

Fighting Disease with Electronics
 NIHON KOHDEN



CSR Report 2016

Improving Healthcare with Advanced Technology

Digest Version

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Editorial Policy

Nihon Kohden issues a CSR report in order to communicate to stakeholders in an easy to understand format the Company's approach to CSR (corporate social responsibility) and its actions that contribute toward a sustainable society. The report will include the following.

- The full CSR Report 2016 describes the Company's CSR activities. A digest version of the CSR Report summarizes important items and details of these activities.

Full report:

<http://www.nihonkohden.com/company/pdf/CSRreport2016E.pdf>

Digest:

http://www.nihonkohden.com/company/pdf/CSRreport2016E_digest.pdf

- Detailed explanation of Nihon Kohden's CSR activities in relation to the Company's management philosophy, The CHANGE 2020 long-term vision, Strong Growth 2017 mid-term business plan, and Sustainable Growth 2017 mid-term CSR plan
- A special feature about Nihon Kohden's cap-ONE CO₂ sensor as an example of how the Company contributes to social issues through its business activities in the field of healthcare
- Summary of the Company's initiatives in fiscal year 2015 in relation to governance, healthcare, the environment, and society

Reference Guidelines

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

Scope of Report

41 companies of the Nihon Kohden Group: Nihon Kohden Corporation and 40 consolidated subsidiaries (as of March 31, 2016)

Period: April 1, 2015 to March 31, 2016*

*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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Long-Term Vision

The CHANGE 2020

— The Global Leader of Medical Solutions —

With synergy between business activities and CSR, Nihon Kohden will continue to create social 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. Nihon Kohden was founded with just twelve members, but today employs almost 5,000 staff as it continues to tackle healthcare challenges around the world. The products developed by Nihon Kohden have been exported to more than 120 countries around the world, where they have been used in various healthcare settings to save the lives of countless patients.

To save the lives of as many patients as possible, Nihon Kohden has continually pursued technological innovation and strived to create higher quality products. The Company's mission as a medical device manufacturer is to provide clinical value as well as value to patients. Nihon Kohden's strengths lie in its ability to create value for society, primarily through 1) the capacity to develop technologies rooted in medical practice; 2) a broad clientele base inside and outside Japan; 3) high-quality products and services, and the development, production, sales and service systems to support them; and 4) the strength of a brand cultivated over many years.

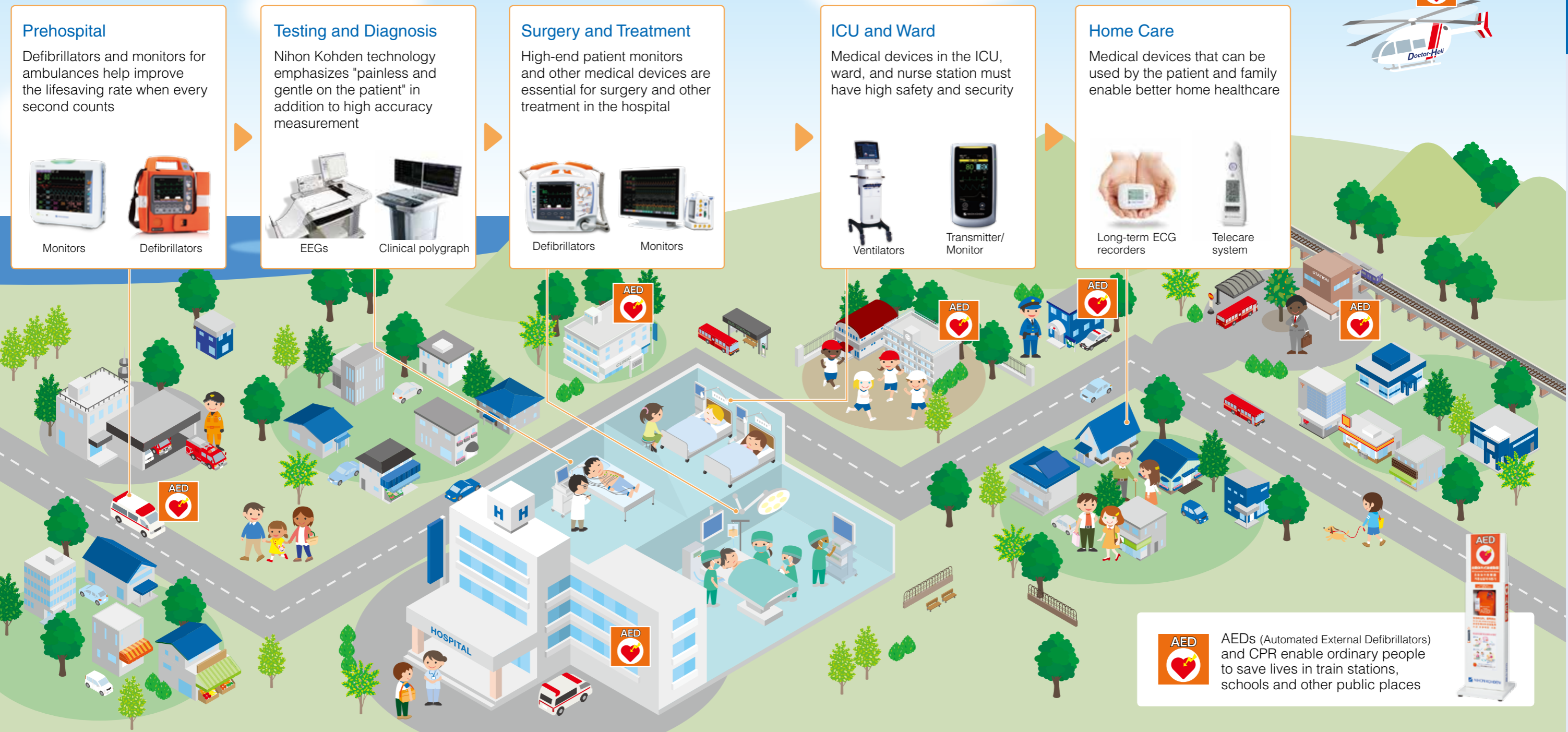
Aspiring toward Sustainable Growth

In recent years, the global situation which surrounds Nihon Kohden has reached a significant turning point. With deepening environmental issues such as climate change, the declining birthrate and aging population in developed countries, and intensifying global competition, various issues need to be addressed. Nihon Kohden created "The CHANGE 2020" as its long-term vision for the future with the aim of attaining sustainable growth even in such a rapidly-changing time. To achieve this, the Company is promoting its Strong Growth 2017 four-year mid-term business plan up to FY2017 along with the Sustainable Growth 2017 mid-term CSR plan.

Under its Sustainable Growth 2017 mid-term CSR plan, Nihon Kohden set healthcare, the environment and corporate activities as the three priority areas to set initiatives. These initiatives will improve the quality of healthcare and create value in the form of patient health while responding to the expectations and hopes of society. In a time of rapid change, Nihon Kohden believes this will translate into sustainable growth for the Group. Moving forward, Nihon Kohden will continue to practice the concept of "contributing to the world by fighting disease and improving health with advanced technology."

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. These devices 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.

