

Initiatives to Enhance the Value of Human Capital

We believe that each employee's ability to maximize their potential and fully demonstrate their capabilities leads to sustainable personal and organizational growth. We will foster an organizational culture in which diverse human resources can play an active role.

In its Management Philosophy, Nihon Kohden aims to create a fulfilling life for our employees. We believe that each employee's ability to maximize their potential and fully demonstrate their capabilities leads to sustainable personal and organizational growth. We will foster an organizational culture in which diverse human resources can play an active role. We aim to promote the sustainable growth of individuals and organizations, improve productivity, and create new value through human resource investments including human resource development and workplace environment improvement. To realize the Long-term Vision, BEACON 2030, it is important for employees working at Nihon Kohden to have a sense of satisfaction and pride in contributing to healthcare, to act autonomously, and to continue to take on new challenges. As a foundation for the Company and employees to meet each other's expectations, we introduced a new personnel system, human resources development programs, and various systems to realize flexible work styles, to increase employee engagement and foster an organizational culture that leads to more challenges and growth.

Basic Approach to Human Resource Development

In an ever-changing medical environment, Nihon Kohden strives to become the beacon that lights the path forward to the future of people and healthcare around the world through creating new values with the philosophy we have upheld since our founding. With strong passion in our hearts, Nihon Kohden aims at realizing our Long-term Vision for 2030. Human resources are essential for realizing our Long-term Vision and the source of value creation for Nihon Kohden. We will recruit human resources who share Nihon Kohden's Management Philosophy and Long-term Vision, and embody its Core Values (Integrity / Humbleness / Diversity / Initiative / Customer centric / Goal oriented / Creativity). We will also endeavor to create environments that foster employees with high ethical standards, ambition, curiosity, and empathy who can autonomously and continuously grow and undertake the challenges of new value creation.

Introduced a New Personnel System

With a view toward realizing our Long-term Vision for 2030, we are promoting the development of human resources who embody our Management Philosophy, Long-term Vision, and Core Values as well as aiming to establish a human resource management system that is globally consistent and coherent. In April 2021, we introduced a new role-based personnel system for managers and established an expert course to facilitate the promotion of highly skilled persons, in addition to a management course to develop management level employees.

In April 2023, we also introduced a new personnel system for general employees. Through a role grading system based on the size of the work roles expected of each employee, we will create opportunities for ambitious and skilled employees to actively take on challenges and grow themselves. Along with the introduction of a new personnel system for general employees, we also extended the retirement age to 65 in stages and revised the reemployment system.

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International Training Program

One of material issues for sustainability to realize our Long-term Vision is to “Foster a corporate culture of pride in contributing to healthcare,” and we have set “Development of human resources who can succeed globally” as a KPI for this in the Three-year Business Plan. The target is set at 45 hours or more of education per person for a cumulative total of 3 years. The results in FY2021 and FY2022 were 18.6 hours and 18.2 hours per person, respectively. A total of 393 people attended leadership training in FY2022.

The International Training Program is a program designed to provide employees with the experience, knowledge, and adaptability they will need to be successful globally. Through the program, we provide employees with the opportunities for long-term study at overseas language schools, on-the-job training at overseas offices, practical training at overseas research institutions or companies, and study at overseas universities or research institutions. Due to the COVID-19 pandemic, the program was not implemented in FY2020 and FY2021. In FY2022, for the first time in three years, four employees studied abroad for approximately one year.

As of April 2023, 22 foreign employees work at offices in Japan, and 47 Japanese employees* work at overseas offices.

We will continue to expand and enhance this program to develop more global human resources with even more advanced skills.

* Excluding Japanese employees hired locally.

Voice

Nihon Kohden's contribution to global medical care I realized through the International Training Program (Overseas Challenge Program)

I have been in charge of Regulatory Affairs (RA), which involve product registration and compliance with the laws and regulations in various countries to provide medical equipment internationally. I applied for this training program because I thought it was essential to have a good grasp of the worldwide situation and to improve my own abilities to comply with regulations, which are becoming stricter every year, and register products promptly. During the training, I was involved in RA operations and product registration applications in the U.S. While discussing and reviewing the U.S. laws and regulations as well as streamlining business processes with local staff, I learned that information sharing and close communication between Japan and the U.S. are of the utmost importance. I also learned firsthand that providing the safer and more secure medical equipment required by the market will lead to a better future for people and healthcare and the creation of value.

By utilizing the knowledge and experience gained from this training program, I will fulfill my responsibilities to register products as soon as possible and accurately disseminate information within the Company on regulatory trends in various countries. I also aim at contributing to medical care and creating value for Nihon Kohden.



