

Sustainability Initiatives



March 14, 2024

Representative Director,
President and CEO
Hirokazu Ogino

Operating Officer, General Manager of
Corporate Strategy Division
Fumio Izumida

Past Activities for Sustainability



- Environment
- Society
- Governance





Agenda

1 Management Philosophy, Long-term Vision,
Three Year Business Plan

2 Materiality & KPIs for Sustainability

3 Progress of Each Materiality

4 External Evaluation


5 Q&A



1

Management Philosophy, Long-term Vision, Three Year Business Plan

Management Philosophy



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

Passion ever since Nihon Kohden started



Founder
Yoshio Ogino, M.D.

“There is a limit to save lives by one doctor. However, we can contribute to save lives by offering medical devices all over the world.”



Nihon Kohden started with only 12 staff

“Develop many advanced products that we can present to the world proudly.”

“True users are patients beside doctors. Develop products that are Gentle on the Patient.”



Origin of Company Name / Corporate Symbol

When the Company was founded, several of the founding members gathered at the house of the founder to decide on a Company name. As the founder had many books regarding the photoelectric effect and electron optics on his shelves, they suggested the name Kohden, which combines the Japanese characters for light and electricity.

The founder, who was interested in the possibilities for developing new technologies that combined electronics and optics, added the words Nihon (Japan) and Kougyou (Industry) to create the name Nihon Kohden Kougyou.



**Just as a lighthouse guides ships on the right course,
so let us be the hope for human healthcare and welfare**

The Corporate Symbol graphically expresses the founding philosophy of Nihon Kohden.

The curved line at the bottom of the corporate symbol represents the horizon, from which the light beaming from a lighthouse extends up into the sky, visually expressing Nihon Kohden's global development, and its contribution to humanity and the world, today and in the future.

Trajectory of Nihon Kohden



1951 Launched
World's first
all AC-powered
direct-writing
electroencephalograph



1965 Launched
Japan's first
battery-powered
defibrillator



1967 Launched
Japan's first
intensive care monitor



FY1970
Net Sales
¥4.4 billion

FY2000
Net Sales
¥66.7 billion

FY2022
Net Sales
¥206.6 billion



1974 Developed
principles of **World's first**
pulse oximetry



1976 Launched
World's first
telemetry systems



2003 Launched
World's first
mainstream-method
CO₂ sensor
to be used
for non-
intubated
patients



2009 Launched
Japan's first
automated external
defibrillator



2019 Launched
Company's first
ventilators



Corporate Value Creation Model



Realization of the Company's Management Philosophy

Long-term Vision
Illuminating Medicine for Humanity

Operating margin **15%**

Overseas sales ratio **45%**

Social and Medical Issues Addressed by Nihon Kohden

- Social Issues**
- Demographic changes
 - Changes in structure of diseases
 - Climate change/Natural disasters

- Medical Issues**
- Increases in medical expenses
 - Ensuring quality of medical care

- Trends in Medical Device Industry**
- Accelerating digitalization
 - Changes in logistics environment
 - Response to new work-styles
 - Tighten laws/regulations

INPUT

Main Investment Capital

Financial Capital

- Sound financial structure
Current ratio **370%** (FY2022)

Human Capital

- Diverse employees
Number of employees **5,751**
Of which, Overseas 1,641 people (As of March 31, 2023)

Intellectual Capital

- Proactive R&D investment
R&D costs **¥6.2 billion** (FY2022)
- Innovative technological development capabilities
Number of new products released **13** items (FY2022)