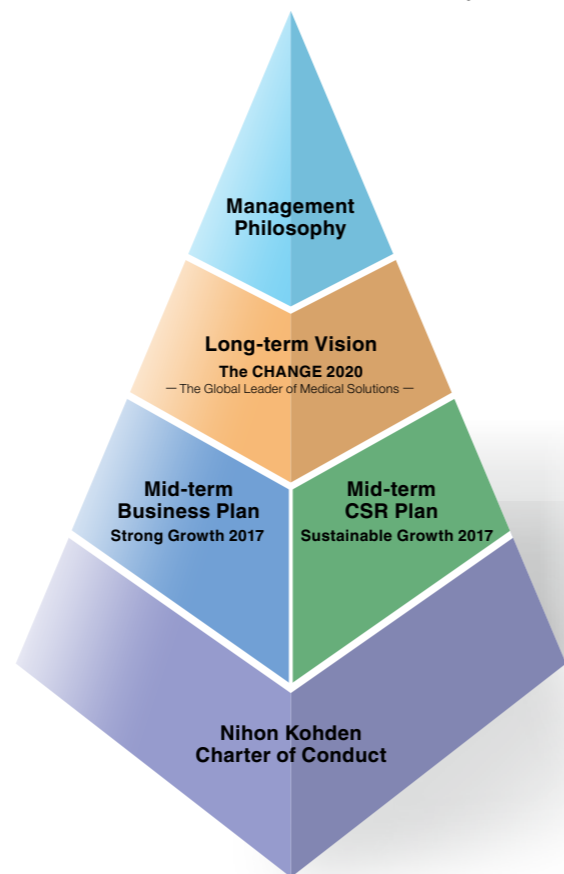
Nihon Kohden's CSR Policy

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 in 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.



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

- 1 Pursue the highest level of quality in the world
- 2 Strengthen technological development capabilities
- 3 Strengthen business expansion by region
- 4 Achieve further growth in core businesses
- 5 Develop new businesses
- 6 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:

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

Mid-term CSR Plan Sustainable Growth 2017

	Sustainable Growth 2017		Activities in FY2015	FY2016 Action Plan	
	Priority Tasks	Targets			
Healthcare Fighting disease and contributing to the advancement of healthcare through products and services	Policy 1				
	<ul style="list-style-type: none"> Improve safety and security of patients and users Improve efficacy and accessibility of diagnosis and treatment Improve quality of care throughout the care cycle Improve efficiency of users 	<ul style="list-style-type: none"> Provide high quality products and service that deliver medical safety and security Develop new technologies that contribute to medical safety and security More access to healthcare in developing countries, PAD* market, etc Provide solutions that improve work efficiency in medical facilities 	<ul style="list-style-type: none"> Continued initiatives to improve quality based on the Group quality plan 	<ul style="list-style-type: none"> Continue initiatives to improve quality based on the Group quality plan 	Healthcare Improving Safety and Security →P14
	<ul style="list-style-type: none"> Provide environmentally friendly products Promote energy conservation and waste reduction 	<ul style="list-style-type: none"> Average environmental impact reduction rate of 5.0% for all assessed newly developed products Introduce low-carbon, high-efficiency technologies, continue improvement, promote energy conservation and contribute to waste reduction 	<ul style="list-style-type: none"> Launched SUKYOYAKA® monitoring telecare system DCS-5000 series long-term ECG analysis device won 2015 Good Design Award 	<ul style="list-style-type: none"> Promote widespread adoption of unique sensor technologies Continue to hold AED workshops in Japan and overseas 	Environment Environmentally Friendly Products →P18
Environment Conserve the global environment and make improvements through all corporate activities	Policy 2				
	<ul style="list-style-type: none"> Provide environmentally friendly products Promote energy conservation and waste reduction 	<ul style="list-style-type: none"> Provide environment friendly products and services by reducing energy consumption and resource usage and eliminating the use of harmful substances Introduce low-carbon, high-efficiency technologies, continue improvement, promote energy conservation and contribute to waste reduction 	<ul style="list-style-type: none"> Average environmental impact reduction rate of 5.0% for all assessed newly developed products 7.3% increase in energy consumption per unit compared with FY2014 67.7% decrease in waste for landfill and incineration per unit compared with FY2014 	<ul style="list-style-type: none"> Promote the development of sustainable products and reduce the environmental impact of all newly developed products by an average of 5.0% 1% improvement in energy consumption per unit based on forecast values for FY2016 Maintain FY2015 performance in terms of waste for landfill and incineration per unit 	Environment Environmental Philosophy and Policy →P16
	<ul style="list-style-type: none"> Improve corporate governance 	<ul style="list-style-type: none"> Initiatives such as strengthening governance, ensuring thorough compliance and strengthening risk management 	<ul style="list-style-type: none"> Promoted response based on the Corporate Governance Code Convened CSR Promotion Committee meetings 	<ul style="list-style-type: none"> Transition to company with an Audit & Supervisory Committee Implement Board of Directors effectiveness evaluation 	Governance Enhancing Corporate Governance →P12
Corporate Activities Strengthen the foundation of CSR activities in all areas of corporate activities	Policy 3				
	<ul style="list-style-type: none"> Ensuring Fair Trade Practices Respect human rights and promote appropriate working practices Community involvement 	<ul style="list-style-type: none"> Implement initiatives such as CSR procurement that lead to the promotion of fair business practices Initiatives for human rights and good working practices, such as use of diverse human resources and work-life balance Contribute to local communities through NPOs Donate medical devices for educational institutions 	<ul style="list-style-type: none"> Held ongoing compliance workshops Convened BCP Operational and Management Committee meetings Implemented BCP simulated training Conducted CSR Activities Questionnaire for business partners Encouraged Work Style Reform aimed at promoting work-life balance Began scholarship program for international medical professionals Donated medical equipment and made donations to healthcare-related groups 	<ul style="list-style-type: none"> Examine and implement measures to strengthen compliance, including a fundamental revision of regulations and systems related to compliance Review BCP and expand scope of development Develop more sophisticated BCP simulation training and expand scope of applicability Continue CSR Activities Questionnaire for business partners Continue education and training to promote CSR procurement Increase the percentage of women in management Promote Work Style Reform aimed at enhancing creativity and productivity Enhance coordination with NPOs Continue scholarship program for international medical professionals 	Governance Promoting and Practicing Compliance →P13
	<ul style="list-style-type: none"> Ensuring Fair Trade Practices 	<ul style="list-style-type: none"> Implement initiatives such as CSR procurement that lead to the promotion of fair business practices 	<ul style="list-style-type: none"> Conducted CSR Activities Questionnaire for business partners 	<ul style="list-style-type: none"> Continue CSR Activities Questionnaire for business partners Continue education and training to promote CSR procurement 	Society Ensuring Fair Trade Practices →P20
	<ul style="list-style-type: none"> Respect human rights and promote appropriate working practices 	<ul style="list-style-type: none"> Initiatives for human rights and good working practices, such as use of diverse human resources and work-life balance 	<ul style="list-style-type: none"> Encouraged Work Style Reform aimed at promoting work-life balance 	<ul style="list-style-type: none"> Increase the percentage of women in management Promote Work Style Reform aimed at enhancing creativity and productivity 	Society Achieving a Fulfilling Workplace →P22
<ul style="list-style-type: none"> Community involvement 	<ul style="list-style-type: none"> Contribute to local communities through NPOs Donate medical devices for educational institutions 	<ul style="list-style-type: none"> Began scholarship program for international medical professionals Donated medical equipment and made donations to healthcare-related groups 	<ul style="list-style-type: none"> Enhance coordination with NPOs Continue scholarship program for international medical professionals 	Society Nihon Kohden's Contributions to the Community →P23	

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.