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■ Management Philosophy Training at Overseas Subsidiaries

We believe that it is important for employees of the Nihon Kohden Group with different backgrounds from various cultures and languages around the world to act in accordance with common goals and Core Values. Nihon Kohden provided educational materials to the entire group and started an education program about its Management Philosophy throughout the Group in 2019. Each employee can systematically learn about the history of the Company's foundation, Management Philosophy, and Core Values. The program provides an opportunity for employees to deepen their understanding of the Company culture and recognize the value and meaning of their jobs. In addition to the education program about its Management Philosophy, Nihon Kohden has also developed various unique measures in each country to promote understanding of its Core Values and instill Nihon Kohden's DNA.

The Global HR meeting has been held biannually since FY2021, bringing together human resources and education managers from each Group company to share each country's unique measures for spreading the Management Philosophy and Core Values, as well as to discuss new employee training and the fostering of corporate culture. In December 2022, Nihon Kohden established the Core Values Promotion Project in Japan through an internal open recruitment system. The project members from various divisions and job categories are studying "how to help employees around the world understand and practice the Core Values," and are creating and developing measures to achieve this goal.



Core Value Awards held in Brazil



Online Global HR Meetings

As a measure to strengthen governance in terms of human resources, we formulated the Global Human Resources Management Guidelines in March 2022. All Group companies follow the same policies and standards for personnel management to avoid personnel management risks. The Human Resources Department at the Nihon Kohden Head Office and the human resource managers of each Group company hold individual meetings so that each HR department can function effectively as a partner for the development of business activities. In addition to making improvements in areas that do not conform to these guidelines, we will establish a structure for each HR department to collaborate on a global basis through regular communication.

■ Core Values



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Diversity & Inclusion Promotion

Policy

By respecting diversity and creating a workplace environment in which each individual can demonstrate his/her full potential, we seek to improve job fulfillment, create new value, invigorate the organization, and enhance corporate value.

Nihon Kohden has established Diversity as one of its Core Values and promotes diversity & inclusion to realize its Long-term Vision, BEACON 2030. We develop the new potential of our teams by leveraging diversity based on empathy and trust. We respect the individuality of each person and strive to create workplace environment where a diverse range of people can work with vigor and enthusiasm, regardless of gender, age, disability, nationality, race, other diverse attributes, values, or work styles.



■ Promotion of Women's Participation and Career Advancement

In accordance with Act on the Promotion of Women's Active Engagement in Professional Life, Nihon Kohden has formulated an action plan and promoted the development of a workplace environment in which women can play an active role. Nihon Kohden has also promoted initiatives to realize a comfortable and fulfilling work environment for not just women but all employees of Nihon Kohden, so that each employee can demonstrate their abilities to the fullest. We obtained the Women's Participation Promotion Act certification mark called Eruboshi from the Minister of Health, Labour and Welfare in 2021.



We formulated an action plan for 5 years from April 1, 2021 to March 31, 2026 and set a target of increasing the ratio of female managers to at least 12% and the ratio of male employees taking childcare leave to at least 30%.

The ratio of female managers in FY2022 was 8.6% in the parent company, which was an increase of 0.7 points from the previous fiscal year. Female executives account for 11.1% of all executives (1 female outside director and 2 female operating officers).

To encourage male employees taking childcare leave, prior to the revised Child Care and Family Care Leave Law which is being enforced in stages from April 2022, we worked to raise awareness within the Company by publishing information on the rate of childcare leave taken in the Company Newsletter, together with interviews with male employees who have taken childcare leave and an overview of the law revision. In addition, we have formulated a new guidebook for male employees to help them balance childcare and work. We have also decided to subsidize a part of an employee's wage for the first month of childcare leave starting from FY2022. As a result of these efforts, the ratio of male employees taking childcare leave in FY2022 was 38.9%, exceeding the Company's target. Additionally, we have introduced a spousal maternity leave system as our unique system to support male childcare, and the combined take-up rate of this system with childcare leave was 81.4%. We will continue to develop an environment where any employee who wishes to take childcare leave can do so, regardless of their workplace or job category.

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■ Women's Activity Promotion Program

To achieve a 12% ratio of female managers, in FY2022, we started the Women's Activity Promotion Program for female employees at the leadership level who are candidates for management positions. The program is designed to help female employees think about their career development, including the option of management positions, by addressing time and physical factors related to childcare and other responsibilities and psychological factors related to job experiences and work environment. First, guidance for supervisors of female employees was provided by the Human Resources Department and an external expert so that they could talk about their expectations for the target participants in their own words, effectively support their growth, and follow up on any concerns about their work. Then, the training program for the target participants are provided three times by the external expert and they discussed each other on the themes of career design, improvement of management skills, and life design.