Manufacturing Capital/ Social Capital

Number of bases in Japan and overseas

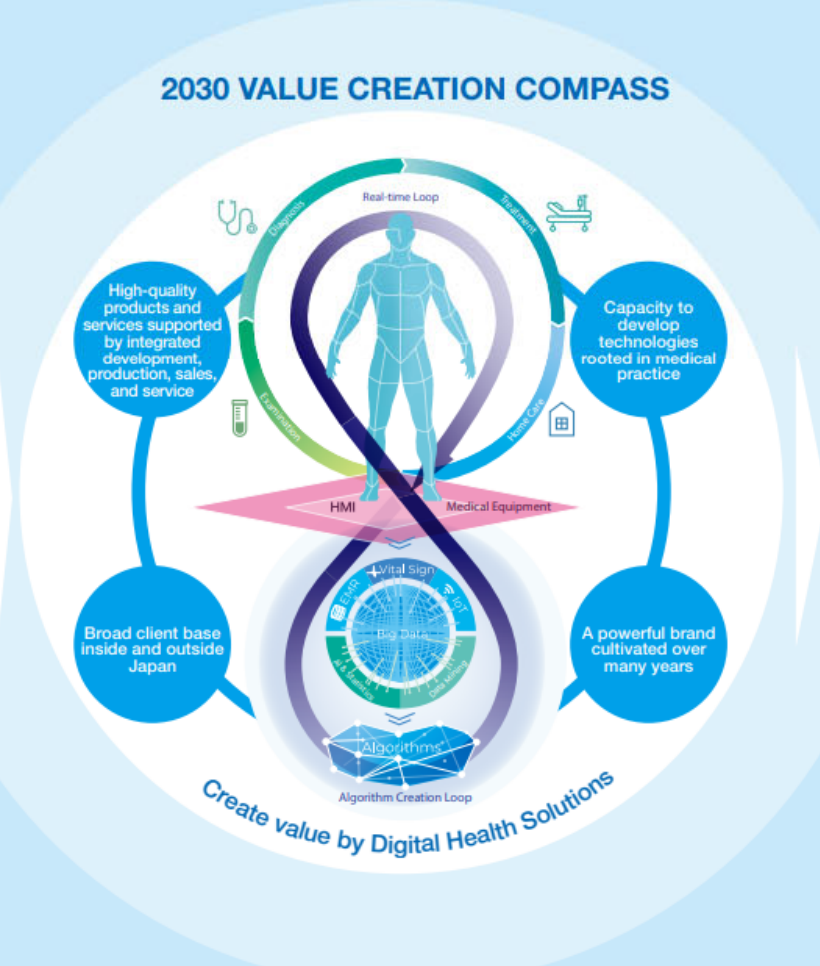
| | |
|----------|---------------------------|
| In Japan | 114 sales offices |
| Overseas | 26 group companies |

Areas in which products deployed Over **120** countries (As of March 31, 2023)

Natural Capital

CO₂ Emissions per unit of sales **5.88** t-CO₂/¥100 million (FY2022)

Recycling rate **97.4%** (FY2022)



OUTPUT

Targets of the Three-year Business Plan

FY2023 ending March 2024

| | |
|--|----------------------------|
| Sales | ¥197 billion |
| Domestic Sales | ¥134 billion |
| Overseas Sales (Overseas Sales Ratio) | ¥63 billion (32.0%) |
| Operating income (Operating income margin) | ¥20 billion (10.2%) |
| Net income | ¥13.8 billion |
| ROE | 10% |

Results in FY2022

| Physiological Measuring Equipment | | |
|-----------------------------------|-------------------|---|
| Net Sales | Composition ratio | The ECG-3250 Electrocardiograph |
| ¥43.2 billion | 21.0% | |
| Patient Monitors | | |
| Net Sales | Composition ratio | The CNS-2101 Central Monitor |
| ¥80.8 billion | 39.1% | |
| Treatment Equipment | | |
| Net Sales | Composition ratio | The AED-3250 Automated External Defibrillator |
| ¥44.4 billion | 21.5% | |
| Other Medical Equipment | | |
| Net Sales | Composition ratio | The MEK-9200 Automated Hematology Analyzer |
| ¥38.0 billion | 18.4% | |

OUTCOME

Creating social value

Financial Capital

- Investment funds for sustainable growth
- Return to shareholders

Human Capital

- Job creation
- Fostering a corporate culture in which employees take pride in contribution to healthcare and to our mission