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



Solving Healthcare Issues through Business

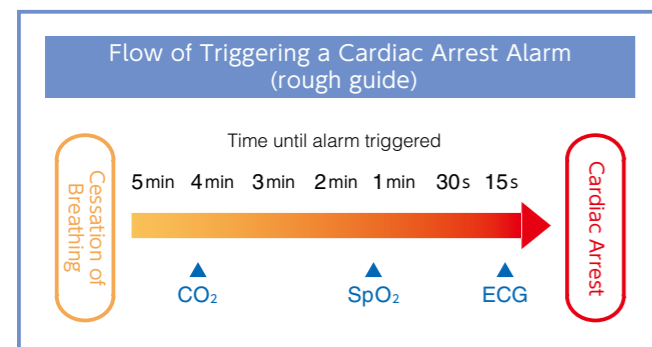
Developing *cap-ONE* for safer respiratory management

While focusing on safer respiratory management for patients, Nihon Kohden developed the *cap-ONE* CO₂ sensor that weighs only 4g. In this special feature, we explore the background that led to *cap-ONE*, the medical challenges, and Nihon Kohden's unique product technology and development approaches.

The Need for a Respiratory Management System that Treats Patient Safety as the First Priority

Expired CO₂ measurement involves measuring and monitoring the CO₂ concentration in the exhaled air to ascertain the respiratory condition of a patient following surgery and other situations. While there are multiple alarms which are triggered after the stopping of breathing and before cardiac arrest, CO₂ measurement is effective because it quickly catches a change in the patient condition and enables countermeasures at an early stage. Accordingly, the utility of CO₂ measurement as an effective respiratory management technique is well known (see the figure below).

However, conventional CO₂ sensors are large and heavy. They may need to be fixed in place to avoid excessive burden on the ventilator circuit, and these sensors may not be used with infants. As a result, these CO₂ sensors have issues in regard to efficiency of clinical operations and ensuring patient safety.



Original Technologies from Nihon Kohden Built into *cap-ONE*

Nihon Kohden developed the ultra-compact and lightweight *cap-ONE* CO₂ sensor to solve those issues. *cap-ONE* provides improvements in the clinical issues of size, weight, and impact resistance. The *cap-ONE* CO₂ sensor is easier to handle and realizes safer respiratory management. The following Nihon Kohden original technologies made this possible.

Comparison with Conventional Sensors (Nihon Kohden products)	Conventional CO ₂ Sensor	<i>cap-ONE</i> Sensor
1 Weight	20g	4g
2 Impact Resistance	Weak	Strong
3 CO ₂ Measurement Capacity	Normal	High
4 Use Together with an Oxygen Mask	No	Yes

Ultra-compact, Lightweight, Impact Resistance, and Superior Measurement Capacity

QR Code Access
View a video about this product.



1 Weight



Ultra-compact and lightweight

The size of the sensor part was reduced about 90% and the impact reduced to about 4g to realize an ultra-compact lightweight sensor that reduces patient burden and enables stability of the breathing circuit. This ultra-compact size and lighter weight was achieved by sophisticated production techniques and seasoned production staff using a microscope for all bonding of miniature components. Printed circuit boards receive work by hand to individually fold them in the sensor component. Nihon Kohden's advanced production technologies supported the miniaturization of *cap-ONE*.

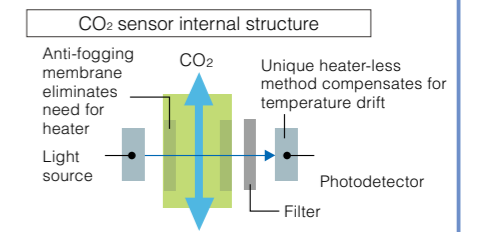


2 Impact Resistance



Robust impact resistance

Innovative sensor components and sensor structure have realized impact resistance and peace of mind even if the sensor is dropped. The sensor has passed the MIL standard (US Department of Defense Standard) impact test. This is an assessment standard for products used in harsh environments such as outdoors. The sensor also passed drop tests based on in-house standards that are higher than those used for our previous products.



3 CO₂ Measurement Capacity



Superior CO₂ measurement can be used on smaller size newborns

The smaller sensor needs a lower volume of exhaled gas than conventional sensors. This allows CO₂ measurement of smaller newborn infants who have lower exhalation volume.

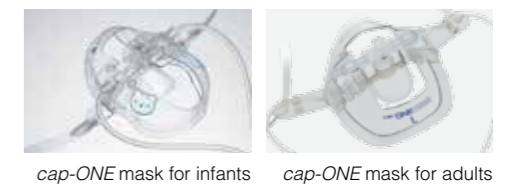
	Conventional CO ₂ Sensor	<i>cap-ONE</i> Sensor
Applicable patient weight	3kg~	2kg~

4 Use Together with an Oxygen Mask



By using with a *cap-ONE* mask, CO₂ can be measured during oxygen administration

In addition to the *cap-ONE* CO₂ sensor, Nihon Kohden also developed the *cap-ONE* mask which is an oxygen mask that allows simultaneous CO₂ measurement. The following features expand the possibilities for CO₂ measurement.



Safe CO₂ measurement without the need for a tracheal tube

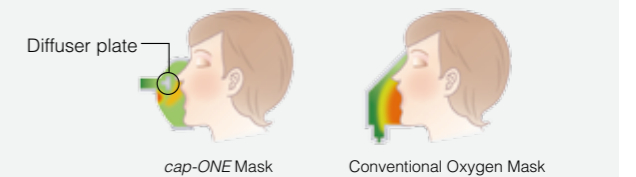
The combination of this mask with CO₂ sensor enables the world's first measurement of CO₂ while administering oxygen through an open-type oxygen mask without the use of a tracheal tube. Using equipment such as a patient monitor allows quick response monitoring of exhaled CO₂ values and waveforms as well as changes in breathing and circulation.

Stable supply of oxygen

Thanks to a structure that disperses oxygen on a diffuser plate, this mask has less variation in oxygen concentration than a conventional oxygen mask and gives a stable supply of oxygen.

Face-fitting structure

A cup for collecting the exhaled air slides on flexibly to conform to the shape of the patient's face. The excellent fitting characteristics make the mask more gentle on the patient and less prone to slippage, thus improving measurement accuracy.



Story of Development



cap-ONE includes a host of unique technologies.

The *cap-ONE* CO₂ sensor includes a number of unique technologies from Nihon Kohden developed through numerous innovations, a battery of tests, and a process of trial and error.

With *cap-ONE*, Nihon Kohden has continued to pursue reduced size. Products that are compact with complex structures are increasingly difficult to assemble. In that sense, *cap-ONE* could be described as the product of Japanese people's dexterous fingers. Medical professionals have offered high praise of the product, remarking that "with something this small, there is minimal burden on the patient so it won't bother them." Moreover, while it is hard to automate or mass produce this kind of product, Nihon Kohden carried out repeated assembly tests on its production line and worked to boost productivity while incorporating feedback from its production staff.

cap-ONE is not only compact, but also impact-resistant to hold up in the harsh environment of medical practice. At the scene of emergency care where every second counts, equipment and devices are often treated roughly. *cap-ONE* underwent various prototyping and has been shown not to break even when dropped

Hidetoshi Dainobu
Assistant Manager
Engineering Department Section 1
Ventilation & Anesthesia Device
Business Operations



from a height of 1.22 meters in 26 orientations. This passes the MIL standard (US Department of Defense Standard) for impact resistance.

