



CSR Report 2015



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Editorial Policy

From 2015 Nihon Kohden will provide stakeholders with an annual CSR report detailing the Company's business activities and actions that contribute to the development of a sustainable society. This report will include information from the Nihon Kohden Group Environmental Report up to fiscal year 2014 as well as the following.

- Details and relationship of the Company's management philosophy, CHANGE 2020 long-term vision, Strong Growth 2017 mid-term business plan, and Sustainable Growth 2017 mid-term CSR plan in the context of Nihon Kohden's CSR activities
- Special feature stories about the development and initiatives of our "value chain" of BSM-1700 series bedside monitors, iNIBP intelligent noninvasive blood pressure measurement technology, and the YAWARA CUFF NIBP cuff as examples of how Nihon Kohden is working to solve social issues through its business
- Initiatives in fiscal year 2014 relating to society, the environment and corporate governance, plus feedback from Nihon Kohden Group employees

Reference Guidelines

- Environmental Reporting Guidelines, 2012 (Japan Ministry of the Environment)
- G4 Sustainability Reporting Guidelines (GRI)

Scope of Report

37 companies of the Nihon Kohden Group:
Nihon Kohden Corporation and 36 consolidated subsidiaries (as of March 31, 2015)

Period:

April 1, 2014 to March 31, 2015*

*Including some information from before and after this period

Disclaimer

This report is not a statement of past or present facts; it contains forward-looking statements including plans and forecasts made as of the time of publication. Forward-looking statements are suppositions or determinations based on available information at the time the statements were made. Due to changes in conditions, the results of future business activities and events may differ from these predictions.

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Published by

Corporate Planning Group, Corporate Planning Department,
Nihon Kohden Corporation

Top Message

"We will promote our Strong Growth 2017 four-year mid-term business plan and contribute to society while striving to achieve sustainable development and enhance the corporate value."

Fumio Suzuki
Chairman and CEO



Hirokazu Ogino
President and COO



Contribution through Our Business

Since 1951, Nihon Kohden has strived to contribute to the world by fighting disease and improving health with advanced technology, as well as create a fulfilling life for employees. This has led to revolutionary technologies and high quality medical devices. Today, Nihon Kohden products are used in healthcare settings around the world.

Recently, the medical business environment has changed significantly, from decreasing birthrate and aging population in developed countries, to increasing global competition and corporate governance demands.

In response, Nihon Kohden formulated The CHANGE 2020 long-term vision and company goals. To achieve this, Nihon Kohden is implementing its Strong Growth 2017 four-year mid-term business plan. Nihon Kohden is working to contribute to society while achieving sustainable Group development and enhancing its corporate value.

Sustainable Development Together with Stakeholders

Nihon Kohden and its executive officers and employees must comply with the Nihon Kohden Charter of Conduct in the course of corporate activities. This guideline together with the Company's Sustainable Growth 2017 mid-term CSR plan foster management that places importance on the Company's stakeholders.

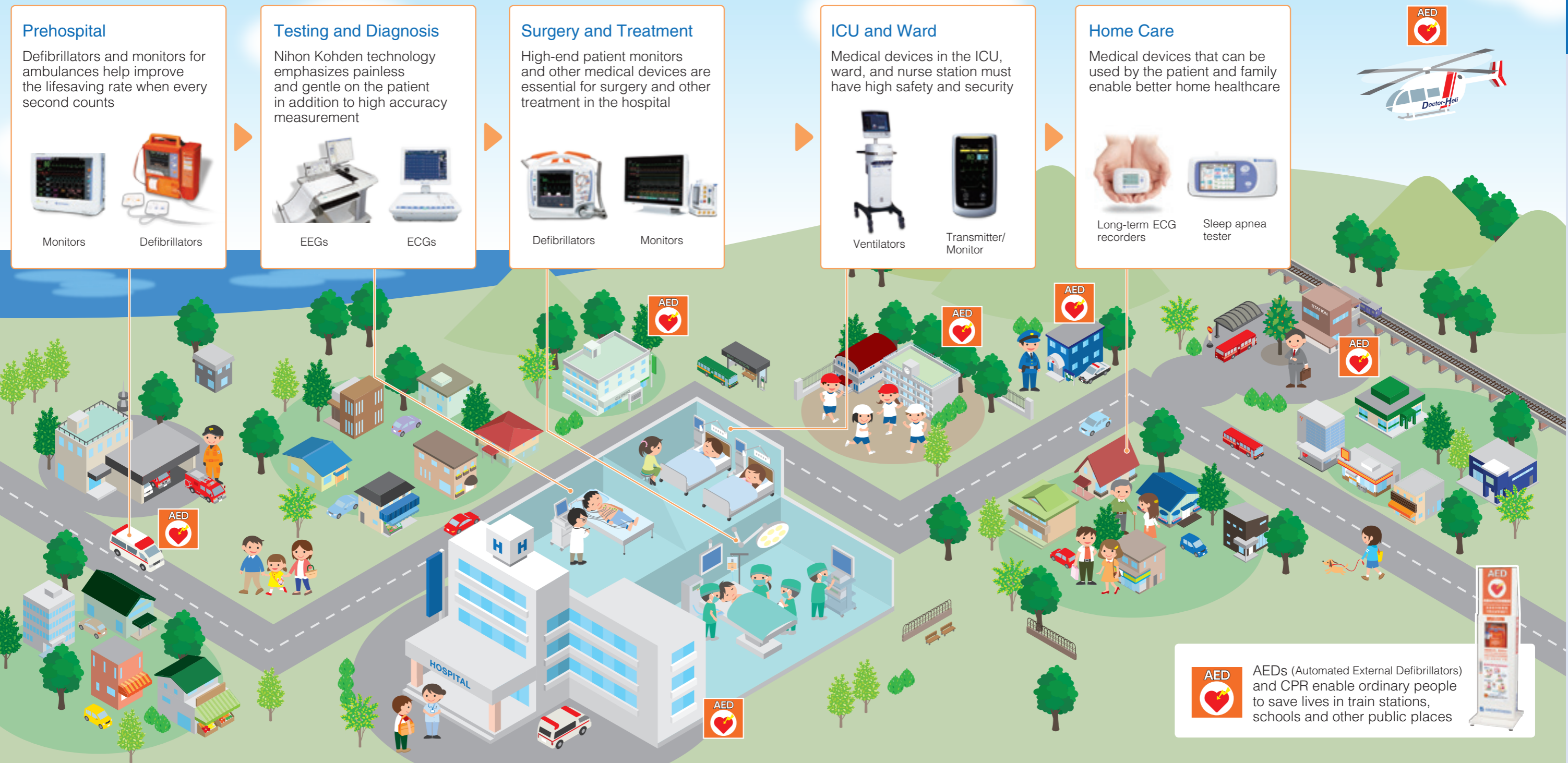
In July 2015, Nihon Kohden joined the United Nations Global Compact and will work toward the development of a sustainable society by initiatives aimed at the Ten Principles of human rights, labor, environment and anti-corruption.

Nihon Kohden will contribute to sustainable development, give value to stakeholders and achieve strong growth.



Nihon Kohden in the Hospital and Community

Nihon Kohden products can be found in the hospital as well as emergency services, home health care, and AEDs in public places, serving the medical needs of hospitals and communities.



Physiological Measuring Equipment

Sensors are one of Nihon Kohden's core technologies. High quality sensors can accurately detect the faint biological signals from the body.

Nihon Kohden sensor technology is included in our products such as EEGs, ECGs, EMG and evoked potential devices. Nihon Kohden EEGs boast a large worldwide market share.

Patient Monitors

Patient monitors continually monitor the patient's vital signs such as ECG, temperature, SpO₂ (blood oxygen saturation) and NIBP (noninvasive blood pressure). Nihon Kohden provides different monitors for different areas of the hospital, from the sophisticated multiparameter demands of the ICU, CCU, and OR to lower intensity telemetry monitoring in the ward.

Treatment Equipment

Nihon Kohden makes defibrillators for the hospital and emergency services and AEDs for public locations can deliver an electrical shock to restore normal rhythm to the heart. Nihon Kohden also imports the world's best cardiac pacemakers, ventilators, cochlear implants, and other medical equipment into Japan.

Other Medical Equipment

Nihon Kohden makes high precision hematology analyzers and reagents for laboratory blood testing, as well as instruments for clinical chemical analysis of hemoglobin A1c and C-reactive protein which are used in diagnosing diabetes. Nihon Kohden also develops laboratory products used for basic medical research.

Overview of Nihon Kohden

Nihon Kohden's core business activities are the development, manufacture and sale of medical electronic equipment, related systems and consumables, and associated maintenance and consultation. Our mission is to support all areas of clinical care,

including home care, nursing, health promotion, and research related to basic healthcare, through cutting-edge technologies and products.

Company Profile

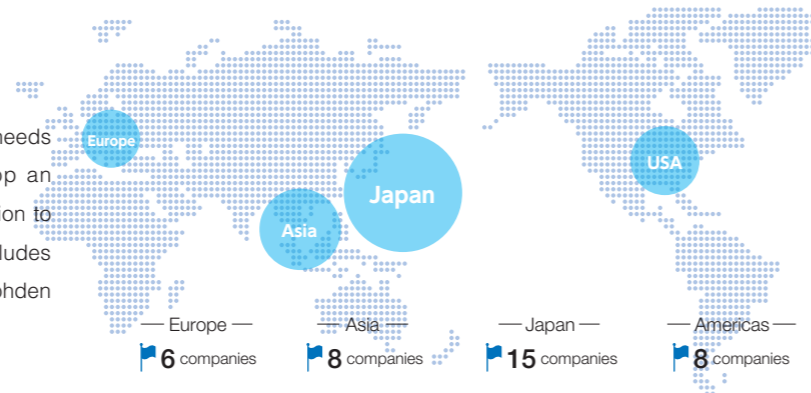
| | |
|------------------------------------|--|
| Common Name | Nihon Kohden |
| Official Name | Nihon Kohden Corporation |
| Representative Directors | Fumio Suzuki, Chairman and CEO Hirokazu Ogino, President and COO |
| Incorporated | August 7, 1951 |
| Capital Stock | 7,544 million yen (as of March 31, 2015) |
| Number of Employees (consolidated) | 4,616 (as of March 31, 2015) |
| Stock Listing | Tokyo Stock Exchange First Section under the name "Nihon Kohden" Stock Code: 6849 |



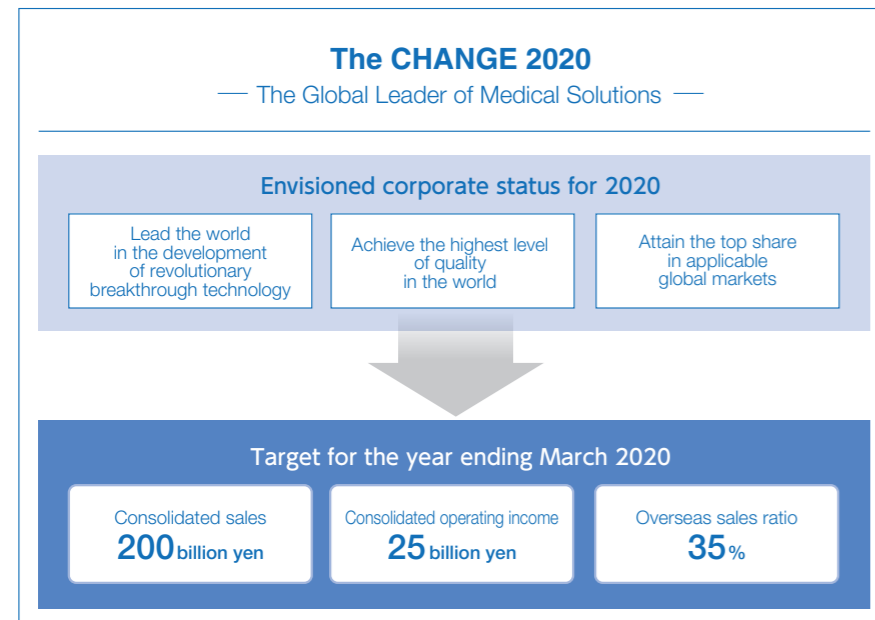
Head office

Global Network

Medicine has no borders. We pay attention to the medical needs and characteristics of each region and strive to develop an operating structure which responds to these needs. In addition to the parent company, the Nihon Kohden Group currently includes 36 international subsidiaries (as of March 31, 2015). Nihon Kohden products are exported to over 120 countries.