Intellectual Capital

- Technology such as AI and green technology, that is the source of value co-creation

Social Capital

- Improving quality of life (QOL) for patients
- Improving resuscitation rates by expanding access to AEDs

Natural Capital

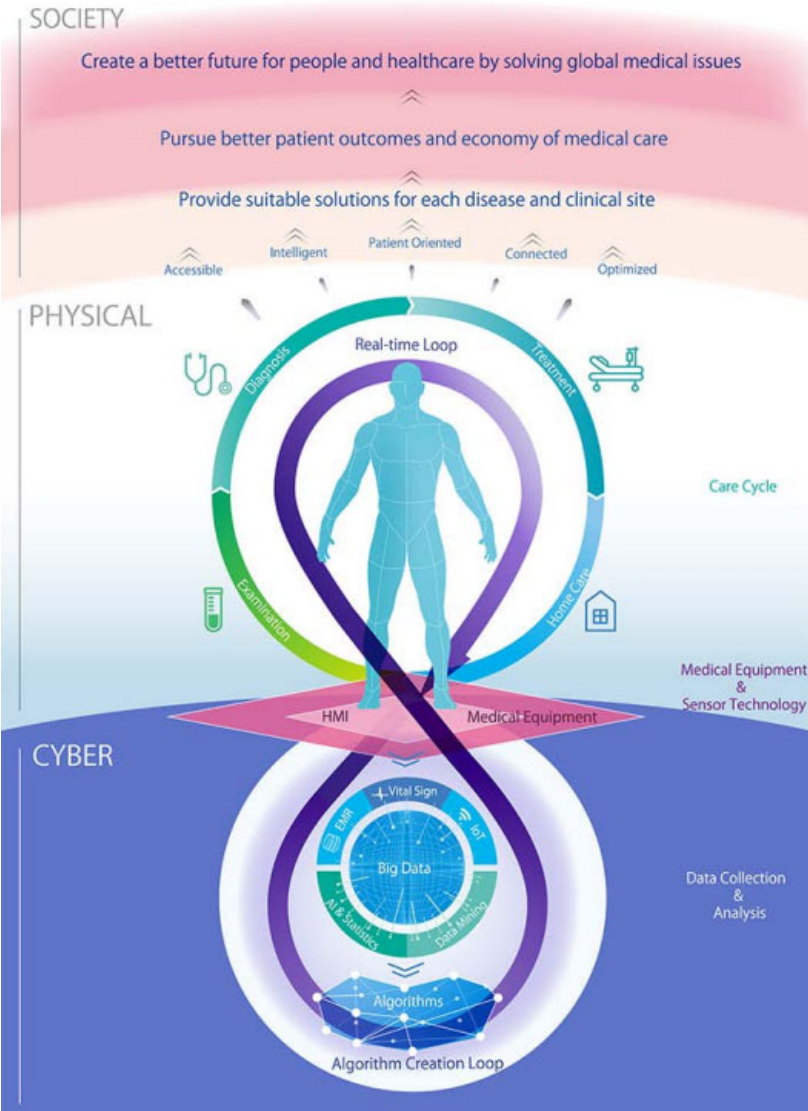
- Realizing a carbon-free society

Production Capital

- Value chain which pursues the highest level of quality in the world



2030 Value Creation Compass



● Patient outcomes and economy of medical care

We aim to create value that addresses global medical issues of achieving better patient outcomes and improving the economy of medical care.

● Suitable solutions for each disease and clinical site

We aim to provide the optimal care cycle solution for each patient, from examination, diagnosis, and treatment to home care.

● HMI technology and medical equipment

HMI technology is one of our core strengths and serves as an important touchpoint with patients throughout their clinical journey. HMI technology and medical equipment give us access to patients and clinical sites which enable us to create value.

● Value creation from data gathered through clinical sites

Nihon Kohden will develop a data integration platform and pioneer algorithms to create new value from information. Vital sign data, IoT data and EMR information will be integrated as a big data. Algorithms for clinical prediction models will be developed using AI and data analysis.