■ Mentor System

Since FY2015, Nihon Kohden has established a mentoring program covering mainly newly appointed managers and other female employees in mid-career. Mentors with extensive knowledge and industry experience help them resolve career development issues and support their personal growth. The program aims to help expand female employees' horizons and strengthen their internal networks through dialogue with mentors, as well as develop their humanity, judgment, and leadership skills, and motivate them to set themselves more ambitious goals. The program has been expanded to include male employees since FY2021 to support the career development of a larger number of human resources.

■ Networking Events

In FY2021, we have established the Beacon Terrace, an employee exchange meeting led by female employees who volunteered to participate. By connecting employees across divisions, the group aims to expand and improve their perspectives and strengthen their company network as well as co-create value in their respective work while fostering an organizational culture that encourages the active participation of diverse human resources.

In FY2022, five exchange meetings were held, each on a different theme, such as Job Satisfaction, Women in Management, and Balancing Work and Childcare. A total of 105 people participated. We plan to continue to hold these meetings for the free and vigorous exchange of opinions.



Exchange of opinions on the theme of balancing childcare and work

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Topics

Holding a Seminar on Unconscious Bias Management

In October 2022, Nihon Kohden held a diversity promotion seminar for supervisors entitled Unconscious Bias Management. The seminar has been held three times for the managers of domestic sales branches and area services. For the first time, this fourth seminar was attended by 115 managers in each R&D department. Through a lecture and work on the impact of unconscious bias on people and organizations, participants were able to confront their own unconscious bias. It also provided an opportunity for managers who do not normally interact with each other to share their workplace situations.

We will continue to implement training programs to promote diversity & inclusion, aiming to realize a workplace environment where each and every employee can play an active role freely and vigorously without being constrained by unconscious bias or prejudice.



Unconscious Bias Management Training



For further details on human resource development, diversity & inclusion promotion, and work-life balance, please refer to our website.

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

Targets and Results for Ensuring Diversity in Core Human Resources

	Current status (As of March 31, 2023)	Target	Achievement period
The ratio of female managers*1	8.6%	12% or more	April 2026
Appointment of female directors and operating officers*2	1 female director, 2 female operating officers	4 persons or more	April 2026
The ratio of female directors and operating officers	11.5%*4	30% or more	End of June 2030
The ratio of foreign nationals in CXO*3 or higher positions at overseas subsidiaries	53.3%	50% or more	Maintain the current status
The ratio of mid-career hires in management positions*1	42.6%	40% or more	Maintain the current status

*1 Employees at the parent company and domestic sales branches.

*2 Directors and operating officers at the parent company.

*3 C-suite such as CEO, COO, CTO, CFO.

*4 As of June 30, 2023.

Differences in Wages between Male and Female Workers

Ratio of Women's Wages to Men's Wages in FY2022

Total workers	69.8%
Permanent employees	74.7%
Part-time and fixed-term contract employees	91.2%

* Parent company only. The figure is calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

There are no gender differences in the Company's wage structure or system. However, there are differences between men and women in terms of job classifications and management ratios, resulting in differences in wages. In order to realize the Company's goal of "an organization where each individual can maximize their potential and fully demonstrate his/her full potential," we will work on measures to promote diversity & inclusion, such as increasing the ratio of female managers.

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Reforming Working Styles

Nihon Kohden has been implementing Working Style Reforms to enable greater flexibility in work styles, improve the work-life balance of employees, and maximize results without relying on long working hours. In FY2022, the annual paid leave usage rate was 49.6%. In addition to legally mandated paid leave, Nihon Kohden offers its unique paid leave program such as Accumulated Paid Leave Program and Special Paid Leave Program. In FY2022, the number of non-mandated paid leave days taken per employee was 2.8 days.

The Good Job Award, which gathers examples of initiatives that lead to improved productivity and work-life balance in each department, has been held annually since FY2019, and we have continuously improved productivity throughout the Company. There were many applications in FY2022 as well, and the efforts to revitalize the organization and improve operational efficiency by using the groupware were highly evaluated. As a new initiative to enhance employee engagement, we also collected episodes of satisfaction and pride in contributing to healthcare and shared them with all employees as an opportunity to reaffirm the significance of working for Nihon Kohden. Many episodes were received, including episodes in which an employee reaffirmed the significance of working for the Company when they encountered our products in use at a medical institution where the employee or their family were receiving treatment.



Trophies for the Good Job Award



Good Job Award ceremony

Programs to Support Work-life Balance

In FY2022, with a view to new ways of working in the post-COVID-19 world, we expanded various systems such as the Flextime System and Teleworking System to promote flexible work styles. We have also introduced a system where the Company subsidizes a part of an employee's wages for the first month of childcare leave. We focus on promoting the use of childcare leave by employees, including male employees. We are also reviewing various allowances in accordance with the introduction of the new personnel system.