Long-term Vision



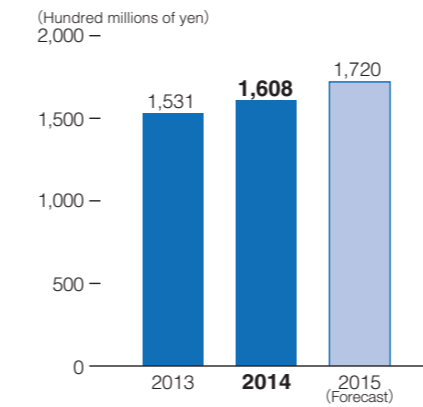
Mid-term Business Plan

(FY2016 ending March 2017)

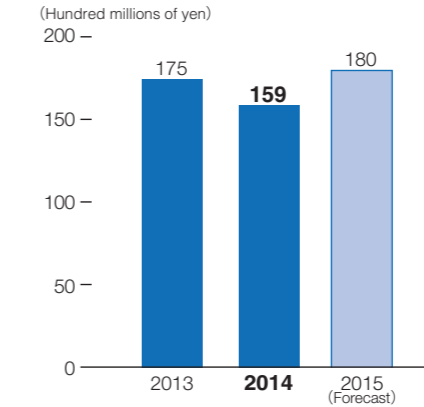
| | |
|-------------------------------|-----------------|
| Consolidated sales | 182 billion yen |
| Japan | 130 billion yen |
| International | 52 billion yen |
| Consolidated operating income | 20 billion yen |
| ROE | 13.5% |

Financial Highlights (consolidated)

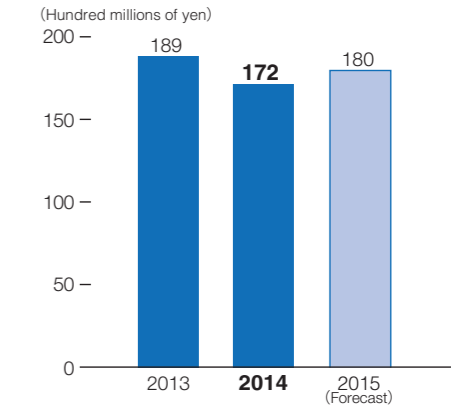
Sales



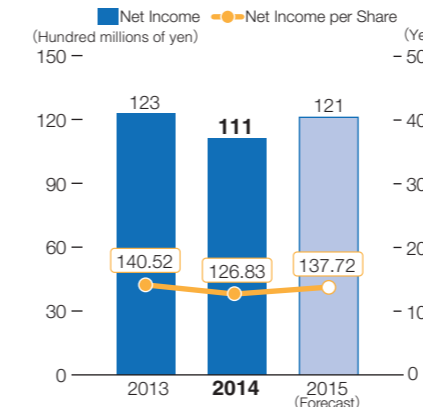
Operating Income



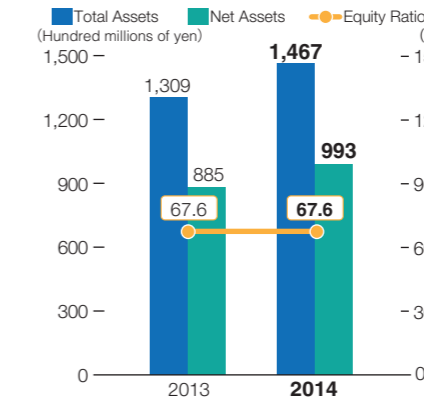
Ordinary Income



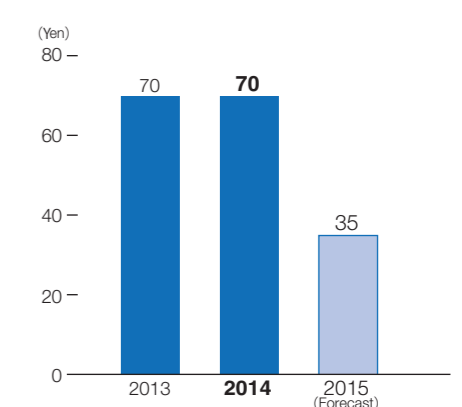
Net Income / Net Income per Share



Total Assets / Net Assets / Equity Ratio



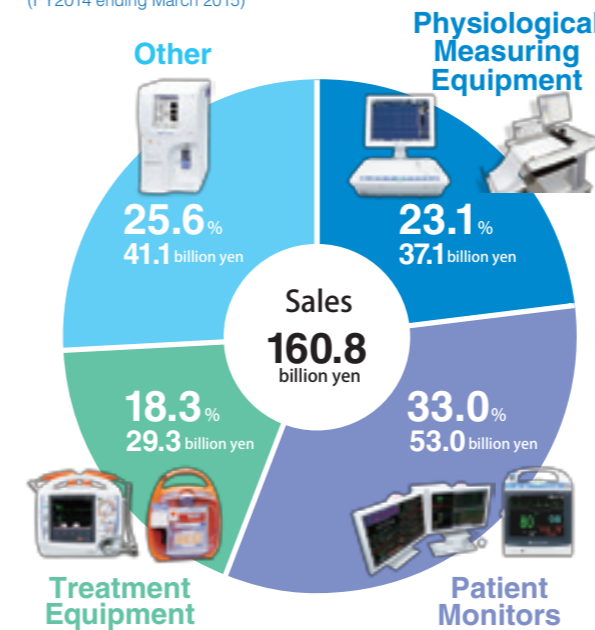
Dividend per Share



*Effective April 1, 2015, Nihon Kohden Corporation split each share of common stock into two shares. The company calculated net income per share on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2014 (FY2013). The dividend forecast for the following period (FY2015) is based on the stock split.

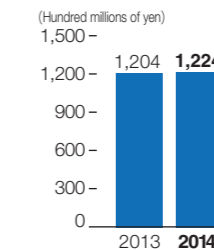
Sales by Product Category

(FY2014 ending March 2015)

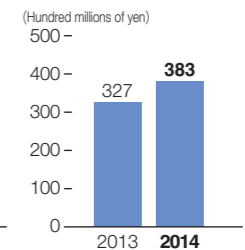


Sales by Region (consolidated)

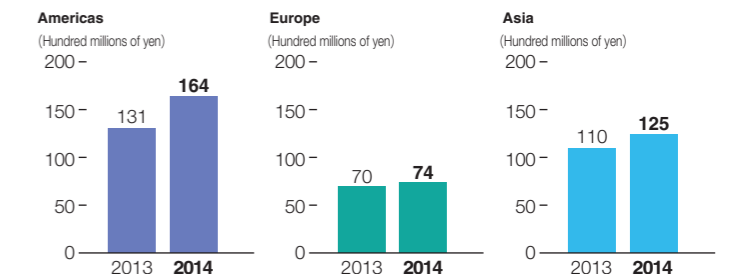
Change in Sales in Japan (Hundred millions of yen)



Changes in International Sales (Hundred millions of yen)



Change in International Sales in Major Regions



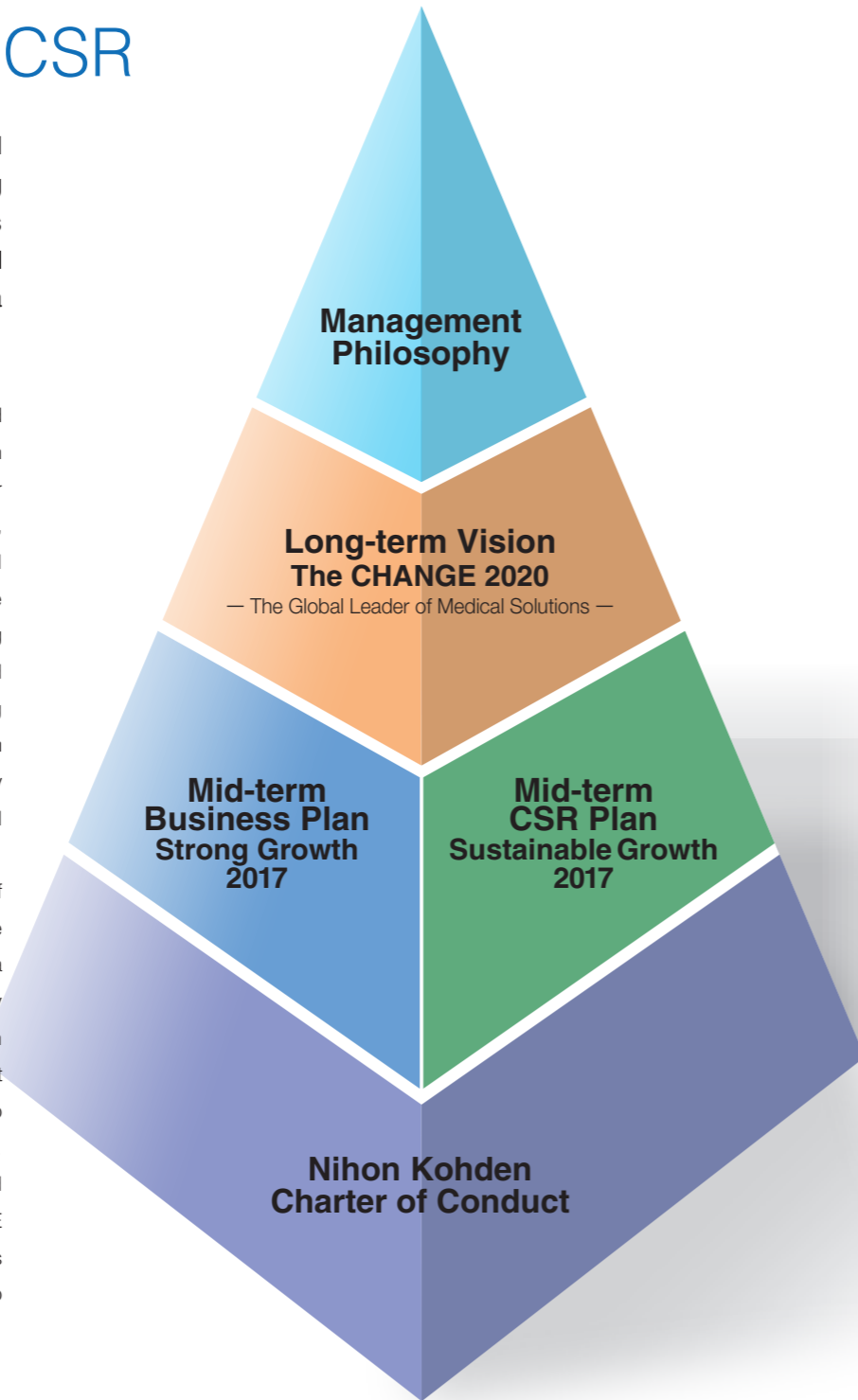
Nihon Kohden's CSR

Nihon Kohden is working on social issues by fighting disease and improving healthcare through its business activities as a medical device manufacturer and by contributing to the realization of a sustainable society.

