and geopolitical transformations as well as changes in social activities due to the unprecedented COVID-19 pandemic.

Under these conditions, COSEL was able to make considerable progress in business results in the year ended May 2023. This is thanks to the way customers around the world have continued to use COSEL products. To ensure that we never forget this fact and become conceited about the way things are going, I believe that it is essential to continue to ask ourselves, what is the essence of management at COSEL?

COSEL has done business under its Management Philosophy of “Responding to the Trust of Society by Putting Quality as the Most Important Priority.” Human resources are identified as one of the essential elements of this Management Philosophy. In fact, **QC circle activities** led by these employees have been underway at COSEL for more than 40 years.

In **QC circle activities**, each team proposes ideas based on the themes of how we can improve quality even more and what we need for further growth in efficiency. If asked what the true essence of these activities is, I believe that we could answer: organizational learning activities through solving familiar problems. These activities are proving a great success. For example, a companywide conference held each year presents awards to the most outstanding teams. For more than 40 years, QC circle activities have converted what started as tacit knowledge held by individuals to formal knowledge in their teams, and the resulting ideas have been polished further and shared company-wide through these company-wide conferences. This series of activities for systematic sharing of various observations expresses the true essence of COSEL's management.

In recent years, the focus of research on the global competitive strategy has shifted from the question of what corporate strengths are to that of how such strengths can be generated. This concept is called dynamic capability. It is theorized and requires organizational learning. As an outside director, I will continue to make recommendations to ensure that we never lose sight of this essential element of management.



Outside Director
Akio Misuta

President and CEO,
Tombow Beverage Co.,
Ltd.

From employee satisfaction to employee engagement

I am proud of how COSEL has been able to continue to record high profits even amid the global supply-chain paralysis caused by the pandemic and international disputes.

Switching power supplies support human life through their use in nearly all electronic devices. I believe that these high profits are proof that COSEL's corporate goals until now have been right on target. But in today's uncertain world, there is no guarantee that today's strengths will continue into the future indefinitely. I think a truly strong company is one that constantly creates new strengths even in a changing environment. My modest goal is to provide advice to help COSEL be such a company.

To create such strengths, not only product quality but also business and service quality will be increasingly important. I expect social nature and sensitivity to be keys to achieving these. It will be essential for us not only to improve the quality and efficiency of switching power supplies but also to consider convenience to users and the situations in which they will be used in final consumer products. While technological improvements will remain an important theme, I believe that high added value can be generated through efforts, such as lessening the effort required by users and making product use more enjoyable.

Under conditions of rapid depopulation and uncertain economic prospects, even the top employers are faced with the important challenge of securing capable human resources amid rising separation rates. From now on, it will be essential to increase employee engagement with the company, instead of just targeting higher employee satisfaction through more comfortable work styles. Social and environmental developments in line with this trend will be in a positive direction that includes corporate objectives, rather than simply overcoming challenges from a passive approach.

I believe that it will be vital to incorporate effectively into business activities diverse views and proposals from women, non-Japanese employees, and others, from the forward-looking perspective of putting this sensitivity to use in business operations and services.

E: Environmental data

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
CO ₂ emissions (Scope 1, Scope 2)	t-CO ₂	-	-	2,967	2,655	2,270
Electricity use	k Wh	5,177,101	4,627,806	5,001,522	4,850,286	5,145,408
Percentage of conventional power sources	%	96.0	95.5	96.1	93.6	79.7
Wastes	t	268.8	208.5	240.8	246.3	258.2

S: Social data

			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Employee data							
Employees	Male		346	353	360	361	353
	Female	People	131	130	131	131	126
	Total		477	483	491	492	479
Average age	Male		38.6	38.6	38.6	39.0	39.1
	Female	Years	41.8	42.7	43.4	44.3	45.6
	Total		39.5	39.7	39.9	40.4	40.8
Average years of continuous service	Male		14.6	14.4	14.5	16.9	15.1
	Female	Years	20.2	20.9	21.6	22.4	23.7
	Total		16.1	16.1	16.4	16.9	17.4
Number separated	Male		20	15	16	6	19
	Female	People	4	5	1	3	5
	Total		24	20	17	9	24
Separation rate	Male		5.8	4.2	4.4	1.7	5.4
	Female	%	3.1	3.8	0.8	2.3	4.0
	Total		5.0	4.1	3.5	1.8	5.0
Number re-employed	Male		10	12	12	13	17
	Female	People	1	1	5	7	9
	Total		11	13	17	20	26
New hires (new graduates only)	Male		21	15	17	15	6
	Female	People	1	5	2	1	1
	Total		22	20	19	16	7
Male-female wage disparity	Male/female	%	-	-	-	-	72.2
Diversity and inclusion							
Number of managers	Male		43	42	46	46	60
	Female	People	0	0	0	0	3
	Total		43	42	46	46	63
Women as a percentage of managers	-	%	0.00	0.00	0.00	0.00	4.76
Number of employees with disabilities	-		7	6	6	6	9
Employment rate	-			1.74	1.70	1.59	2.37
Number of non-Japanese national employees	-	People	0	6	9	10	13
Work-life balance							
Percentage taking paid vacation (general personnel)	-	%	67.2	69.8	63.5	61.0	69.5
Percentage taking childcare leave	Female	%	100.0	100.0	100.0	100.0	100.0
	Male		0.0	4.8	18.2	41.2	50.0
Number of days of childcare leave taken by male employees	Max.	Days	-	-	-	-	92.0
	Average		-	-	-	-	46.3
	Min.		-	-	-	-	14.0
Percentage of employees taking childbirth nursing leave	-	%	66.7	76.2	36.4	70.6	83.3
Number taking long-term-care leave	-	People	0	0	1	0	3
Human-resource development							
Annual hours of education per person	H		88.5	79.1	82.5	84.1	77.7
Annual investment in education per person	Yen		-	-	-	-	86,458
Number undergoing human skills and management skills training	People		18	13	0	27	27
Number undergoing career training	People		50	31	69	51	40
Number undergoing distance learning	People		28	77	80	87	114
Number undergoing language learning: Conversational English	People		12	15	12	10	7
Conversational Chinese			13	11	8	8	9
Health and productivity management/Industrial health and safety							
Percentage undergoing regular health checkups			91.9	96.0	93.8	94.6	99.8
Percentage with issues identified	%		50.2	60.5	53.1	56.9	31.8
Percentage on leave due to emotional conditions	%		0.6	0.8	0.2	1.4	1.9
Number of on-the-job accidents	Number		6	2	7	10	3
Number of commuting accidents	Number		13	13	13	14	11
Number of auto accidents at work	Number		2	2	3	1	3



To be COSEL;

To ensure that all COSEL activities satisfy customers;
And for our own happiness as we come together to work every day at
COSEL.

To build; To persevere; To connect.

From the COSEL Mindset

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