

## Ensuring Fair Trade Practices

We aim to achieve fair business practices across the entire value chain including our business partners as full participants.

### Message from Operating Officer

Nihon Kohden's mission is to sustainably provide much-needed medical equipment to customers around the world. To this end, a stable supply of parts and components from all suppliers is essential.

While the procurement of electronic components such as semiconductors has been difficult due to the COVID-19 pandemic, we have been able to continue to procure parts and components thanks to the exceptional consideration and cooperation of many of our suppliers. This has allowed us to continue to provide much-needed medical equipment to medical facilities worldwide. I would like to express my sincere appreciation to our suppliers.

We also ask our suppliers to cooperate with our annual questionnaire survey to deepen their understanding of the Nihon Kohden Procurement Policy and the Nihon Kohden Sustainable Procurement Standards. Going forward, based on the survey results, we will further deepen our mutual understanding with our suppliers and build strong relationships of trust with them, while continuing to develop and provide superior products, thereby contributing to the support of medical professionals and the healthcare system.

We, Nihon Kohden, promise to continue to grow and develop together with our business partners.



**Yutaka Inano**  
Operating Officer,  
President of Nihon Kohden  
Tomioka Corporation

### Approach to Sustainable Procurement

Nihon Kohden strives to practice sound and fair purchasing and achieve fair trade across the value chain including our business partners. We also promote sustainability while giving due consideration to the environment and society. To further reinforce sustainability in procurement, we conduct in-house training on sustainable procurement and disseminate the concept to our business partners for gaining their cooperation.

### Procurement Policy and Procurement Standards

We have formulated the Nihon Kohden Procurement Policy and the Nihon Kohden Sustainable Procurement Standards for the purpose of widely disseminating and instilling our stance on procurement both internally and externally. The Nihon Kohden Procurement Policy represents our basic policy on procurement. The Nihon Kohden Sustainable Procurement Standards indicate items that we expect our business partners to observe with regard to sustainability, and we aim to build a good relationship with our business partners and realize a truly affluent and sustainable society. In April 2023, we made a Partnership Building Declaration to build new partnerships by promoting collaboration, coexistence, and co-prosperity with business partners in our supply chain and other value-creating businesses partners.

For further details, please refer to our website.

<https://www.nihonkohden.com/sustainability/engagement/suppliers/fairness.html>



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### Adherence to the Nihon Kohden Sustainable Procurement Standards

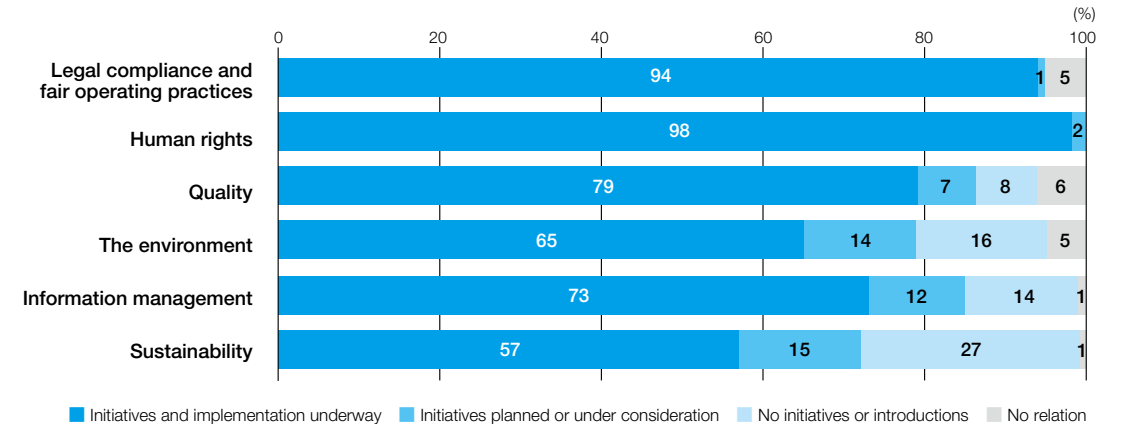
Nihon Kohden provides regular compliance training to all of its employees to ensure they have correct understanding and awareness of sound and fair business practices. Departments involved in procurement provide annual training on specific laws and regulations affecting their operations, such as the Fair Competition Code and the Act against Delay in Payment of Subcontract Proceeds. In FY2022, 58 people attended these training sessions.

Nihon Kohden requests business partners to conduct self-assessment on their environmental and quality activities, and, moreover, checks business partners' understanding of and adherence to the Nihon Kohden Sustainable Procurement Standards through their answers to the Sustainability Questionnaire conducted every year. Opinions expressed through the Questionnaire are fed back to procurement departments and utilized to realize fair and responsible procurement.



### Results of the Sustainability Questionnaire in FY2022

In FY2022, we asked 100 of our business partners to answer our Sustainability Questionnaire and were grateful to receive cooperation from all of them. The questionnaire consisted of 22 questions in six areas: legal compliance and fair operating practices, human rights, quality, the environment, information management, and sustainability. In terms of questions about legal compliance and fair operating practices, and human rights, initiatives and implementation were underway, planned or under consideration in more than 90% of our business partners. In previous questionnaires, multiple business partners reported that they have engaged in social contribution initiatives. We continue to work with our business partners to deepen mutual understanding of our sustainable procurement standards and ensure fair trade practices.