To realize its mission of contributing to the world by fighting disease and improving healthcare with advanced technology, and to create a fulfilling life for its employees, Nihon Kohden is working all areas, including products, services, technology, financial standing and quality of its employees, to earn the trust of customers and all stakeholders including shareholders, business partners and society. Toward this end, Nihon Kohden has prepared its Strong Growth 2017 mid-term business plan, under which the Company aims to provide the world's best quality medical devices and become a leader in the global medical device industry with global expansion.

The Company also recognizes the importance of its business activities in not only enhancing corporate value but also contributing to the development of a sustainable society. Toward this end, the Company made its Sustainable Growth 2017 mid-term CSR plan which identifies issues in healthcare, environment and corporate activities which the Company needs to address, sets targets, and outlines specific activities.

With synergy between business activities and CSR, Nihon Kohden aims to realize The CHANGE 2020 long-term vision through daily operations that enhance corporate value and provide value to society.



In July 2015, Nihon Kohden signed on to the United Nations Global Compact. By engaging in corporate activities that adhere to the Ten Principles of the United Nations Global Compact in the areas of human rights, labor, environment and anti-corruption, Nihon Kohden seeks the trust of society and to contribute to a sustainable society.



Ten Principles of the United Nations Global Compact

| | |
|------------------------|--|
| Human Rights | Principle 1: Support and respect the protection of human rights Principle 2: Avoid being complicit in human rights abuses |
| Labor | Principle 3: Freedom of association and effective recognition of the right to collective bargaining Principle 4: Eliminate forced and compulsory labor Principle 5: Effective abolition of child labor Principle 6: Elimination of discrimination in respect of employment and occupation |
| Environment | Principle 7: Support a precautionary approach to environmental challenges Principle 8: Undertake initiatives to promote environmental responsibility Principle 9: Encourage the development and diffusion of environmentally friendly technologies |
| Anti-corruption | Principle 10: Work against corruption in all its forms, including extortion and bribery |

Management Philosophy

We contribute to the world by fighting disease and improving health with advanced technology, and create a fulfilling life for our employees

Long-term Vision The CHANGE 2020

— The Global Leader of Medical Solutions —

Lead the world in the development of revolutionary breakthrough technology

Achieve the highest level of quality in the world

Attain top share in applicable global markets

Mid-term Business Plan Strong Growth 2017

- Pursue the highest level of quality in the world
- Strengthen technological development capabilities
- Strengthen business expansion by region
- Achieve further growth in core businesses
- Develop new businesses
- Consolidate corporate fundamentals

Basic Principles

Each and every employee will act autonomously and implement the following principles aimed at realizing the Company's long-term vision:

- User Oriented**
Take all necessary actions for the customer
- Relationships**
Strengthen relationships with customers and partners both inside and outside the Company
- Global**
Enhance global communication skills as well as think and act with a global perspective
- Speed**
Strive to do everything with greater speed

Mid-term CSR Plan Sustainable Growth 2017

Healthcare

Policy 1

Fighting disease and contributing to the advancement of healthcare through products and services

- Priority Issues: Improve efficacy and accessibility of diagnosis and treatment
- Priority Issues: Improve quality of care throughout the care cycle
- Priority Issues: Improve safety and security of patients and users
- Priority Issues: Improve efficiency of users

Environment

Policy 2

Conserve the global environment and make improvements through all corporate activities

- Priority Issues: Provide environmentally friendly products
- Priority Issues: Promote energy conservation and waste reduction

Corporate Activities

Policy 3

Strengthen the foundation of CSR activities in all areas of corporate activities

- Priority Issues: Improve corporate governance
- Priority Issues: Respect human rights and promote appropriate work practices
- Priority Issues: Promote fair business practices
- Priority Issues: Community involvement

Nihon Kohden Charter of Conduct

- We fight disease and improve healthcare with advanced technology, and contribute to medical care around the world by providing high quality products and services with consideration of the environment and safety, and earn the trust of customers and patients.
- We comply with applicable laws, regulations, restrictions and company internal and external rules as well as social norms, and conduct fair and legitimate business activities.
- While maintaining a sound relationship with politics and government, we engage in fair, transparent and free competition and appropriate transactions.
- We take a firm stand against anti-social forces, such as organized crime groups, that threaten the order and safety of civil society, and have no relationship with them.
- In all aspects of our business activities, we respect the human rights of all people and we do not commit unreasonable discrimination or any act which infringes on the personality and dignity of an individual.
- We communicate with the public extensively as well as shareholders, and disclose corporate information properly and fairly, and carry out highly transparent management.
- We are aware of our responsibility as a corporate citizen in the international community, and respect the culture and customs of each country and region, and actively carry out social contribution activities.
- We are mindful of environmental issues as a global citizen, and address those issues voluntarily and proactively to leave for our posterity a healthy global environment.
- We ensure a safe and comfortable working environment and create a fulfilling life for our employees.

CSR Slogan

NIHON KOHDEN – for precious life –

This slogan articulates Nihon Kohden's desire as a medical device manufacturer to contribute not only to human life but to all forms of life on earth through its business and CSR activities.



Improving Quality of Care through Our Business

Patient monitors are indispensable in diagnosis and treatment

Patient monitors continuously monitor the patient's ECG, blood pressure and vital signs as an essential tool in diagnosis, treatment and discovering abnormalities. Nihon Kohden develops new technologies and products to solve the issues faced by medical staff and patients. At every stage from production to sales and after-sales support, we make thorough efforts to guarantee quality and safety.



Issues in Transport and Patient Monitoring

Critical patients are often transported from the emergency room to the operating room or ICU. Since the patient's condition can quickly change during transport, a transport monitor is used to monitor the patient's condition without interruption during transport.

A safety issue in transport monitoring is that there is an interruption in monitoring as well as a task efficiency issue when the medical staff detach and reattach the patient electrodes from the transport monitor and monitoring equipment in other rooms in the hospital.

Another issue in medical care is improvement of noninvasive blood pressure monitoring. With conventional noninvasive blood pressure measurement systems, when a sudden fluctuation in blood pressure occurs, the pressure applied by the cuff wrapped around the patient's upper arm can easily become too strong or too weak. This places stress on the patient and can lengthen the time required for measurement.

Solutions for Safety and Efficiency in the Medical Facility

To solve these important issues, Nihon Kohden developed the BSM-1700 transport monitor. In addition to functioning as a transport monitor, BSM-1700 can also function as an input unit for other monitors in the hospital. This revolutionary solution means that the patient is always connected to one monitor before, during and after transport without any interruption and the medical staff do not need to connect and disconnect cables when the patient is moved to a new room. The patient remains connected to the compact BSM-1700 monitor and the BSM-1700 is connected to different monitors in different rooms for seamless monitoring.

BSM-1700 also includes Nihon Kohden's revolutionary iNIBP technology, which can measure the patient's blood pressure with less cuff inflation pressure. It also gives a result more quickly than conventional cuff measurement. The result is less stress on the patient and improved patient safety and security.

The Story Behind the Development

In 2013, Nihon Kohden developed the BSM-1700 monitor, iNIBP technology, and the YAWARA CUFF NIBP cuff based on a desire to contribute to the medical staff who are giving their all every day to protect the lives of their patients. Since its release, the BSM-1700 has received high praise with increasing sales in Japan and other countries. We would like to highlight some development stories from the engineers who are proud to bring the world these technologies.



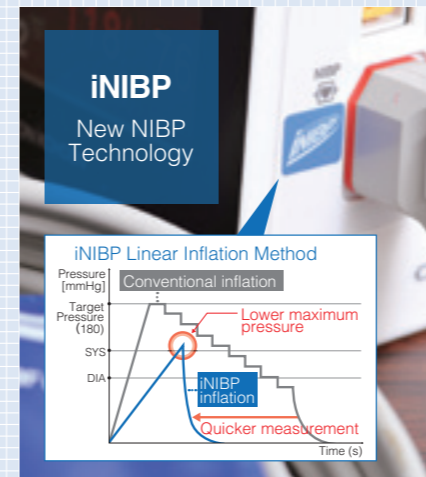
BSM-1700 Transport Monitor



From Concept to Reality

We began with the resolution to never make compromises for the convenience of the maker and to realize smart patient transport and smart data transport. We pursued development on two fronts simultaneously. The first challenge was sophisticated functionality including a large, easy to see screen to display the vital signs during transport, easy to see alarm indicators, and long battery life which eliminates user stress during the work flow. The second challenge was making it compact, lightweight and sturdy. High performance functionality introduces technical issues such as increased heat inside the compact body. After a process of iterating design innovations, we finally developed a transport monitor true to the original concept.

iNIBP New NIBP Technology



Development from the Patient's Perspective

We developed a new way of NIBP cuff measurement from the perspective of the person receiving measurement. The physicians, nurses and patients who tested the iNIBP method were astounded at the difference from conventional method inflation. We conducted meticulous testing to confirm that the measurement accuracy was as good as the conventional method. We also added a function to automatically switch to conventional inflation in circumstances that make it difficult to measure blood pressure such as harsh vibration and jarring during transport. This enables the staff to measure blood pressure with the best method for the situation. iNIBP reduces patient stress and improves work efficiency for the medical staff.

YAWARA CUFF Gentle NIBP Cuff



More Gentle on the Patient

The NIBP cuff with pressure sensor has a long history and an assumption that there is no more room for improvement in the cuff. By questioning this assumption from the perspective of the patient and medical staff, we were able to develop an innovative new cuff. In addition to a new inflation method, we used new, more comfortable materials and an inner liner to reduce the bruising that conventional cuffs sometimes cause. We added an anti-blockage tube to prevent obstruction of blood flow in the arm if the cuff pressure is not released. We also designed the cuff so the medical staff can easily remove the outer part for cleaning. YAWARA CUFF provides greater comfort, safety and security for patients, and easier handling for the medical staff.

Creating Value through Business Activities — Saving Lives



Production and Quality

Improving Quality through Production and Inspection

We cannot compromise when it comes to production and quality control of medical devices which affect the lives of patients. To produce the BSM-1700 which packs dozens of technologies into a small chassis, we worked with the development team to create a special system to prevent defects during production.

Nihon Kohden employs a cell production system where one individual or a small team is responsible for all processes in one product. Workers gain skills and a sense of responsibility. This leads to improved quality, more sensitivity to small deviations during production, and contributes to the discovery of non-conformities at an early stage. For BSM-1700, production is divided among three people. Stickers with the name of the assembler are affixed inside each product to clarify the responsibility. Five inspection stations were established for incoming inspection, in-process inspection and final inspection. QA staff regularly inspect each station and assembly line. Our production mission calls for appropriate utilization of functions. To carry out our responsibilities, production staff work together to maintain and improve quality.



Japan Domestic Marketing

Contributing to Solving Issues Faced in Medical Settings

It is our responsibility as a medical device maker to promote widespread use of our products to help improve the quality of care. For BSM-1700, we are marketing to a wide range of user segments in hospitals and private clinics. Sales have experienced healthy growth from the start.

Our sales activity goes beyond providing products. Through dialogue with customers, we discover their concerns and develop solutions. We convey this feedback to the engineers who incorporate it into product development. Because of this feedback process, BSM-1700 meets the customers' needs so Nihon Kohden sales representatives can recommend it with confidence.