The components and structure of *cap-ONE* also incorporate various innovations in durability. Usually, sensor-based CO₂ measurement employs infrared light. Infrared light passes between the light source in the sensor and a photodetector and is absorbed by the CO₂. The measurement calculation is based on the reduction in transmitted light volume. However, in general, the filaments used in such light sources can easily disconnect when jolted. To overcome this problem, Nihon Kohden worked with a lamp manufacturer and engaged in a repeated process of trial and error to develop a highly durable light source for *cap-ONE*.

In addition, *cap-ONE* uses an anti-fogging membrane that enables accurate CO₂ measurement. The sensor takes in exhaled air which has a lot of moisture. As a result, fine water droplets can adhere to and cloud the window that passes the infrared light. This causes the infrared light to scatter. However, when an anti-fogging membrane with hydrophilic coating is used on the window, the water droplets adhering to the window spread out thinly and evenly. This allows accurate measurements because the infrared light arrives in a straight line not refracted by droplets. In comparison to competing products that incorporate a window heater to prevent fogging, the use of an anti-fogging membrane helps make the product smaller and consume less electricity. The anti-fogging membrane is also one of the unique technologies of *cap-ONE*.



cap-ONE mask for adults

Through *cap-ONE*, I want the culture of CO₂ measurement to take root around the world.

In 2012, Nihon Kohden developed the world's first mainstream* method CO₂ measurement oxygen mask as an open-type oxygen mask for use with infants and small children. In pediatric care settings, issues with cessation of breathing can occur in patients due to the side effects of sedatives and anesthetics. To resolve this issue, a product was needed that could measure CO₂, a parameter that can immediately detect breathing abnormalities, and administer oxygen at the same time, even during examination.

In developing the product, it was necessary to make a breakthrough with respect to the issue of whether CO₂ in exhaled air can be measured to a high degree of precision within a strong flow of oxygen. Great pains were also taken with regard to the shape of the mask. Our department embraces the motto of "developing products that you would use with peace of mind on your own family," and true to this motto, during the development stages we had our family members try out the masks. With the assistance of two children who were one and four years old at the time, we conducted a battery of tests to determine whether a patient can "comfortably sleep with the mask still attached" and "whether the mask touches the tip of the nose and causes pain." The results of the tests led to commercialization of the product.

Our future goal is to have the *cap-ONE* mask used by an even



broader range of patients. In 2015, we released a mask for adults and received a great response. There is an increasing desire to perform CO₂ measurement in a variety of settings to manage safety to a higher level. Next we hope to move beyond oxygen masks and pursue the development of devices that respond to these needs.

In addition, we aim to make the products easily available to patients around the world in addition to Japanese patients. Depending on the person's race, the shape of the face can be completely different. For that reason, I collected 3D scanning data of the faces of people of various races while I was stationed in the United States, and conducted tests on mask shapes.

In medical settings, the use of CO₂ measurement as a means of respiratory management is not yet mainstream. By having all kinds of patients regardless of age or race use the *cap-ONE* mask in the future, I want the culture of CO₂ measurement to take root around the world.

* Mainstream method: Sensor is embedded in the respirator circuit

Fumihiko Takatori
Leader
Engineering Department Section 1
Ventilation & Anesthesia Device
Business Operations



Voices from the Clinical Site

Nihon Kohden's CO₂ sensor uses the mainstream method. Compared with the sidestream method**, it offers peace of mind because it doesn't experience trouble such as sampling tube blockage or bending. Also, the new sensor components have no heater or motor. By simplifying the structure, there are fewer factors that can cause malfunction, and since it also offers excellent impact and water resistance, it is no longer limited to certain usage environments.

Physician / Clinical Engineering
Laboratory Technician
Anesthesiology Department, a hospital
in Shizuoka Prefecture



** Sidestream method: Sensor is built into the CO₂ measurement equipment and exhaled air is collected through sampling tubes

Looking at reports of medical incidents related to respiratory management, many incidents occur due to separation between a tracheal tube or tracheostomy tube and the respiratory circuit. CO₂ measurement of exhaled air enables the swift detection and handling of these types of abnormal situations, and serves as the key to preventing accidents. In order to appropriately manage tracheal tubes, the hospital continually measures CO₂ levels in the exhaled air of all patients attached to respirators. We have placed at least one bedside monitor capable of connecting to a Nihon Kohden CO₂ sensor kit in each of the hospital's general wards and transmit information to nurse station central monitors. This allows us to remotely monitor for respirator trouble.

Technician
Clinical Engineering Laboratory, a
hospital in Yokohama, Kanagawa
Prefecture



In our hospital's PACU***, we began using *cap-ONE* masks this year and we use around 150 of the masks each month. Since the masks can perform more accurate CO₂ measurement than sensors that use the sidestream method, I feel it is wonderful that we can enhance the safety of patients while being able to efficiently administer oxygen at the same time. Moreover, since we can measure the patient condition more accurately than before, there are less cases where a monitoring alarm is mistakenly triggered for a patient who is in good condition. Patients who have undergone surgery go through the PACU before being relocated to a general ward thereafter, but for patients who also need to be administered oxygen in a hospital ward, we instruct that the *cap-ONE* mask be used continually for three days.

Physician
Anesthesiology Department,
a university hospital in Korea



*** PACU (Post-anesthesia Care Unit): Care of patients recovering from general and local anesthetic

Our hospital uses *cap-ONE* for sleep studies of all patients up to 18 years of age, including newborn infants. We carry out around 700 such tests per year and the results have been very stable. Medical devices and technologies from Nihon Kohden are trustworthy and adequately provide the functions needed by the hospital. *cap-ONE* features high measurement precision and even compared with the CO₂ monitor we were using previously, there is a high correlation in the measurement results of both devices. When taking CO₂ measurements from newborn infants, even the reduced size of the *cap-ONE* still feels a little large, so we look forward to the development of an improved interface for newborn infants.

Sleep Study Technician
a university hospital in Illinois,
United States



Corporate Governance

Enhancing Corporate Governance

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

Basic Approach to Corporate Governance

As a maker of medical electronic equipment, Nihon Kohden embraces the management philosophy of "contributing to the world by fighting disease and improving health with advanced technology, and creating a fulfilling life for our employees." To implement this philosophy, Nihon Kohden's basic approach to management is to grow as a company that is accepted by customers, shareholders, business partners and society in every aspect including products, sales, services, technology, financial standing and human resources, and to earn the trust of those stakeholders.