● Real time loop to respond to clinical needs

By combining HMI technology and medical equipment used in the medical field, and new algorithms created from big data analysis, we provide solutions that can respond to clinical needs in real time.

* Human Machine Interface is the user interface that connects human and machine. For Nihon Kohden, HMI indicates sensor technology, signal processing technology, and data analysis technology.



Long-term Vision

illuminating Medicine for Humanity

Create a better future for people and healthcare by solving global medical issues

1. Illuminate the future of medicine through our understanding of humanity

We will seek better patient outcomes and economy of medical care by remaining a close partner with healthcare professionals and patients around the world, and by leveraging our problem-solving capabilities rooted in clinical expertise.

2. Illuminate the lives of many by co-creating unprecedented value

We will realize the optimal care cycle for each patient, by utilizing our core strength in Human Machine Interface technology with advanced digital technology and data collected from medical sites.

3. Illuminate the potential of our people and organization by embracing new challenges

We will build an open-minded and creative team of individuals around the world who take pride in their contribution to healthcare and their mission to solve global medical issues facing humankind.





Three-year Business Plan, BEACON 2030 Phase I

Embrace sustainability across business and corporate activities

Management

Ensure strict compliance and strengthen group governance to reinforce the management structure

Business

Improve the profitability of existing businesses and obtain the resources to invest strategically for sowing seeds of new growth

Operations

Establish global SCM and strengthen core functions of operations to lay a foundation for global growth

* SCM: Supply Chain Management



2 Materiality & KPIs for Sustainability



Process of Defining Material Issues

- ✓ The Company generated a comprehensive list of social issues by considering the sustainable growth of Nihon Kohden and referencing international guidelines.
- ✓ The Sustainability Promotion Committee (currently The Sustainability Promotion Meeting), which consisted of members selected from 11 departments in charge of compliance, development, production, and sales, selected the list of prospective material issues.
- ✓ Based on questionnaires with all employees and the opinions of institutional investors, the identified 20 social issues were prioritized. Nihon Kohden's management discussed these issues several times and defined the material issues to be addressed. The Board of Directors approved 12 material issues.

Step-1

Social issues listed up from guidelines such as ISO 26000 and SDGs

Step-2

The Sustainability Promotion Committee narrowed down the issues to 30

Step-3

Issues were prioritized based on employee questionnaire survey and the opinions of institutional investors