We will continue promoting the features of BSM-1700 and Nihon Kohden products and technologies and contribute to healthcare in Japan with user feedback driven products.



International Marketing

Delivering Medical Solutions to the World

The concerns and needs in medical practice are common around the world so we actively promote BSM-1700 internationally. Outside Japan, there is even more demand for transport monitors and BSM-1700 has quickly gained popularity in emergency and advanced medical care settings. Nihon Kohden still has low name recognition in some countries but we are working to promote BSM-1700 as a solution to improve work efficiency for in-hospital transport in emergency and advanced care settings.

In countries where sales are mainly through distributors, we will develop human resources for solution-oriented sales, provide distributor training, strengthen after-sales support systems, and develop a framework to respond to local needs.

We also recognize our responsibility to address medical needs in rapidly emerging countries like India and in the Middle East and Asia.

The existence of medical devices itself can contribute to society. We will strive to realize our founding vision to save lives around the world through our products and healthcare solutions.



After Sales Service

Providing Security with the Idea of Preventing Malfunctions

Product malfunction can affect the lives of patients. In Japan, service personnel are assigned to 68 locations around the country where they can be swiftly dispatched to handle maintenance or any other problem. However, only performing repair after a device has broken is not enough for the product to be safely used. Therefore we established a Preventive Plan to prevent malfunction in advance and create the conditions for continuous safe use of our products. The timing of parts replacement is determined by repair history and other factors so parts are replaced at the optimum time before problems occur. This helps maintain all devices in safe operating condition at all times.

Nihon Kohden is also building the framework where our call centers handle time-sensitive inquiries and provide swift solutions. Swift and sure support can save lives. This thought drives us to pursue safety and security for the medical staff and patients.

Production staff insist on quality

"Medical device quality means continued production of a product that is expected to be used safely for a long time. No matter how good the design, defect-free production is the key. We take responsibility for the patient's life with our high quality production and inspection."



Noriko Fukuda
Manager, Production Section 1,
Production Department 1,
Nihon Kohden Tomioka Corporation

Contributing to healthcare development

"BSM-1700 incorporates all kinds of customer feedback. Recognition in the market is still not what I hope but I'm motivated to contribute to the development of healthcare in Japan through the widespread use of our products."



Yuta Ikeda
Sales Promotion Section,
Sales Promotion Department,
Sales Operations

Feeling pride in products that save lives around the world

"Global use of our products supports Nihon Kohden's vision of saving lives with medical devices. Despite institutional and cultural differences, healthcare professionals around the world share the same concerns. I am proud to deliver Nihon Kohden's unique technologies and products to the world."



Shinichiro Ejima
Manager, Critical Care Solutions,
Sales & Marketing Department,
International Operations

"Face to face" service is our strength

"We strive to personalize our service, listen to customer feedback, and make improvements. If we can prevent breakdowns in advance and all personnel deliver high quality support, we can further strengthen the relationship of trust we enjoy with our customers."



Hitoshi Yamochi
General Manager,
Business Promotion Department,
Customer Service Operations

Improving Safety and Security

As a maker of medical devices which affect lives, we aim to provide products and services that give the customer safety and security.



Sustainable Growth 2017 Priority Tasks

- Improve safety and security of patients and users

Sustainable Growth 2017 Targets

- Provide high quality products and service that deliver medical safety and security
- Develop new technologies that contribute to medical safety and security

Quality Policy and Quality Management

Medical devices used in advanced medical care require the highest level of quality and safety. Nihon Kohden's quality policy is "To have the customers feel continuous satisfaction with their purchase of Nihon Kohden products."

Our long-term vision for 2020 includes the goal of "achieving the highest level of quality in the world." In pursuit of product and service quality, we set three targets for daily quality improvement activities.

- "Risk Zero" design and production
- Achieve a high utilization rate by users
- Achieve excellent usability

To achieve this quality policy and long-term vision, Nihon Kohden set Group quality targets and continually strives to ensure customer satisfaction and quality in all processes from development to production, sales and after-sales service. Nihon Kohden complies with the medical device regulations of each country and was one

of the first in the industry to ensure that its management systems conform to global standards. This ensures the ability to develop and manufacture medical devices with high quality and safety. Nihon Kohden has received ISO 9001 quality management system certification and ISO 13485 certification for the medical devices sector. Our Reliability Center, which carries out product evaluation, has received ISO 17025 for testing and calibration labs.

Support Systems to Ensure Safety

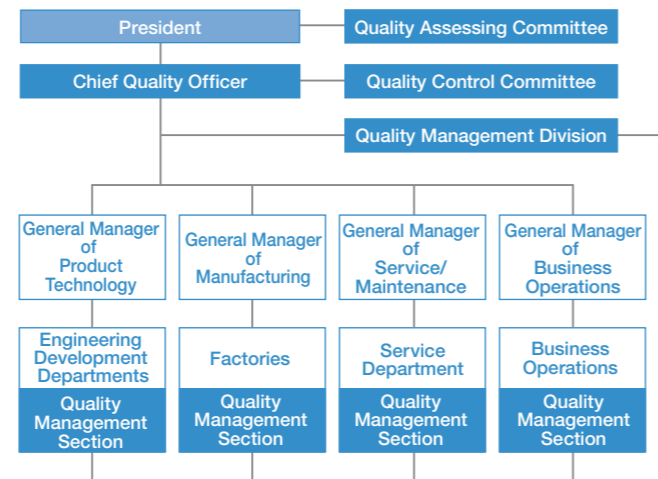
Nihon Kohden not only strives to improve the quality and safety of its products, but also supports customers in safety management and promotes medical technology to help ensure safety after delivery of the product.

In Japan, Nihon Kohden deploys specialized personnel who have accreditations such as Medical Device Information Communicators (MDIC)*. We also organize safety workshops for users to ensure that they use our products correctly. We held 1,698 workshops in FY2014.

ISO 9001 Certificate, ISO 13485 Certificate



Quality Management System



*MDIC is an accreditation program established by the Japan Society of Medical Instrumentation (JSMI) to cultivate personnel who can contribute to patient safety and the improvement of healthcare quality.

Communication with Customers

Communication with customers after their purchase is an important part of Nihon Kohden's quality policy. We have a call center to respond to customer inquiries 24 hours a day, 365 days a year whenever there is a question or issue with a Nihon Kohden product, system or service. There are telephone hotlines for each product line and operators are trained in each product to resolve any issue the customer may have.

To incorporate the feedback from customers into product development and improve services, Nihon Kohden also conducts customer satisfaction surveys in Japan and abroad.



Workshops and Seminars

Providing healthcare professionals with appropriate information is important for supporting improvement in the safety of healthcare. Nihon Kohden organizes and co-sponsors workshops and seminars to disseminate academic information and clinical knowledge leading to medical safety and appropriate use of medical devices. Nihon Kohden reaches nurses and medical interns by Japan domestic and international academic seminars on ECG, cardiology and other subjects, by vital sign seminars that teach physiological knowledge such as blood pressure, pulse and temperature, and by ME workshops that teach about medical devices to ensure their safe use.

Major Workshops and Seminars in FY2014

| | Events (Attendees) | Topics | Region |
|----------------------|--------------------|---|----------------|
| Academic Seminars | 6 (800) | Clinical ECG, systems, other | Japan |
| Vital Signs Seminars | 6 (1,600) | New technologies, safety and perioperative vital signs, other | Japan |
| ME Workshops | 480 (16,000) | Monitors, EEGs, ventilators, other | Japan |
| | 15 (340) | EEG, EMG, other | Americas, Asia |

Activities in FY2014

- We promoted initiatives to improve quality based on Group quality targets. However, targets were not met for some items.

International Workshops

Nihon Kohden holds EEG and EMG workshops for medical interns and lab technicians in developing countries. These teach medical equipment related knowledge such as how to attach electrodes, basic recording techniques and how to record clear EEG and EMG with minimal noise. Other seminars provide knowledge on fluctuations in normal waveforms due to various factors, how to distinguish between normal and abnormal waveforms, and how to differentiate abnormal waveforms and noise.

By providing the information needed to handle medical devices appropriately, these workshops contribute to safety and quality of healthcare while improving customer satisfaction with Nihon Kohden products and services.



Seminars for medical staff in Japan Seminars in various countries



Electrode attachment training Training with actual devices

Teaching the importance of electrodes in ECG monitoring

"Electrodes are the connection points between the patient's body and the device that measures the ECG. In monitor and ECG workshops for medical staff, explanation starts with basic knowledge such as where and how to place what kind of electrodes. Many workshop participants experienced for themselves that correct electrode attachment leads to more precise ECG, alarms and analysis."



Shinichiro Sakamoto
Leader, Training & Development Team, Educational Group Phoenix Academy (Human Resource Development Center)

FY2015 Action Plan

- Continue initiatives to improve quality based on Group quality targets

Improving Quality, Accessibility and Efficiency of Healthcare

We aim for higher quality, accessibility and efficiency of healthcare by innovative technology and product development.



Sustainable Growth 2017 Priority Tasks

- Improve efficacy and accessibility of diagnosis and treatment
- Improve quality of care throughout the care cycle
- Improve efficiency of users

Sustainable Growth 2017 Targets

- More access to healthcare in developing countries, PAD* market, etc.
- Provide solutions that improve work efficiency in medical facilities

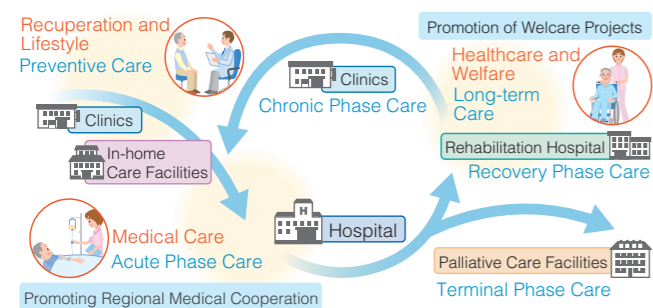
Improving Quality of Care throughout the Care Cycle

Many developed countries face an aging population and the health care system must respond. In Japan, the Ministry of Health, Labour and Welfare is developing a comprehensive regional care system and strengthening coordination between nursing care, medical care and prevention to allow the elderly to live in familiar surroundings.

Nihon Kohden provides solutions that span the entire care cycle from prevention to testing, diagnosis, treatment and rehabilitation. In March 2015, we began a demonstration project for Tomioka City's SUKOYAKA® elderly monitoring service designed for elderly persons living alone. It uses home stations and activity meters in the homes of elderly persons to monitor lifestyle rhythms and environmental changes.

Nihon Kohden is also facilitating healthier lives for the elderly by providing evidence-based information such as best exercise programs based on the results of an epidemiological study on the advancement of health of the elderly conducted by Nakanojo Town in Gunma Prefecture.

Providing Solutions throughout the Entire Care Cycle



Improving Quality of Life (QOL) for Patients

Nihon Kohden's TMU-1100 magnetic stimulator alleviates the symptoms of overactive bladder in adult female patients by magnetically stimulating the nerves of the pelvic floor region. This new treatment helps patients who don't respond to conventional drug-based treatment or are unable to complete medication courses due to side effects.



Magnetic Stimulator TMU-1100

Improving Efficiency of Users

The ZT-210P Palm View portable receiver/transmitter simplifies the work of the care staff. When the Palm View device carried by the staff moves into proximity of a patient transmitter, it receives the signals from the transmitter and displays the electrode connection status and numerical data and waveforms of ECG, heart rate, respiration rate, SpO₂ and other physiological information on a small screen. Without Palm View, this patient data can only be checked by going to the nurse station. Palm View lets the staff check the patient's vital signs anywhere and simplifies their work. By innovation and utilizing IT system data, Nihon Kohden is contributing to reducing the workload of medical staff.