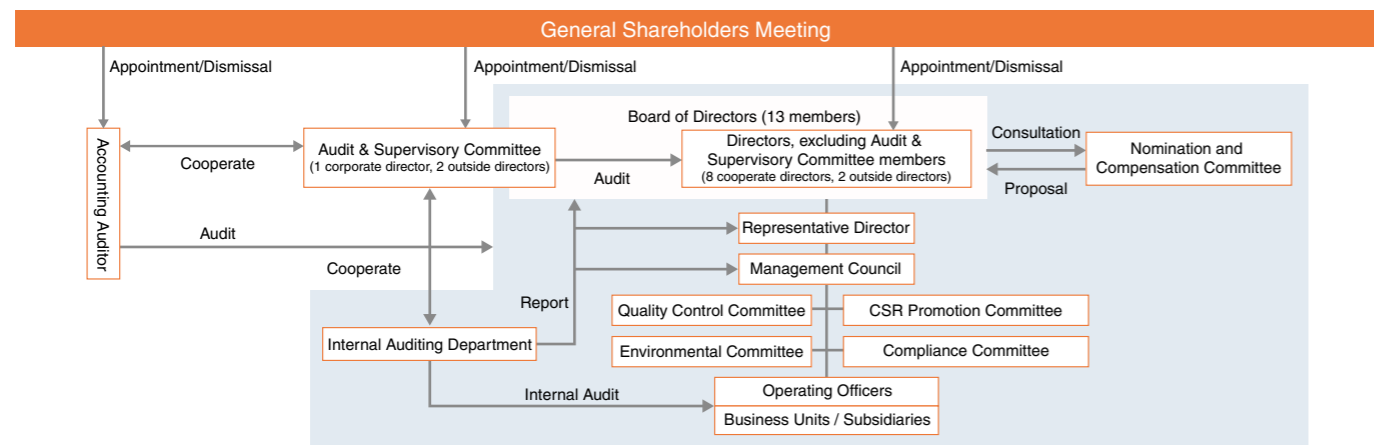
To implement this basic approach to management and enhance the medium-to-long term corporate value of the Nihon Kohden Group, our important management issues are enhancing corporate governance by building a corporate governance structure focused on sound management, transparency and improved efficiency.

Corporate Governance Framework

The head office of Nihon Kohden has adopted the structure of a company with an Audit & Supervisory Committee to achieve the following: enhancement of supervisory functions through possession of voting rights at the meeting of the Board by Audit & Supervisory Committee members, improvement of the soundness and transparency of management by raising the proportion of outside directors, and speeding up management decision making by having options to delegate the authorities for business execution. Nihon Kohden has also implemented various initiatives such as appointing highly independent outside directors, introducing an operating officer system, and pursuing mutual coordination between the Audit & Supervisory Committee, Internal Auditing Department and accounting auditors. In this way, Nihon Kohden believes it has adequately ensured supervisory functions in its management.

The Company has established a Nomination and Remuneration Committee which is a voluntary advisory committee under the Board, to ensure transparency and objectivity of the management. The majority of the committee members and the committee chair are appointed from outside directors.

Corporate Organization and Internal Control System



Making Diligent Efforts to Help Further Enhance Corporate Value

Outside directors not only engage in decision-making within the company's internal structure, but also need to ensure that differing views and objectivity based on an independent stance are reflected in corporate governance. In doing so, outside directors are expected to contribute to sound and transparent management that does not deviate from appropriate standards. I focus on using my experience in handling various cases as an attorney to continually monitor

the company based on conventional wisdom with the eyes of an outsider while giving adequate consideration to the viewpoint of shareholders.

The Nihon Kohden Group has achieved strong business results to date. Moving forward, I will make the best of my abilities and make diligent efforts to help further enhance the corporate value of the Nihon Kohden Group by faithfully executing the aforementioned role.



Masaya Yamauchi
Outside Director

Compliance

Promoting and Practicing Compliance

We practice fair and legitimate business activities with high ethics.

Compliance Promotion Framework

Item 2 of the Nihon Kohden Charter of Conduct states that "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." To put this into practice, Nihon Kohden has established the Nihon Kohden Code of Ethics and Conduct, and Compliance Promotion Rules as regulations related to compliance. We also ensure that these regulations take root and are thoroughly observed.

Nihon Kohden has also set up a Compliance Committee which establishes rules and systems and provides operational support to ensure that compliance is observed in all business activities. The committee's functions include complying with laws and regulations, providing compliance education and training to employees, and monitoring the state of compliance. In addition, the heads of each Group company and business division work with and report to the Compliance Committee in their roles as Compliance Administrators.

Compliance Training

Nihon Kohden has produced and distributed to employees a Compliance Handbook that contains the rules, approaches and conduct standards in order to enhance their awareness and knowledge regarding compliance. We also work to disseminate related rules such as anti-corruption by conducting workplace-level compliance workshops on a regular basis.

In addition, Nihon Kohden has established a compliance hotline as a point of contact for consultation and reporting on compliance matters.



The Compliance Handbook is distributed to all employees.

Risk Management

Strengthening Risk Management

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

Risk Management Framework

To ensure the sound and smooth operation of business, Nihon Kohden has established a management framework to prevent risks in overall business operations and prescribed methods for dealing with risks when they occur.

The Management Council is responsible for establishing the Risk Management Regulations as basic policies concerning risk management in overall Group business operations. The Risk Management Supervisory Division is tasked with improving and promoting the overall risk management system of the Nihon Kohden Group.

Moreover, the Risk Management Divisions that are assigned to

each classified risk type grasp and analyze the risk and improve the risk management system. For disaster risk management, Nihon Kohden set a business continuity plan in case of a major earthquake. For information risk management, Nihon Kohden strives to protect personal information and improve information security.



Nihon Kohden Corporation obtained PrivacyMark certification from the Japan Institute for the Promotion of Digital Economy and Community (JIPDEC).



IS 617365 / JIS Q 27001

Contributing to Further Sustainable Growth with a Sense of Responsibility as an Outside Director

We have entered the second year since adopting the Corporate Governance Code that stipulates the stance of the company and its investors, and the extremely important role of outside directors in this framework has been recognized. We have now entered a phase of further ensuring the functioning of this governance framework and pursuing its viability.

I hope to cooperate in the spirit of growth while maintaining an appropriate level of conflict-free tension between senior management and outside directors. I believe Nihon Kohden has cultivated an environment that allows for lively and con-

structive argument based on the diverse wisdom, experience and specialties of each individual. I am impressed by the history, will and sense of purpose of Nihon Kohden as a leading company in the medical device industry that continually moves forward, as well as its ability to continually provide high-quality medical devices and services to healthcare-related customers. As an outside director, I will embrace a strong sense of responsibility and employ ceaseless efforts and constructive dialogue to fulfill my supervisory function and actively contribute to the sustainable growth of the company.



Minoru Obara
Outside Director

Relationship with Customers

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.

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.

- ① "Risk Zero" design and production
- ② Achieve a high utilization rate by users
- ③ Achieve excellent usability

Initiatives to Provide High Quality Products and Services that Deliver Medical Safety and Security

To achieve its quality policy and targets, Nihon Kohden continually strives to ensure customer satisfaction and quality in all processes from development to production, sales and after-sales service. We have received quality management system certifications by third-party institutions, including ISO 9001, inside and outside Japan. In addition, communication with customers after their purchase is an important part of Nihon Kohden's quality policy. Our efforts in Japan and abroad involve call centers to respond to customer inquiries about purchased products and services, customer satisfaction surveys, and workshops and seminars to disseminate clinical knowledge and information on appropriate use of medical devices.



Seminar in the United States

Relationship with Customers

Improving Quality, Accessibility and Efficiency of Healthcare

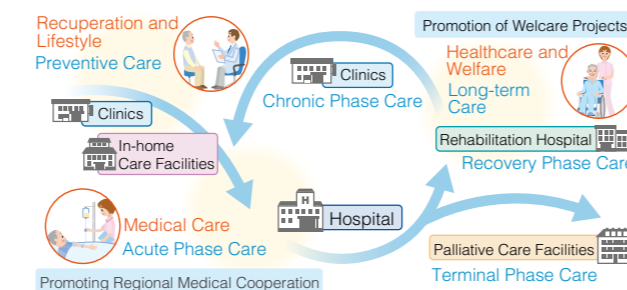
We aim for higher quality, accessibility and efficiency of healthcare by innovative technology and product development.