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### Identification of Key Suppliers

Nihon Kohden has identified the following suppliers as key suppliers: suppliers of orders with large purchase amounts, suppliers who provide parts for major and strategic models, and suppliers who provide non-substitutable parts.

#### ■ Results of the Supplier Questionnaire in FY2022

In FY2022, we conducted a Supplier Questionnaire for approx. 76 suppliers both in Japan and internationally and got responses.

The results of the survey revealed significant differences in the status of initiatives among suppliers. While many suppliers are working to build systems and implement various measures in the areas of Human rights, Quality, and Governance, many are facing challenges in the area of the Environment, such as climate change response initiatives and environmental data acquisition.

#### ■ Measures to reduce risks

For suppliers with low scores, we are considering taking actions such as providing feedback on the survey results and requesting improvements. Additionally, several suppliers have reported events in the areas of Health and Safety and Information Security that have the potential to develop into serious incidents or accidents. In those cases we will promptly confirm the facts and support the supplier in taking appropriate corrective measures.

### Supplier Questionnaire Content

Theme	Question
Sustainability Promotion	<ol style="list-style-type: none"> <li>1. Basic policy on sustainability promotion</li> <li>2. Promotion system for sustainability</li> <li>3. Signing and participating in sustainability-related organizations or initiatives</li> </ol>
Environment	<ol style="list-style-type: none"> <li>1. Establishment and operation of environmental management systems as the basic policy on environmental initiatives</li> <li>2. Appropriate management in place to ensure compliance with environmental laws and regulations</li> <li>3. Identification of cases of non-compliance</li> <li>4. Reduction of Green House Gas emissions</li> <li>5. Reduction of chemical substances specified by laws and regulations in manufacturing processes and products</li> <li>6. Initiatives for waste reduction activities</li> <li>7. Sustainable and efficient use of resources (energy, water, raw materials, etc.)</li> <li>8. Management of wastewater and exhaust and reduction of air, soil, and water pollution</li> <li>9. Initiatives to reduce water consumption</li> <li>10. Initiatives for biodiversity conservation</li> </ol>
Human Rights	<ol style="list-style-type: none"> <li>1. Basic policy on human rights</li> <li>2. Promotion system for respect for human rights</li> <li>3. Identification of cases of non-compliance</li> <li>4. Identification and assessment of risks regarding respect for human rights in operations</li> <li>5. Prohibition of forced labor practices or acts and hiring of underage children</li> <li>6. Management of night work and hazardous work</li> <li>7. Appropriate management of foreign workers</li> <li>8. Prohibition and appropriate management of discrimination and harassment</li> <li>9. Prohibition and appropriate management of discrimination in employment</li> <li>10. Appropriate management of employment of persons with disabilities</li> <li>11. Proper wage payment and compliance with laws and regulations</li> <li>12. Appropriate management of working hours</li> <li>13. Appropriate measures regarding the right to organize, collective bargaining, and collective action</li> <li>14. Establishment of consultation and reporting channel for human rights</li> </ol>

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Theme	Question
Quality	<ol style="list-style-type: none"> <li>1. Establishment and operation of quality management systems as the basic approach to quality and safety of products and services</li> <li>2. Identification of cases of non-compliance</li> <li>3. Compliance with the safety standards specified by laws and regulations</li> <li>4. Responsible marketing and advertising</li> <li>5. Supplier's responsibility for the supply chain</li> <li>6. Advance measures and response procedures for responding to emergency situations</li> <li>7. Advance measures and response procedures for handling a recall or complaint</li> </ol>
Health and Safety	<ol style="list-style-type: none"> <li>1. Establishment of policy on health and safety</li> <li>2. Promotion system for health and safety</li> <li>3. Identification of occupational accidents and illnesses</li> <li>4. Identification of cases of non-compliance</li> <li>5. Appropriate management and the implementation of necessary safety measures in workplace</li> <li>6. Assumption of emergency situations such as disasters and accidents, and necessary responses</li> <li>7. Implementation of health management</li> </ol>
Governance	<ol style="list-style-type: none"> <li>1. Building internal control system</li> <li>2. Board of Directors Evaluation</li> </ol>
Compliance	<ol style="list-style-type: none"> <li>1. Compliance with applicable laws and regulations</li> <li>2. Identification of cases of non-compliance</li> <li>3. Establishment of reporting channel for misconduct</li> <li>4. Appropriate management to avoid inappropriate behavior toward antisocial forces</li> <li>5. Appropriate management to avoid improper actions against intellectual property rights</li> </ol>

Theme	Question
Information Security	<ol style="list-style-type: none"> <li>1. Promotion system for information security</li> <li>2. Identification of cases of non-compliance</li> <li>3. Initiatives to protect personal information</li> <li>4. Defensive measures including protection against cyber-attacks</li> </ol>

For further details, please refer to our website.

[https://www.nihonkohden.com/sustainability/engagement/suppliers/nk\\_procurement.html](https://www.nihonkohden.com/sustainability/engagement/suppliers/nk_procurement.html)