ZT-210P Palm View portable receiver/transmitter

We aim to develop products that focus on the fine details

"We had many struggles during development to make this device compact, lightweight and sturdy. After releasing the ZT-210P Palm View, many medical staff commented on how surprised they were at its convenience. They can easily check the patient's vital signs while they are undergoing rehabilitation and other treatment. We

also heard that it led to early discovery of abnormal changes. I think that if we can give the nurses more leeway in their duties through the use of devices, they can spend more time with the patients and as a result, the quality of care will improve. We hope to develop more future products that focus on these fine details."



Aoi Ozaki
Section 2,
Engineering Department 2,
Monitoring Business Operations

Unique Measurement Parameters

Utilizing its technological capabilities, Nihon Kohden strives to solve the issues faced by medical staff and patients and develop unique parameters that lead to better quality and more efficient healthcare.

● synECi18

This technology uses the normally measured 12-lead ECG to derive the 6 additional right side and back leads which are not normally measured because of the cumbersome procedure but which are helpful in identifying right side and posterior infarction. synECi18 provides useful 18-lead screening to reveal more information about the heart condition.



● iNIBP

This technology detects the pulse during instead of after arm cuff inflation. This allows quicker and more gentle noninvasive blood pressure measurement with lower cuff pressure.



● esCCO

This technology provides continuous estimated measurement of cardiac output based on the pulse waves obtained from the ECG and pulse oximetry. Previously, cardiac output could only be measured by inserting a catheter into the pulmonary artery. esCCO is pain-free and stress-free. Sales started in Europe in 2011 and clinical studies are continuing.

Widespread Adoption of CPR and AED

When a person goes into cardiac arrest, prompt use of CPR and AED can save their life. To increase the availability of these lifesaving devices and educate as many people as possible about their use, Nihon Kohden strives to increase the number of public AED installations and conduct workshops on CPR technique and AED use in Japan and other countries.

In FY2014, about 7,000 people took part in the workshops conducted by Nihon Kohden. We also loaned AEDs and support personnel to major events such as the Tokyo Marathon. In recent years we have also increased our support at international events. A Nihon Kohden AED was used during a marathon in Wuxi, China, marking the first case of a life being saved through an AED at a marathon in China.

Nihon Kohden will continue its work to save precious lives by expanding the installation of AEDs, holding workshops, and sponsoring events.

Recent AED Workshops in Japan

| | Workshops | Participants |
|--------------|--------------|---------------|
| FY2010 | 363 | 8,439 |
| FY2011 | 289 | 5,780 |
| FY2012 | 349 | 6,238 |
| FY2013 | 334 | 5,261 |
| FY2014 | 390 | 6,953 |
| Total | 1,725 | 32,671 |



CPR/AED workshop

We want to raise awareness of the potential of AEDs to save lives

"I run workshops that teach customers and Nihon Kohden Group employees how to use AED and CPR techniques. In fact, there have been news reports of people saving a life after taking a Nihon Kohden workshop. I feel that having as many people as possible learn that handling an AED is much easier than they

think will raise awareness of the lifesaving potential. I take pride in our responsibility and attitude to save as many lives as possible by increasing the number of people who can use AEDs. We will continue to train more people."



Akiko Ozeki
Nurse, Instructor,
Training & Development Section,
AED Sales Department

Activities in FY2014

- Approximately 400 AED workshops in Japan and abroad
- ZT-210P Palm View won Good Design Award

FY2015 Action Plan

- Launch SUKOYAKA® elderly monitoring service
- Continue AED workshops in Japan and abroad

*Public Access Defibrillation (PAD) is defibrillation performed by an ordinary citizen using an AED. The PAD market includes public facilities, schools and private companies.

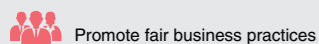
Relationship with Business Partners

Ensuring Fair Trade Practices

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



Sustainable Growth 2017 Priority Tasks



Promote fair business practices

Sustainable Growth 2017 Targets

- Implement initiatives such as CSR procurement that lead to the promotion of fair business practices

Procurement Policy and Procurement Standards

We practice sound and fair purchasing and have established a procurement policy and procurement standards to ensure that all activities across the value chain, including at our business partners, are sound and fair. We inform our employees and business partners of this policy and these standards.

Nihon Kohden Procurement Policy

- 1 Comply with relevant laws and ordinances and social norms in business transactions.
- 2 Properly manage and protect confidential information and personal information obtained through business transactions.
- 3 Build relationships of trust. Practice fair, equitable procurement.
- 4 Practice proper quality, cost and delivery for customer needs.
- 5 Reduce our impact on the environment and practice procurement according to separately stipulated green procurement guidelines (*see page 23).

Nihon Kohden CSR Procurement Standards

- 1 Comply with applicable laws, ordinances, and government circulars such as the Companies Act, Anti-Monopoly Act, Act against Delay in Payment of Subcontract Proceeds, and relevant labor and environmental laws and regulations.
- 2 Comply with relevant import/export laws and regulations and the laws of countries and regions where we operate.
- 3 Do not infringe upon intellectual properties, including patent rights, copyrights, and trademarks, etc.
- 4 Do not give or receive inappropriate personal benefits.
- 5 Do not do business with anti-social persons or groups.
- 6 Respect the human rights of all people and not discriminate against employees in their benefits or employment.
- 7 Do not use child labor or forced labor.
- 8 Comply with safety standards and regulations of all countries and regions. Strive to maintain and enhance quality and build a quality assurance system that meets our standards to meet customer needs.
- 9 Promote environmentally aware green procurement. Strive to reduce the impact of our products on the environment during their life cycle.
- 10 Properly manage and protect confidential information and personal information obtained through business transactions.

Putting CSR Procurement Standards into Practice

To ensure that each and every employee has a correct understanding and awareness of sound and fair business practices and puts the CSR Procurement Standards into practice, we promote understanding and compliance with the Fair Competition Code, Act against Delay in Payment of Subcontract Proceeds, etc. as part of compliance training provided to all employees.

Further, with the aim of promoting the CSR Procurement Standards across the entire supply chain, Nihon Kohden also asks its business partners for their understanding and cooperation with the Nihon Kohden CSR Procurement Standards. Business partners are required to conduct a periodic self-assessment on their environment and quality activities and answer a "CSR Activity Questionnaire" to confirm awareness and state of compliance with the Nihon Kohden's CSR Procurement Standards.

In FY2014 we surveyed applicable business partners and received responses from all those surveyed.

Main items in the CSR Activity Questionnaire

- Activities relating to :
- Legal compliance and fair business practices
 - Human rights
 - Quality
 - The environment
 - Information management
 - CSR promotion



We work to ensure that CSR activities also extend to our business partners.

Activities in FY2014

- CSR Activities Questionnaire for business partners
- Began disclosing information based on Transparency Guidelines for Medical Device Industry and its Relationship with Medical Institutions and Other Organizations

FY2015 Action Plan2017

- Continue to conduct CSR Activity Questionnaire
- Consider actions in response to conflict minerals

Relationship with Shareholders and Investors

Enhancing Information Disclosure and Shareholder Return

Our management is highly transparent through appropriate information disclosure and we strive for stable long-term returns to shareholders.



Shareholder Returns Policy

Delivering shareholder returns is one of our most important management tasks. Our basic policy is to continually provide a stable long-term dividend to shareholders with a target consolidated dividend payout ratio of 30% or more, while securing necessary retained earnings for future growth in areas such as R&D investment, capital investment, M&A and human resource development.

Information Disclosure Policy

The Nihon Kohden Corporate Charter of Conduct requires that we aim for highly transparent management by fair and proper disclosure of corporate information to shareholders and society. We disclose Nihon Kohden Group related information in a timely, appropriate, fair and ease-to-understand manner. We seek to deepen understanding and trust from all stakeholders and gain appropriate evaluation of the company.

Shareholder and Investor Engagement

● General shareholders' meeting

We hold our general shareholders' meeting on a date that does not conflict with those of other companies to ensure that shareholders can attend. For foreign shareholders, convocation notices are prepared in English and posted to our website.

● Earnings presentations

Nihon Kohden hosts earnings presentations (interim and full-year results) for securities analysts and institutional investors and organizes teleconferences (1st and 3rd quarter) where we discuss the Company's performance and strategy. Videos of the presentations and materials are posted to our website and available to all shareholders and investors.

● Company briefings and events for individual investors

We hold company briefings so individual investors across Japan can see our management strategy and business operations and extend their long-term support. We also have booths at investor relations events for individual investors, so the general public can see Nihon Kohden's products.



Events for Individual Investors
TSE IR Festa 2015

● Investor relations page

Our website publishes key information needed by shareholders and investors, such as management policy, financial and performance highlights, dividend information and various disclosure documents. Information about the company's long-term vision, mid-term business plan, businesses and products is also published.

Topics

Nihon Kohden receives award for excellence in Daiwa Investor Relations 2014 Internet IR Awards

Nihon Kohden received an award for excellence in the Daiwa Investor Relations 2014 Internet IR Awards in November 2014. Daiwa Investor Relations Co., Ltd. evaluated and scored the IR sites of all 3,605 publicly-listed companies according to its independent standards and selected 141 companies with exceptional IR sites that are actively utilized for information disclosure and engagement.

Nihon Kohden listed in JPX-Nikkei Index 400

Nihon Kohden has been listed in the JPX-Nikkei Index 400 since January 2014. This is a share index of "companies that are highly attractive investments for investors" and meet global investment standards, such as efficient capital utilization and management that recognizes investors.




Relationship with Employees

Achieving a Fulfilling Workplace

We believe that each employee demonstrating their skills and abilities will lead to company growth. Therefore we strive to develop a workplace where diverse human resources can flourish.



Sustainable Growth 2017 Priority Tasks

 Respect human rights and promote appropriate working practices

Sustainable Growth 2017 Targets

- Initiatives for human rights and good working practices, such as use of diverse human resources and work-life balance

Utilizing and Cultivating Diverse Human Resources

To grow as a global company, we must empower the whole organization by recognizing the diverse values and ideas of each employee and allowing them to fully demonstrate their skills and abilities. We strive to promote diversity with a focus on deriving corporate vitality from employee diversity, regardless of gender, disabilities, nationality or other traits and discovering resources with a new perspective.

For female employees, we hosted exchange events across different industries and business sites so women can discover a sense of achievement and fulfillment in their future careers. We will continue efforts to attract diverse human resources and deploy measures to become a company which is conducive to work and job satisfaction.

Work-life Balance

When individuals have harmony between their different activities such as work, home, and personal development, it creates a synergy that enhances all these activities. This also becomes the foundation for creating a vibrant, diverse society. We offer various forms of leave and reduced work schedules so employees can work in ways that match their individual lifestyles. We also support employees in correspondence courses and certifications that lead to personal development and subsidize cultural activities to facilitate the growth of autonomous individuals both professionally and personally. To improve communication with employees' families and the community, we host events such as workplace tours, summer gatherings and baseball tournaments, all of which have been popular.



Cross-industry exchange event for female employees



Factory tour for the families of employees

Medical device sales allows men and women to demonstrate their talents equally well

"Some women may avoid medical device sales positions due to perceived difficulty, but female sales representatives have always shown talent. In areas like obstetrics, gynecology and pediatrics,

female representatives are more welcomed by customers. Work schedules that facilitate balance between childcare and work will enable more women to demonstrate their abilities."