Improving Quality of Care throughout the Care Cycle

Many developed countries face an aging population and the health care system must respond. The aging population in Japan is advancing at a rate not seen in many other countries, and 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, targeting 2025 for completion.

In 2015, Nihon Kohden released the SUKOYAKA® monitoring telecare system as a monitoring service to improve the health and manage the pre-symptomatic condition of elderly persons living alone. Through a home station installed inside the home, the monitoring service detects changes in lifestyle rhythms, activity levels and environment and provides email-based notifications. Moreover, by measuring the daily number of steps and activity time of elderly people from their activity trackers, the service supports them to improve their health by providing evidence-based information on what kinds of exercises should be carried out and to what degree. This is based on the results of an epidemiological study on the improvement of health of elderly people in Nakanojo Town in Gunma Prefecture.

Providing Solutions throughout the Entire Care Cycle



Improving Healthcare Efficiency

Nihon Kohden released the FCM-2200 Celltac Peak High DNA Content Measuring Flow Cytometer which can swiftly measure cellular DNA content extracted during neurosurgery. A glioma* is a malignant tumor that accounts for roughly 30 percent of all brain tumors. As it is invasive and its barrier with the normal cell area is unclear, a pathologist carries out rapid intraoperative pathology** to accurately identify the extent of the tumor during surgery in order to remove it. This form of diagnosis usually takes around 20 minutes, but this new product can quickly, easily and quantitatively measure DNA content that increases during cell growth within 10 minutes. It is expected to remove some of the burden from the operator, pathologist and patient, and lead to more standardized testing.



FCM-2200 Celltac Peak High DNA Content Measuring Flow Cytometer

Improving Efficacy and Accessibility of Diagnosis and Treatment

Improving Accuracy of Diagnosis and Effectiveness of Treatment

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.



Initiatives to Disseminate Medical Care

Nihon Kohden has been taking the initiatives to improve access to healthcare in developing countries, PAD*** market, etc.

Activities to Disseminate CPR and AEDs

When a person who may have gone into cardiac arrest is discovered, initiating CPR more quickly and delivering electric shocks using an AED could save their lives. Nihon Kohden helps develop an environment in which as many people as possible can use an AED in the event it is needed.

In Japan, 5,891 people attended our workshops on AED usage in FY2015. Overseas, since AEDs have not yet achieved widespread adoption in some regions, we are engaged in activities to create environments in which ordinary people can immediately use AEDs when needed. We also supported safety and security by loaning out AEDs and dispatching personnel and instructors for various events including the 10th Tokyo Marathon in 2015.



Hands-on experience with CPR and AEDs (Japan)



Promotional activities in Mexico

Providing Medical Devices for Developing Countries

Developing countries still face shortages of medical equipment and devices in medical care settings. With the aim of improving and enhancing these healthcare environments, Nihon Kohden developed the SVM-7500 series of bedside monitors for developing countries at its Shanghai site. With regard to the supply of this series, we have achieved high-quality and efficient production combined with flexible distribution by establishing production sites in Malaysia, which has many high-quality engineers in the electronics industry and offers easy access to Southeast Asian countries.

Moving forward, Nihon Kohden has plans to expand the endeavor beyond Asia into Latin America. By continuing to provide low-cost, high-quality products to medical settings in developing countries, Nihon Kohden will strive to improve the provision of medical care.



SVM-7500 series bedside monitors for developing countries

* A glioma is a malignant tumor that accounts for roughly 30 percent of all brain tumors. It is typically invasive, making the barrier between the tumor and normal cells unclear and hampering complete removal.

** Rapid intraoperative pathology is a form of histopathological investigation performed in a limited time during surgery to determine whether a lesion is a tumor, whether the tumor is benign or malignant, whether cancer has spread, and whether any parts of the lesion remain.

*** 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 the Environment

Environmental Philosophy and Policy

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

Environmental Philosophy

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

Established: November 4, 2008*

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.

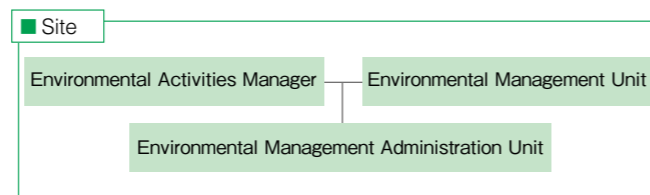
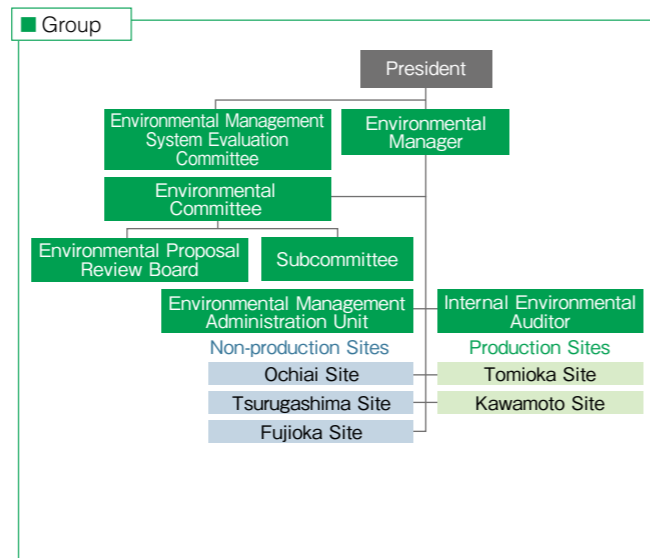
Established: March 28, 2013*

In 2016, the MIRAI Tomioka Production Center underwent an expansion inspection and completed registration. Our activities currently span five sites. Ochiai Site: head office and development department; Tsurugashima Site: sales and shipping of ME consumables; Kawamoto Site: development of ME consumables and safety/reliability testing of ME devices; Fujioka Site: repair and maintenance; Tomioka Site: manufacturing and shipping.



• The United Nations Global Compact

In July 2015, based on the principles of the United Nations Global Compact to which the CEO of Nihon Kohden signed on to, the COO is driving activities to incorporate elements into its environmental targets, including preventative approaches to environmental issues, leadership in taking responsibility for the environment, as well as the development and widespread adoption of sustainable technologies.



Certifications and Signed Commitments

The Tomioka Factory obtained ISO 14001:1996 certification in October 2001, and underwent a transitional review for ISO 14001:2004 in October 2005. Our head office and production department were integrated and registered for joint certification in January 2007. Certification renewal inspections were completed in January 2010, January 2013 and January 2016.

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.

Goals, Targets and Results of the Environmental Management Program

Environmental Goals	FY2015 Target	Result
1. Reduce environmental impact and prevent pollution in business activities	<ul style="list-style-type: none"> Implement business improvements to raise business efficiency Promote development and sale of sustainable products, and reduce environmental impact by an average of 5% compared with previous products for all newly developed products Reduce first month defect rate by 5% compared with FY2014 Keep the repair failure rate for repaired goods to 0.20% or less 	Attainment Rate: ✓✓ Activities were implemented in a largely smooth fashion at each site, and we managed to maintain reductions in environmental impact.
2. Ongoing energy use reduction to reduce carbon footprint	<ul style="list-style-type: none"> 1% improvement over FY2014 per unit of energy consumed 	Attainment Rate: ✓ Although the target was not attained according to assessment of the energy consumption rate, the target was met in terms of amount of consumption.
3. Contribute to a recycling-oriented society	<ul style="list-style-type: none"> Promote Reduce/Reuse/Recycle, and reduce waste for landfill and incineration per unit by an average of 0.3% over FY2014 	Attainment Rate: ✓✓✓ We promoted recycling and met the target emissions per unit.