Newly Established and Revised Systems in FY2022

Systems and Initiatives	Content
Flextime System	A system where employees can manage their own daily working hours. Employees can be exempted from working core hours depending on business necessity.
Teleworking System	A system where employees can work at home or a place similar to home regardless of the reason. This system is available for all employees. The previous Work at Home System, which was applicable only for specific reasons, was abolished.
Refresh Day	The program aims to encourage employees to make effective use of the time before and after work for personal relaxation, by setting aside days with shorter working hours.
Abolition of designated Casual Days	The previous Casual Days (Wednesdays and Fridays) were abolished to allow employees to work in workplace appropriate attire regardless of the day of the week.
Wage Subsidies during Childcare Leave	A system where the Company subsidizes a part of an employee's wages for the first month of childcare leave, in addition to the childcare leave benefits from unemployment insurance.

For further details on programs to support work-life balance, please refer to our website.

<https://www.nihonkohden.com/sustainability/engagement/employees/reform.html>

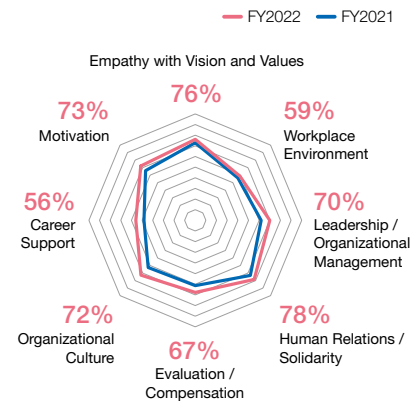


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Employee Satisfaction Survey

Nihon Kohden has set Employee satisfaction as a KPI in order to foster a corporate culture of pride in contributing to healthcare, which is one of material issues for sustainability in the Three-year Business Plan. In FY2022, as the survey in FY2021, an employee satisfaction survey was conducted for all 4,400 employees of the Nihon Kohden Group in Japan. The ratio of positive responses was calculated for all 46 items in eight categories. As a result of company-wide and departmental measures implemented based on the results of the FY2021 survey, we surpassed the FY2021 levels in all eight categories in FY2022. In particular, Empathy with Vision and Values and Human Relations/Solidarity continued to show higher levels of satisfaction. On the other hand, the ratio of positive respondents for Career Support and Workplace Environment was still relatively lower, albeit higher than in FY2021. We will share the survey results and employee opinions with all executives, and continue to implement related measures on both a company-wide and departmental basis.

■ The Ratio of Positive Respondents



Health Management of Employees

To help our employees realize an optimal work-life balance, we have introduced a regular health examination system, established a medical office staffed by industrial physicians, and implemented a stress management testing to ensure that employees can engage in their work in a mentally and physically healthy way. We are working to build a system that allows us to identify employee health risks early and provide appropriate support. With the aim of further improving the health of employees and their families, we have increased the amount of partial coverage of expenses for optional tests during annual health examinations (health support payment) since FY2021, added temporary employees to the list of eligible employees, and expanded the scope of coverage to include family health examinations for dependents of employees.

We will continue to promote initiatives to realize a healthy society. The employee absence rate was 0.5% in FY2022.

Examples of health support payment

Various cancer examinations, stomach examinations, osteoporosis examinations, hepatitis virus examinations, abdominal ultrasound examinations, brain examinations, dental examinations, comprehensive medical examinations, smoking cessation outpatient services, etc.

Harassment Prevention Initiatives

Nihon Kohden aims to contribute to the world by fighting disease and improving health with advanced technology and to continue to be an ethical company that is widely trusted by society. In its Ethical Company Declaration, the Company declares that Nihon Kohden respects the human rights of all people, and do not discriminate or commit any acts which infringe on the personality or dignity of an individual. The Company also strives to prevent harassment by clearly prohibiting it in the Nihon Kohden Code of Ethics and Conduct, Nihon Kohden Group Human Rights Policy, and Employment Regulations. In order to prevent harassment and quickly resolve it when it occurs, we have established an internal consultation counter as well as an external consultation counter which anyone can feel free to consult, and we respond appropriately to consultations. At the time of consultation, we make every effort to ensure that the privacy of the consultees and actors is strictly observed, and that they are informed that they will not be treated unfavorably in any way for reasons such as the content of the consultation or their cooperation in confirming the facts. In FY2022, there were 11 harassment consultations and 16 grievance consultations.

In response to the enforcement of the Power Harassment Prevention Law in June 2020, we have also conducted regular e-learning programs regularly for both general employees and managers to ensure a proper understanding of the revised law and harassment.

We will continue to implement e-learning in FY2023 and aim to complete 100% implementation by strengthening progress checks. Harassment training is also provided to newly appointed managers to ensure proper understanding of harassment and to prevent its occurrence.