Kumiko Hayashi
Section 2, Academic Business Department,
Nihon Kohden Tokyo Corporation

Activities in FY2014

- Introduced elective training courses for female employees
- Produced a handbook to promote acceptance of disabilities in the workplace

FY2015 Action Plan

- Increase the percentage of women in management
- Expand and enhance programs that support flexible working styles


Relationship with Local Community

Nihon Kohden's Contributions to the Community

We strive to be a good corporate citizen respecting culture and customs through active contribution to the community.



Sustainable Growth 2017 Priority Tasks

 Community involvement

Sustainable Growth 2017 Targets

- Contribute to regional communities through NPOs
- Donate medical devices for educational institutions

Donation of Refurbished Medical Equipment to Training Schools

Recently, the sophistication of medical equipment has been increasing at the same fast rate as advances in information and communication technology (ICT). Training schools for clinical engineers have not kept pace, with some schools still using equipment two or three generations behind. For safety, Nihon Kohden discards or updates a lot of equipment that could be used for teaching purposes after refurbishment. In 2014 we refurbished such equipment and donated it to eight schools in Japan and Nihon Kohden service engineers also ran a workshop on periodic inspection to support education that reflects actual work in the clinical field.



Donation to Nihon Medical Welfare Professional Training College

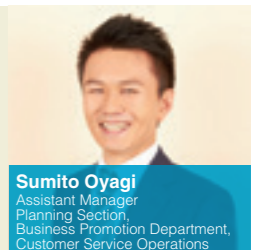


Cleanup volunteers at the Tomioka Silk Mill

Supporting the education of clinical engineers

"Thanks to the help of the local sales rep and service staff, we made our first donation of refurbished medical equipment without a hitch. Our staff were rewarded by the pure smiles and heartfelt thanks from the

schools, and some employees reported a great boost of energy from something that was different from their daily intense work. We hope to continue to actively promote these kinds of initiatives in the future."



Sumito Oyagi
Assistant Manager
Planning Section,
Business Promotion Department,
Customer Service Operations

Activities in FY2014

- Continued supporting new employee volunteer activities in areas affected by the Great East Japan Earthquake through NPOs
- Donated refurbished medical equipment to training schools

FY2015 Action Plan

- Expand coordination with NPOs
- Launch scholarship program for foreign medical personnel

Environmental Philosophy and Policy

We strive to realize our environmental philosophy through our business activities and the actions of our employees.



Sustainable Growth 2017 Priority Tasks

Promote energy conservation and waste reduction

Sustainable Growth 2017 Targets

- Introduce low-carbon, high-efficiency technologies, continue improvement, promote energy conservation and contribute to waste reduction

Environmental Philosophy

In its business activities and the actions of its employees, Nihon Kohden works towards the conservation and qualitative improvement of the earth's priceless environment so that all people can enjoy a healthy environment.

Environmental Policy

Based on its management and environmental philosophy, Nihon Kohden shall carry out this environmental policy.

1. Provide environmentally friendly products

In carrying out development, manufacturing, marketing, after sales service, and support for electronic medical devices, we provide environmentally friendly products which conserve energy and resources, and do not use hazardous substances.

2. Promote energy conservation and reduction of waste

In all of our business activities, we continue to introduce low-carbon and high-efficiency technologies, and strive to promote energy conservation, reduce waste through the 3 R's of reduce/reuse/recycle, reduce CO₂ emissions, and prevent environmental pollution.

3. Comply with laws and regulations

In all business activities, we comply with all laws, regulations, ordinances, and agreements that concern the environment in Japan and overseas, and carry out our responsibilities to stakeholders as a global company.

4. Promote environmental education

In regard to environmental issues, Nihon Kohden provides appropriate education and awareness-raising activities. We also promote education aimed at including environmental improvement activities into our everyday work.

Established: March 28, 2013

Certifications

Tomioka factory received ISO 14001 certification in November 2001. Our head office and production unit were integrated and registered for joint certification in January 2007. Certification renewal inspections finished in January 2010 and January 2013. Our activities span five sites. Ochiai: head office and development unit; Tsurugashima: sales and shipping; Kawamoto: product development and testing; Fujioka: repair and maintenance; Tomioka: manufacturing and shipping.



Green Procurement

As part of our efforts to provide eco-conscious products to the market, we promote procurement of parts, materials and finished products which have a low environmental impact according to the following policy (green procurement).

1. Prioritize purchasing from suppliers conducting ambitious environmental conservation activities while also excelling in areas that include quality, pricing, delivery times, and services.
2. Prioritize the purchase of toxic substance-free products.

Requests to our suppliers

To uphold our green procurement policy, the Nihon Kohden Group asks its suppliers to practice environmental conservation in their business activities and supply products, parts and materials that have a low environmental impact. We also ask them to provide a RoHS Declaration of Conformity and participate in various surveys.

Supplier-side environmental conservation

We ask all our suppliers to take measures for effective environmental conservation such as establishing an environmental policy, maintaining systems, and implementing education.

Supplying low environmental impact products, parts, and materials

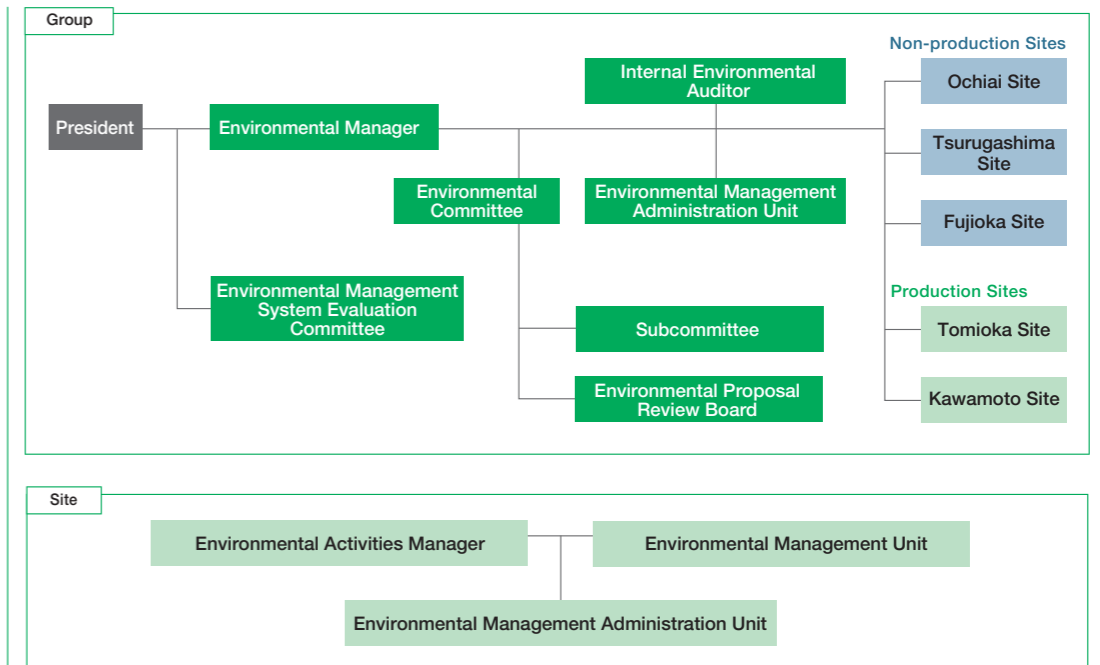
To manage the chemicals that are used in our procured products, we request the following.

- (1) Create a quality control system for chemicals used in products
- (2) Implement green procurement of parts and materials that reduce toxic substances and have low environmental impact

Chemical substance content inspection

To evaluate the chemical substances in procured goods, we request all our suppliers respond to investigations of chemical substances in the goods. We require suppliers to provide certificates of compliance for materials used in RoHS compliant products.

Environmental Management System(EMS)



Relationship with the Environment

Goals and Results of Environmental Management Program

In its business activities and the actions of its employees, Nihon Kohden works towards the conservation and qualitative improvement of the earth's priceless environment so that all people can enjoy a healthy environment.

| Environmental Goals | FY2014 Target | Result |
|--|--|---|
| Reduce environmental impact and prevent pollution in business activities | Product development: Environmentally friendly products with average 5% less environmental impact | Reduced environmental impact by average 5.0% and achieved all targets. |
| | First month defect rate 5% less than FY2013 | 13.1% less than FY2013, a significant achievement. |
| | Repair failure rate 0.25% or less | Achieved target with cumulative results of 0.22%. |
| Ongoing energy use reduction to reduce carbon footprint | 1% improvement over FY2013 per unit of energy consumed | Met target with 1.0% improvement over FY2013 per unit of sales. |
| Contribute to a recycling-oriented society | Promote Reduce/Reuse/Recycle and reduce landfill and simple incinerated waste per unit by 0.3% over FY2013 | Failed to meet target with 6.9% increase over FY2013 per unit of sales. |

In-house Environmental Awareness Training

We conduct training to ensure compliance with laws and regulations and promote environmental activities in daily activities with full employee participation.

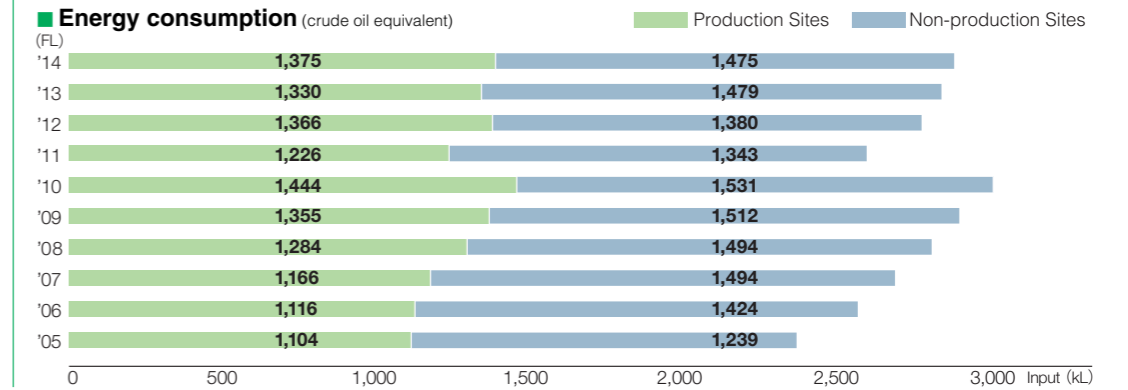
| Training | Details | Persons Receiving Training | |
|-----------------------------|---|----------------------------|-------------------------------|
| | | Employees | Affiliate Companies and Other |
| General education | Environmental awareness* | ✓ | ✓ |
| | Environmental action plan | ✓ | |
| | Applicable laws and regulations | ✓ | ✓ |
| Specialized training | Specific job training | ✓ | ✓ |
| | Internal auditor training | ✓ | |
| Emergency response training | Training and education in emergency response procedures | ✓ | ✓ |

*Environmental awareness training for employees when entering the company and every even-numbered fiscal year

Input

● Energy Consumption

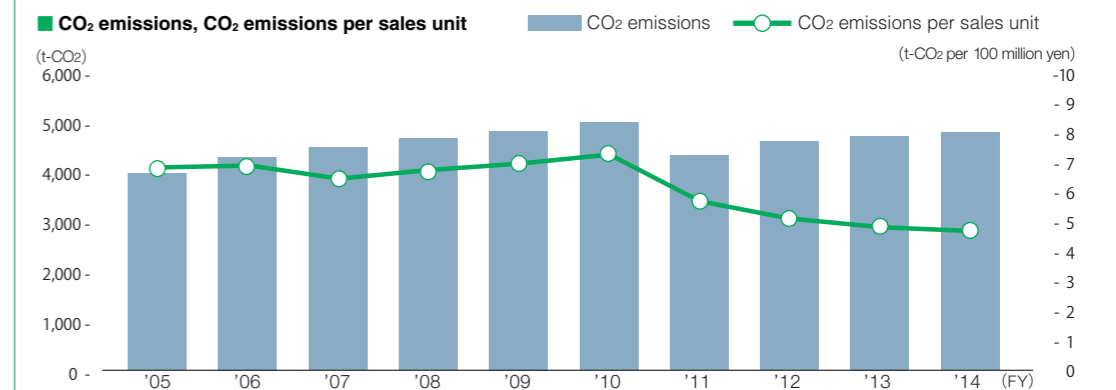
Nihon Kohden Group total energy consumption for FY2014 increased 1.5% over 2013 (-237 kL or 92.3% of our target) due to improved performance from temperature management for air conditioning, turning off lights lunch break, and upgrading old equipment.