Attainment Rates
 ✓✓✓ 100% attainment
 ✓✓ At least 75% attainment
 ✓ Less than 75% attainment

In-House Environmental Awareness Training Program

Introductory Training	All employees undergo this training when joining the company. Employees become familiar with and deepen their understanding of general environmental issues, regulatory and legal compliance, ISO 14001 mechanisms and the initiatives pursued by Nihon Kohden, our environmental philosophy and policies, understanding of environmental goals and targets, specific examples, and the need for full participation.
Training in Even-numbered Years	Training is conducted for all employees every other year (in even-numbered years). Employees learn about environmental policies, goals and targets, including changes to the situation around them, and gain an understanding of the activities underway in each division.
Awareness Raising Activities	In FY2016, we established an annual Environment Day on which we make known to all employees the need for environmental activities.

* Because of changes to senior management, on September 1, 2015, the environmental philosophy and policies of the CEO were re-approved by the COO.

Relationship with the Environment

Environmentally Friendly Products

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

TG-980P CO₂ Sensor Kit

By locating the intermediate processing unit inside the multi-connector, instead of in the middle of the cable, we were able to reduce the size and weight by about 50% compared to the previous model. TG-980P also uses fewer resources and produces fewer waste products. At the same time, input power has been reduced more than 80%, making it more energy efficient. The lead-free design also complies with RoHS Directive.

Thanks to the more compact and lightweight design, it is now easier to handle the cable during use. Cases where the cable falls out of the bed or medical device have been reduced, contributing to improved safety in medical care.



Cardiolife AED-3100 Automated External Defibrillator

The AED-3100 can operate in environments as cold as -5°C. It also features strong water and dust resistance compliant with the IP55 standard which allows use even in harsh conditions.

After two minutes of CPR, AED-3100 completes analysis and charging in as few as 8 seconds. The interruption in CPR is short, and electric shocks can be delivered more quickly. Without compromising on the necessary functions, the volume of the main unit has been reduced 40% and the weight is 15% lighter than previous Nihon Kohden products. This makes the AED-3100 easier to carry and enables a smaller installation footprint.

The weight of the main unit and packaging materials has been reduced thanks to the compact size and fewer components used. This allows us to reduce waste products. Power consumption has also been reduced, and together with other improvements, this product boasts greater energy efficiency.



P-730 series Disposable Pads

These are the first AED electrode pads produced domestically in Japan.

Baseline wandering is less likely to occur during CPR, and the use of an anti-cling protective film improves handling while wearing gloves.

The pads can be connected to TEC-2600/2500 series semi-automated defibrillators and TEC-8300 series defibrillators in order to shorten the time needed for life-saving.

As the pads are disposable, they are designed to contain no harmful substances.



Cardiolife S TEC-2601 Automated External Defibrillator

Analysis time is only 3 seconds. Cardiolife S can be combined with P-740 series disposable pads to enable use in environments as cold as -5°C. Cardiolife S has improved vibration resistance, operating time, and more operating cycles, striking a better balance between high-functionality and ruggedness compared with previous models.

While ruggedness has been improved, the models are actually lighter than before, produce less waste, and have lower power consumption.



P-511X Disposable Pads

These are disposable defibrillator pads intended for use in medical environments using X-rays.

The pads are more compact than previous models, and since they are disposable, they are designed to contain no harmful substances.



Celltac PEAK FCM-2200 High DNA Content Measurement Equipment

The FCM-2200 is a flow cytometer that is able to swiftly measure cellular DNA content from samples extracted during surgery.

An onscreen operation guide makes it easy to use so anyone can easily take measurements.

The equipment does not contain the six designated RoHS Directive substances, and it reduces waste by using fewer components than previous models. Including accessories in the product reduce waste products by using less packaging materials.



WEP-5258/5268 Telemetry System

Patient data for up to eight patients can be simultaneously displayed on a larger 19-inch color LCD display. The user can switch the number of displayed patients.

Patient attributes can also be entered by an optional magnetic card reader. This one-action entry procedure significantly reduces workload.

As with previous products, the system does not contain the six designated RoHS Directive substances. Moreover, while volume has increased due to the larger screen, waste has been decreased due to reduction in packaging materials.



QI-670P Interface

This is an interface for BSM-6000 series bedside monitors.

The interface does not contain the six designated RoHS Directive substances, uses fewer components, and achieves an improved recycling rate.



TG-980P is a Product that Contributes to Both Production Efficiency and After-sale Quality Control

TG-980P CO₂ sensor has eliminated the need for a relay cable so we managed to reduce assembly man hours by around 40% compared with previous models. Standby time during the calibration process has also been halved, and we have also reduced man hours during the inspection process. The main sensor unit and relay cable used to

be two separate parts but now they have been integrated and some components have been eliminated. This allows better product traceability (history management). I believe this product contributes to both production efficiency and after-sale quality control.



Satoshi Maru
Production Section 2,
Kawamoto Production
Department
Nihon Kohden
Tomioka Corporation

Relationship with Business Partners

Ensuring Fair Trade Practices

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

Basic Approach

We strive to practice sound and fair purchasing and achieve fair trade across the value chain, including at our business partners. Our efforts to achieve fair trade include the running of in-house training and the strengthening of relationships with our business partners.

Procurement Policy and Procurement Standards

To disseminate our stance on procurement to both inside and outside the company and ensure that our commitment will take root, we created the Nihon Kohden Procurement Policy and Nihon Kohden CSR Procurement Standards in 2013. The Nihon Kohden Procurement Policy represents Nihon Kohden's basic policy on procurement. The Nihon Kohden CSR Procurement Standards represent the compliance items Nihon Kohden expects its business partners to observe.

Nihon Kohden Procurement Policy

As part of its corporate social responsibility efforts to become a more global company, the Nihon Kohden Group values its partnerships with its business partners and engages in procurement activities in good faith following the policy outlined below.

- 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 17).

 http://www.nihonkohden.com/company/csr_partners.html

Compliance with the Nihon Kohden CSR Procurement Standards

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.

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

Initiatives to Maintain and Improve Quality

To respond to customer needs, we strive to maintain and improve the quality of the components and materials we procure. We have new business partners cooperate with audits to confirm the appropriate operation of quality management systems, and have existing business partners cooperate with periodic reviews of operation and quality audits based on the quality of delivered components. We strive to further enhance quality by getting business partners themselves to understand that the quality of delivered components can have a significant impact on the quality of our end products.



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

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, notice of resolutions and voting result are prepared in English and posted to our website.

We also hold exhibitions of Nihon Kohden medical devices to explain their features and other information to shareholders.



General Shareholders Meeting exhibition

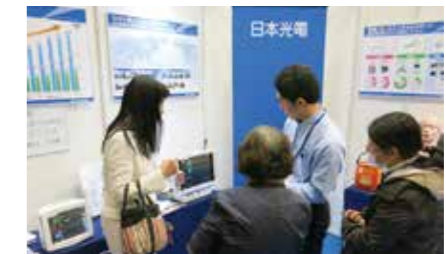
Providing Information such as Company Outline and Earnings

For securities analysts and institutional investors, Nihon Kohden hosts earnings presentations (every quarter) and organizes teleconferences where we discuss the Company's performance and strategy. Videos of the presentations and materials are posted to our website and made available to all shareholders and investors.