Output

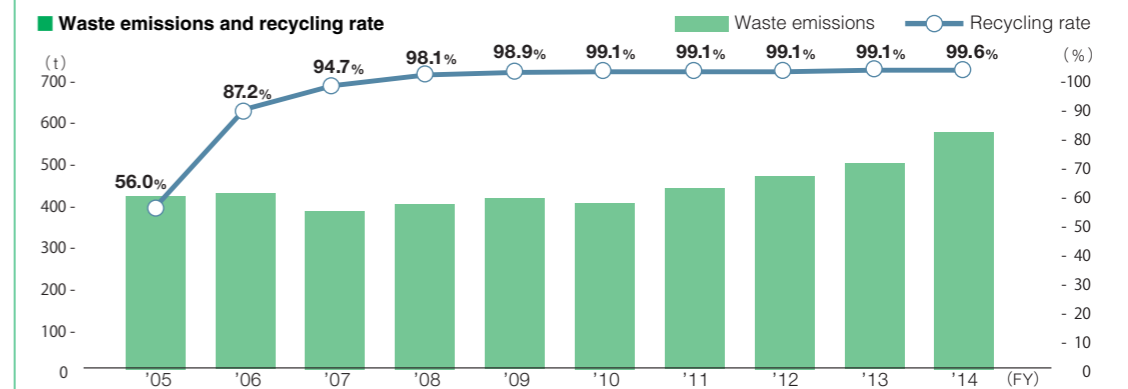
● CO₂ emissions

FY2014 CO₂ emissions were 4,741 t-CO₂. Per unit of sales, this was 4.79 t-CO₂ per 100 million yen, a 0.83% reduction over FY2013 and a 49.3% reduction over FY2000.



● Waste emissions

FY2014 total waste emissions were 572.2 tons. Our recycling rate was 99.6%, meeting our target of at least 99%. At the Tomioka Site, we are working to recover valuable substances from waste and environmental activities are becoming business efficiency improvements.



Activities in FY2014

- 1% improvement over FY2013 per unit of energy consumed
- 6.9% increased in landfill and simple incinerated waste per unit

FY2015 Action Plan

- 1% improvement over FY2014 per unit of energy consumed
- 0.3% reduction in landfill and simple incinerated waste per unit

Environmentally Friendly Products

Nihon Kohden works to develop environmentally friendly products as part of its efforts to contribute to society.



Sustainable Growth 2017 Priority Tasks

Provide environmentally friendly products

Sustainable Growth 2017 Targets

- Provide environment friendly products and services by reducing energy consumption and resource usage and eliminating the use of harmful substances

Cardiolife TEC-5600 Series Defibrillator

This environmentally friendly defibrillator contains no harmful substances. Power input reduction of 45% from the previous model reduces power consumption.

It is easy to use with speedy operation: 3 step operation, charging time less than 4s, ECG waveform recovery 3s after defibrillation, and 3s analysis time in AED mode. Nihon Kohden's ec1 arrhythmia analysis is an option. Used with P-700 disposable pads, it provides easy ECG checking, better arrhythmia detection rate and fewer false alarms. It has a daily self-test. Test data can be saved in memory or SD card and sent to a PC by Bluetooth®. This product facilitates safety management.



CNS-6101 Central Monitor

This product uses lead-free solder and has reduced size and weight. The packaging material weight has also been reduced. It has the same 24-inch LCD color display of other high-end models but power consumption has been reduced 10%.

Its small size with multi-parameters, receiver unit, and wired or wireless monitoring fits small spaces in the ICU, CCU or ward. It provides healthcare security with expanded vital sign data saving, post-discharge data saving and a positional information feature.



GZ-130P Vital Sign Telemeter

This product contains no harmful substances and uses lead-free solder. It is lighter and more compact than conventional transmitters with integrated screens and it uses fewer resources, making it environmentally friendly.

It has arrhythmia detection and the 3.2-inch screen displays waveforms, vital signs, and alarms in monitor mode. It communicates with a central monitor by network or two-way Wi-Fi. Alarm settings and other data can be checked at the patient side. Patient information is sent and received with robust security and reliably. GZ-130P supports work efficiency in the ward, transport or rehabilitation while facilitating safety management.



ZS-610P/ZS-620P Transmitters

This product uses lead-free solder. It has a waveform display screen but the size and weight is less than previous models that don't have a screen. These environmentally friendly products use no harmful substances and production consumes fewer resources.

The screen allows checking of the ECG away from the nurse station. Monitor pause and alarm suspend can be done from the transmitter. Positional information can be sent to a medical telemeter. In addition to small size and light weight, the rounded shape reduces physical and psychological stress of the patient.



Life Scope VS BSM-3400 Bedside Monitor

BSM-3400 has lower energy consumption and better recyclability than previous models. A review of product packaging led to a 30% reduction in packaging materials for this environmentally friendly product.

One or two patients' data is displayed on a 12.1-inch color LCD. Improved arrhythmia detection and fewer false alarms were achieved by adding our ec1 arrhythmia analysis algorithm. The optional positional information function lets staff monitor the patient location. It also has an interface with nurse call systems. The optional battery gives 90 minutes operation. This easy to see, easy to use and reliable bedside monitor delivers safety and security to all users.



Neuropack n1 MEM-8301 Electromyograph

MEM-8301 uses lead-free solder and contains no harmful substances. It is significantly smaller and lighter than previous models, allowing battery operation. By reducing resource usage and power consumption, we realized an environmentally friendly EMG.

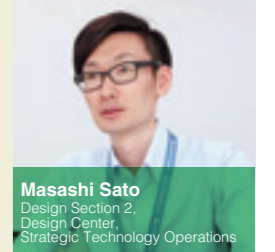
This palm-sized battery-operated unit can be used for house calls, in-hospital, or anywhere. It starts quickly and setting is simple. One-hand operation allows smooth testing. Its unique shape reduces psychological stress. Reliable measurement includes an EMG display, sound and electrostimulation. Surface EMG enables exercise and rehabilitation monitoring.



Initiatives to provide environmentally friendly products through design

"At the Design Center, we don't just look at numerical data; we also embrace qualitative aspects of eco-consciousness that cannot be expressed numerically to help customers reduce energy consumption with easy to use products. Easy to use products lead

to better healthcare environments, prevent medical errors and boost work efficiency. Our products reduce energy consumption and lead to safe healthcare while reducing physical and mental stress on patients."



Activities in FY2014

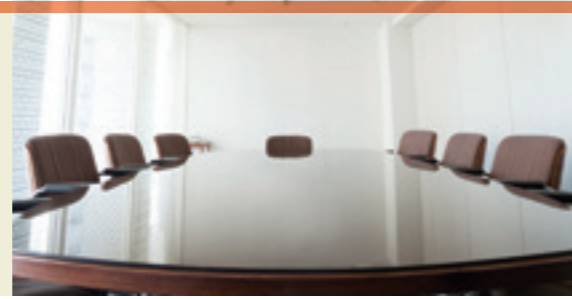
- Average environmental impact reduction rate of 5.0% for all assessed newly-developed products

FY2015 Action Plan

- Develop environmentally friendly products with an average environmental load 5.0% less than previous products for all newly-developed products

Enhancing Corporate Governance

Nihon Kohden strives to strengthen its corporate governance with the aim of continually enhancing its corporate value.



Sustainable Growth 2017 Priority Tasks

Improve corporate governance

Sustainable Growth 2017 Targets

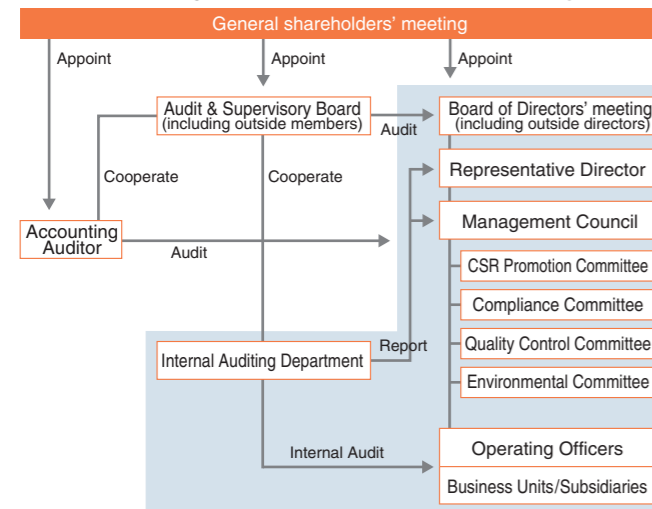
- Initiatives such as strengthening governance, ensuring thorough compliance and strengthening risk management

Corporate Governance Framework

A corporate governance structure with sound management and efficiency is important. In addition to a framework where directors supervise management and make decisions while operating officers handle business execution, Nihon Kohden appointed outside directors and outside audit & supervisory board members with a high degree of independence to supervise management. Our Board of Directors has 10 corporate directors, 2 of whom are outside directors. Its responsibilities are decisions on legally stipulated matters and important matters in Nihon Kohden Group management as well as supervision of directors' performance of duties. To ensure that management follows the policy of the Board of Directors, the Management Council, consisting of each director and operating officer, meets to expedite decision-making and ensure agile execution of operations.

The 4-member Audit and Supervisory Board also includes

Corporate Organization and Internal Control System



Activities in FY2014

- Convened CSR Promotion Committee meetings
- Formulated Sustainable Growth 2017 CSR mid-term plan

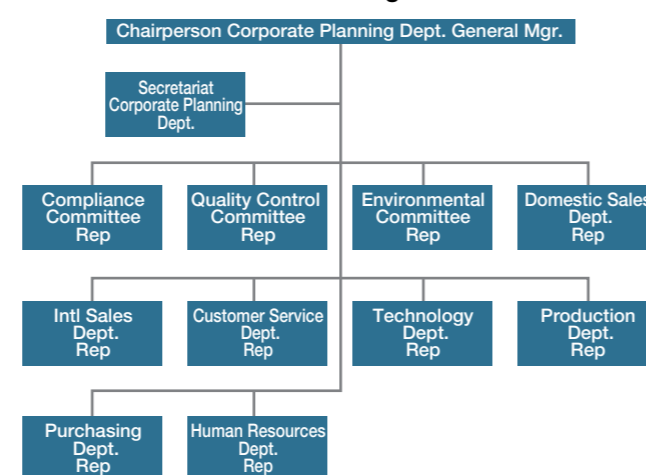
2 outside members. Each member attends Board of Directors meetings, Management Council meetings and other important meetings and comments on deliberations of resolutions.

The 8-member Internal Auditing Department conducts regular audits of compliance, business and other matters at the head office and subsidiaries, and works with audit & supervisory board members to strengthen monitoring.