For individual investors, we hold company briefings across Japan and also have booths at investor relations events for individual investors, so the general public can see Nihon Kohden's products.

We run tours of the Tomioka Production Center, which is the key production plant of Nihon Kohden. The tours include visits to the production areas for medical devices.

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 segments and products is also published.



Events for Individual Investors IR Forum 2016 in Osaka



Factory tour for shareholders

Topics

Nihon Kohden receives award for excellence in Daiwa Investor Relations 2015 Internet IR Awards

Nihon Kohden received an award for excellence in the Daiwa Investor Relations 2015 Internet IR Awards in November 2015. Daiwa Investor Relations Co., Ltd. evaluated and scored the IR sites of all 3,662 publicly-listed companies in Japan according to its independent standards and selected 144 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 its disclosure in 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.

Diversity Promotion

Respecting the diversity of each individual while allowing them to think and act independently and demonstrate their individual characteristics at the organizational and group levels, and channeling these qualities into organizational strengths translates into corporate competitiveness. To promote diversity, we develop a workplace environment in which each individual can demonstrate their full potential and promote activities to enhance our ability to innovate as an organization.

Policy for Diversity Promotion Activities

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



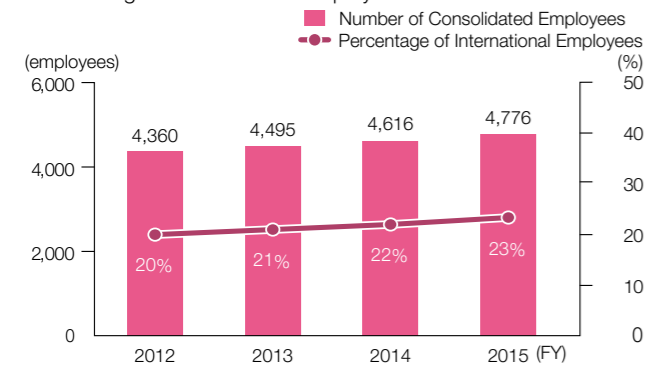
Diversity and Inclusion

Employment Status (employees)

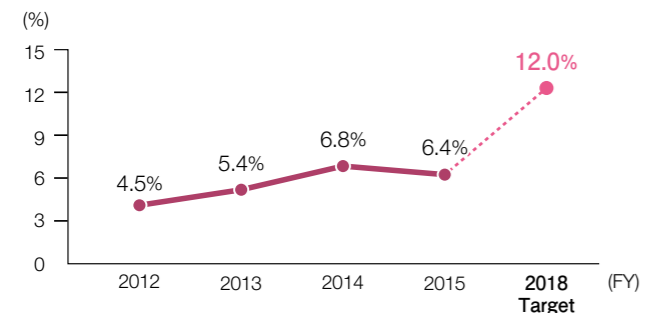
Regular Employees	Fixed Term Employees	Temporary Employees	Post-retirement Reemployment	Part-time Employees	Total
1,625	72	285	84	152	2,218

Figures for Nihon Kohden Corporation

Percentage of International Employees



Percentage of Female Managers – Results and Target



Topics

Nihon Kohden America Selected as a Great Place to Work®

In August 2015 and August 2016, Nihon Kohden's US-based sales subsidiary Nihon Kohden America received the Great Place to Work® Certification based on feedback by its employees in six areas including: the quality of the company's challenges, atmosphere, rewards, pride,

communication, and bosses. This honor was awarded by the independent analysts at Great Place to Work® Institute, the global authority on high-trust, high-performance workplace cultures. The Certification recognizes the investment Nihon Kohden America makes in its people.



Supporting a Work-life Balance

● Reforming Working Styles

Promoting harmony between work and home, where employees work reasonable hours and take holidays and appropriate rest promotes employee health, encourages new work-related ideas and awareness, enhances motivation, and has the effect of boosting business efficiency.

Nihon Kohden practices "Work Style Reform." We encourage individuals to transform their mindsets, improve the way they do business, and look at things from a different perspective. This brings innovation to the job and also enhances creativity and productivity. We promote "Health Management" so that our employees can lead healthy and enriched lives. By thoroughly enforcing days with fixed work departure times and encouraging employees to take annual leave with pay, we promote improved business efficiency aimed at a healthy work-life balance, encourage greater creativity, reduce working hours, and create more time for private activities. This allows employees to make more effective use of their time to invest in themselves, engage in self-improvement, form personal networks, take care of their health, spend time with their families, and engage in interests or volunteer activities.

● Kurumin Certification

Nihon Kohden promotes an improved environment to help employees strike a balance between work and child-rearing. As recognition of this, we obtained the "Kurumin" certification mark from the Ministry of Health, Labour and Welfare in March 2011.



Human Resource Development

● Basic Approach

Having each employee achieve powerful growth leads to corporate competitiveness. Nihon Kohden's basic policy on human resource development comprises four elements: Developing Autonomy, Developing Professionals, Developing Leaders and Developing Global Competency.

● Education and Training Structure

Nihon Kohden aims to cultivate employees who can be successful globally. To realize that, we believe employee need to be: **1)** Autonomous; **2)** Professional; and **3)** Leader who can foster the development of their subordinates. We have worked to establish education and training systems and a personnel system designed to develop and strengthen employees equipped with these three qualities.

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.

Donation of Medical Equipment to Training Schools for Clinical Engineers

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 dated equipment for educational purposes. For safety, Nihon Kohden discards or updates a lot of equipment that could be refurbished and used for teaching purposes. In FY2014 we started donating such refurbished equipment to schools in Japan. Upon donation, Nihon Kohden service engineers also ran a workshop on periodic inspection to support education that reflects actual work in the clinical field.

Results of Donations to Training Schools for Clinical Engineers

Year	Recipients	Products Donated	Total Units
FY2014	8 schools	Patient monitors, defibrillators, ECGs	8
FY2015	16 schools	Patient monitors, EEGs, defibrillators, ECGs, hematology analyzers	16

International Scholarship Program

We have established a scholarship program for doctors in Asia that aims to help them acquire medical skills. In October 2015, we cooperated with the NPO Japan Bangladesh Society to launch a training program for Bangladeshi doctors. Two doctors selected from the Society of Neurologists of Bangladesh were accepted into the program and underwent practical training on EEGs and EMGs at Japanese medical institutions. The doctors were able to learn techniques for reading EEG waves and other appropriate skills, experience rare medical cases, and enhance their skills.

After returning to Bangladesh, they have made use of these experiences to play leading roles in contributing to educational activities for junior doctors.



Participants holding completion certificates for the international scholarship program

Social Contribution by Employees

● Employee assistance programs

We support employees in the Japan Overseas Cooperation Volunteer program and employees social contributions both professionally and privately such as work leave to donate bone marrow or participate in volunteer activities.

● Regional cleanup activities

Nihon Kohden employees volunteer in cleaning activities in various regions. Every summer, Nihon Kohden Tomioka Corporation employees undertake volunteer cleaning activities in the Tomioka Silk Mill world heritage site. Nihon Kohden Minami Kanto Corporation employees collect trash over a wide area around the company premises once a month.



Donation to Nihon Medical Welfare Professional Training College



Donation to Shuto Iko College of Medical Care & Welfare



Cleanup volunteers at the Tomioka Silk Mill