CSR Promotion Structure

To promote CSR, we established a CSR Promotion Committee as a board committee involved in Nihon Kohden's overall CSR activities such as planning, promoting, organizing, educating, and other activities. This committee is composed of representatives of the Compliance Committee, Quality Control Committee, Environmental Committee and representatives of other operation divisions. This committee sets the CSR annual activity plan to practice CSR through daily operation.

CSR Promotion Committee Organizational Structure



FY2015 Action Plan

- Activities in accordance with Corporate Governance Code

Promoting and Practicing Compliance

We practice fair and legitimate business activities with high ethics.



Sustainable Growth 2017 Priority Tasks

Improve corporate governance

Sustainable Growth 2017 Targets

- Initiatives such as strengthening governance, ensuring thorough compliance and strengthening risk management

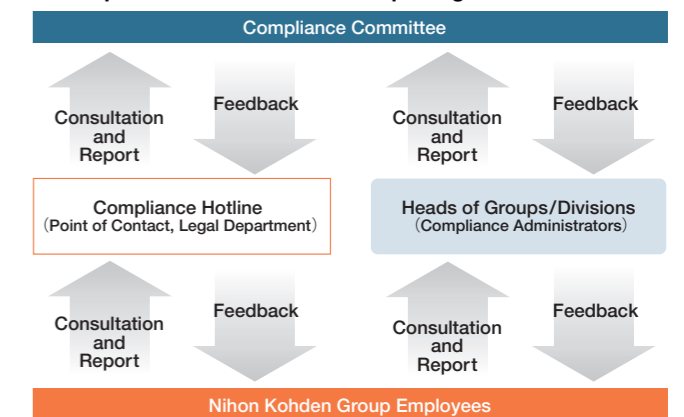
Compliance Promotion Framework

The Nihon Kohden Charter of Conduct, Nihon Kohden Code of Ethics and Conduct and Compliance Promotion Rules form the Company's fundamental approach and rules for compliance. We take measures to ensure that all employees practice thorough compliance in accordance with these rules. Our Compliance Committee promotes compliance, develops regulations and systems, and provides operational support to ensure compliance in business activities. This support includes complying with laws and regulations, compliance training and education for employees, and monitoring compliance. The heads of each Group company and business division work with and report to the Compliance Committee in their role as Compliance Administrators.

Practicing Compliance

A Compliance Handbook given to employees contains the rules, approaches, conduct standards and other information that employees need to understand to ensure daily compliance. To continually enhance all employees' awareness and knowledge of compliance, all employees take part in regular compliance workshops. We also set up a Compliance Hotline where employees can anonymously consult or report on matters to the Compliance Committee. Persons who consult or make reports through the hotline are protected from any unfavorable treatment arising from their consultation or report.

Compliance Consultation and Reporting Procedure

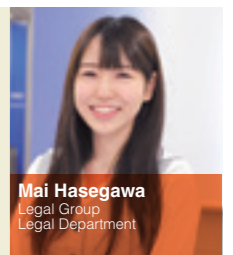


A Compliance Handbook is distributed to employees

We work to enhance workshops and systems to raise awareness of compliance

"A medical device manufacturer must follow laws and regulations in every aspect of operations from product development to trade. One person's violation can harm the credibility of the Company as well as patients' lives. As the person in charge of compliance training,

I want employees to get usable knowledge and raise awareness of compliance through a compliance workshop, violation reporting systems and contact points for consultation."



Mai Hasegawa
Legal Group
Legal Department

Activities in FY2014

- Ongoing compliance workshops
- Promotion of measures to strengthen compliance at overseas sites

FY2015 Action Plan


- Ongoing compliance workshops
- Promotion of measures to strengthen compliance at overseas sites

Strengthening Risk Management

Nihon Kohden strives to make improvements to risk management to ensure it can respond appropriately to various business risks.



Sustainable Growth 2017 Priority Tasks

 Improve corporate governance

Sustainable Growth 2017 Targets

- Initiatives such as strengthening governance, ensuring thorough compliance and strengthening risk management

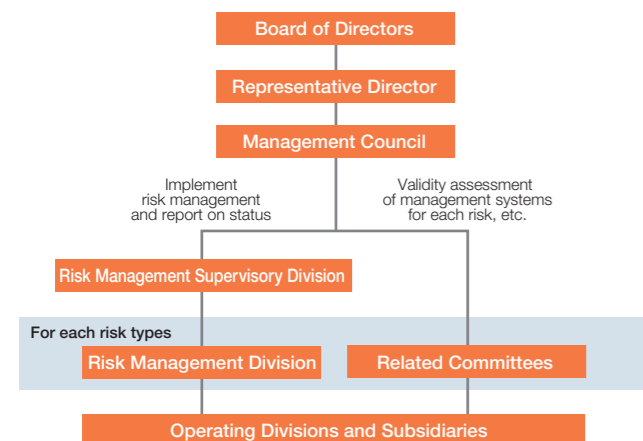
Approach to Risk Management and Risk Management Framework

Our Risk Management Regulations set forth our basic policy of risk management, types of risk, organization and framework for risk management, related rules, and other matters.

The Management Council prescribes matters including risk management basic policy for overall Group operations. The Risk Management Supervisory Division is tasked with improving and promoting the overall risk management system of the Nihon Kohden Group, together with the Risk Management Divisions for the various types of risks, which are responsible for ascertaining and analyzing the risk management status at each operating unit and conducting risk management.

Subsidiaries and the head office conduct self-assessment of risk management using check sheets and divisional inspection sheets. The assessments confirm the implementation of risk management systems and future responses, the results of which are reported to the Management Council.

■ Risk Management Framework



Activities in FY2014

- Formulated Business Continuity Plan (BCP)
- Information Security Management System (ISMS) certification

Disaster Risk Management

We have taken measures to ensure the safety of employees and their families in a disaster and ensure unbroken supply as a medical device manufacturer. These include improvements to production facilities and production systems, disaster prevention measures at business sites, preparation of an initial response manual for disasters, company-wide education and drills, development of an emergency communication and reporting flow, and an emergency recovery plan for information systems. We also made a Business Continuity Plan (BCP) for the continued provision of products and services and rapid recovery after an earthquake.

Information Risk Management

To protect the personal information and important confidential information of all stakeholders including customers, patients, business partners and employees, we have regulations for personal information and IT use which guide our proactive efforts to ensure protection of personal and confidential information, and develop an organizational framework for personal information protection, IT utilization, company-wide education, regular inspections and awareness-raising. To enhance information security, we obtained PrivacyMark certification in July 2005 and Information Security Management System (ISMS) JIS Q27001 (ISO / IEC 27001) certification in January 2015; the scope includes management and operation of remote service facilities for Nihon Kohden Group system products.



FY2015 Action Plan

- Review BCP and expand scope of development

Third-party Feedback

Overall

CSR is the responsibility to live up to society's expectations and contribute to social and corporate value. Nihon Kohden's Charter of Conduct properly links these aspects. Its guidelines represent the early adoption of large parts of the United Nations Global Compact. Conduct must be in line with these guidelines; for example, product development based on the supply chain as a whole. Specifically, optimum data should be obtained from patients in the shortest time with as little discomfort as possible. At the same time, products must be easy to use, lightweight, highly precise, and robust. Moreover, there must be systems and endeavors to continually verify and update various backup systems for maintaining product performance from a global perspective. In the vastly different market environments where the Company's products are sold, in addition to producing extremely high levels of quality and safety and attaining an all-encompassing perspective of the supply chain as a whole, in addition to proactive efforts to comply with strict regulations and laws concerning medical devices in each country, another important perspective is backup systems that include guidance for medical professionals and this area has room for further development. The Sustainable Growth 2017 mid-term CSR plan exists in parallel with the Strong Growth 2017 mid-term business plan, and while both are incorporated into The CHANGE 2020 long-term vision, unfortunately the vision of Sustainable Growth 2017 for the year 2020 cannot be adequately deduced from this report. CSR is a linchpin of management strategy and one face of the company indicating both its corporate value and social value. I hope the Company will work to clearly define this aspect.

The Sustainable Growth 2017 mid-term CSR plan is divided into three areas, healthcare, environment and corporate activities, on which I would like to comment.

Healthcare

In this area, many parts overlap with Strong Growth 2017, and as I already noted, from the perspective of the supply chain, Nihon Kohden's awareness of its stakeholders from the product design stages, and compliance with world-class management systems is worthy of praise. In particular, whenever new safety information is obtained, the Marketing Supervisor-general, Domestic Quality Assurance Manager and Safety Manager immediately convene a meeting to examine ways to address products that have already shipped and determine if product recall or modification is needed. If recall or modification is required, the health threat is categorized as Class I, II or III according to Japan's Pharmaceuticals and Medical

Hideki Ishida
Professor Emeritus,
Tohoku University
Representative,
Earth Village Research
Lab LLC



Devices Act, and Nihon Kohden as well as the Pharmaceuticals and Medical Devices Agency publish pertinent information on their websites. This system and its information disclosure is an essential element of corporate governance and I hope it will continue to be maintained at a high level.

Environment

Nihon Kohden is to be commended for efforts to establish quantitative targets for product development, input, output and internal awareness raising. The Company has met target values for total energy consumption and CO₂ emissions per sales unit, and its 99.6% recycling rate is also laudable. However, I believe the Company's long-term plans would be better communicated if it clearly specified certain points, namely, how the products affect the global environment and at what points in the supply chain, and the Company's stance and goals to address them, and the relationship with The CHANGE 2020. I look forward to future advancements in this area, including from the perspective of Lifecycle Assessment*.

Corporate Activities

Nihon Kohden's corporate governance structure includes two outside directors, employee education, distribution of Compliance Handbooks, and measures to promote employee diversity. Moreover, health advancement initiatives in conjunction with Tomioka City and Nakanojo Town will lay the groundwork for future corporate value and should continue to be pursued. I believe this is an important time for the Company to establish quantitative targets in regard to issues such as the 6.1% rate of female employees in managerial positions in Japan.

In Closing

CSR can be described as the responsibility to meet the expectations of society by integrating social issues with business activities. Having read this report, I understand that Nihon Kohden is steadily continuing to establish such foundations. For further expansion, I believe the Company will need to disclose its long-term vision, including the disclosure of negative information and more quantitative evaluation indicators. I look forward to even greater leadership by Nihon Kohden in the development of a sustainable future.

*Lifecycle assessment: a method to clarify and quantitatively and objectively assess the environmental impact of a product at each stage of its lifecycle

Response to the Third-party Feedback

We are deeply grateful for Professor Ishida's valuable feedback. He recognized the Nihon Kohden Group's framework to alleviate patient burden and improve efficiency in medical facilities, along with the Group to attain high levels of quality and safety in our medical devices. He also expressed hope for the future development of these endeavors and provided valuable assessments and feedback in the areas of healthcare, environment and business activities.

He also pointed out that "the vision for 2020 that Sustainable Growth 2017 seeks to attain is not adequately deduced from the report," and that "disclosure of our long-term vision, including disclosure of negative information and quantitative evaluation indicators," is required. We will treat this feedback and the issues raised as important areas to address and work to strengthen efforts in this regard. Through the realization of The CHANGE 2020 long-term vision, we aim to provide solutions to social issues in the area of healthcare and enhance our corporate value. We will also strive to enhance our CSR activities so that Nihon Kohden continues to be a company that values its stakeholders, earns society's trust and contributes to the development of sustainable society.



Takashi Seo
Operating Officer
General Manager,
Corporate Planning
Department