Step-4

Management discussion

Step-5

The Board Approval

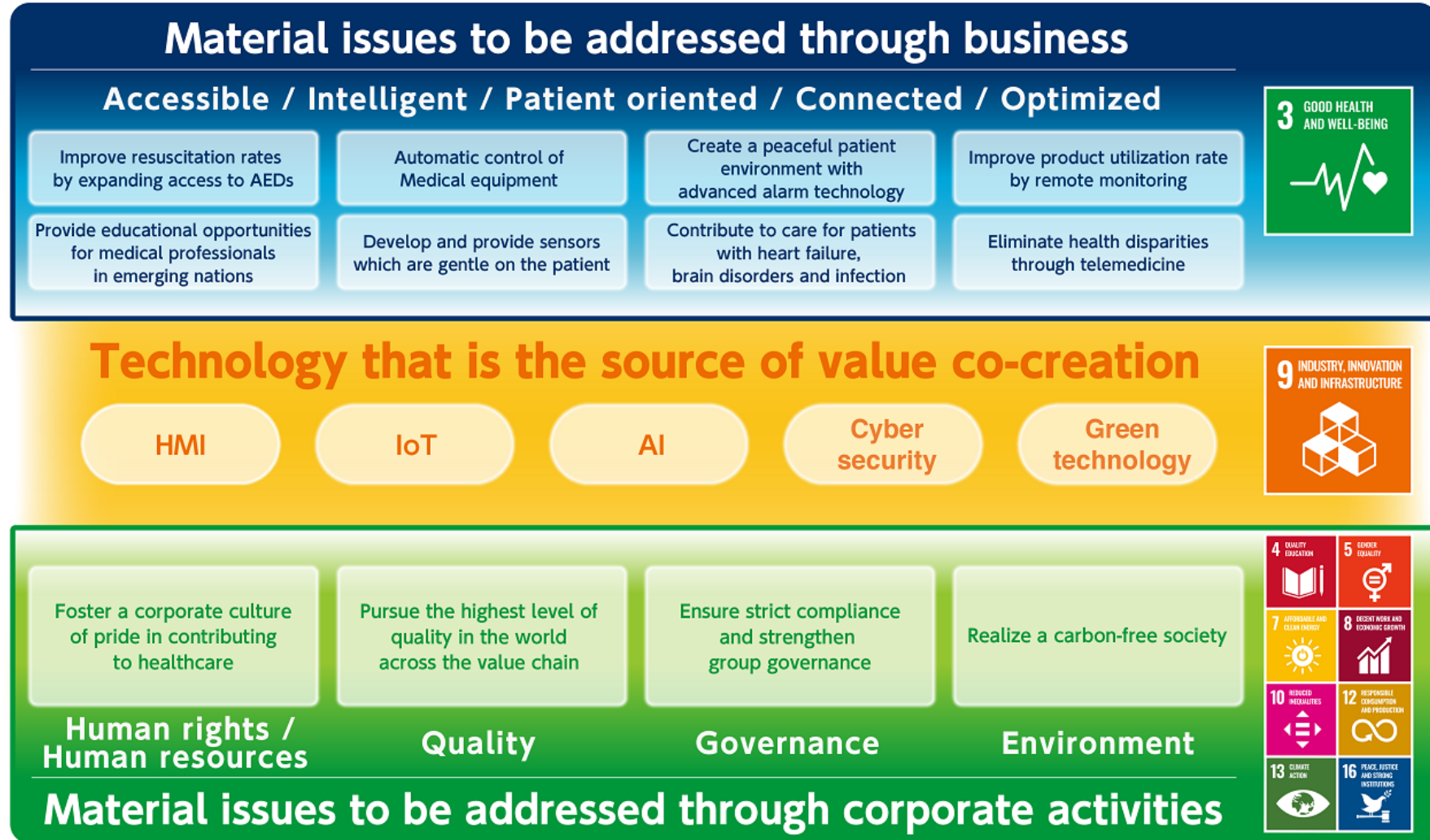
Sustainability: Material Issues



Defined 12 sustainability key issues (material issues) to be addressed through business and corporate activities.



March 2021
 Incorporated these nonfinancial targets into the Three-year Business Plan, BEACON 2030 Phase I, in order to contribute to global social issues and SDGs.





Sustainability: Material Issues and KPIs

Set KPIs (Key Performance Indicators) and assigned departments for each materiality, in order to review the progress of sustainability activities.



Members of the Sustainability Promotion Meeting, who represent the departments in charge of each materiality, report on the progress of sustainability activities and exchange opinions with other members at regular meetings.



Progress of material issues and KPIs
https://www.nihonkohden.com/sustainability/nk_sustainability/materiality.html

| Material Issues in Sustainability | | KPI | |
|--|---|--|---|
| Material issues to be addressed through business | Accessible | Improve resuscitation rates by expanding access to AEDs | Number of AEDs sold in the world Utilization rate of AEDs in Japan and the US |
| | | Provide educational opportunities for medical professionals in emerging nations | Promote training in epilepsy diagnosis in Indonesia Number of educational seminars held, hosting countries, participants (including online programs) |
| | Intelligent | Automatic control of Medical equipment | R&D investment in a robotic anesthesia system R&D investment in closed loop control of ventilators |
| | | Patient oriented | Develop and provide sensors which are gentle on the patient |
| | Connected | | Create a peaceful patient environment with advanced alarm technology |
| | | Optimized | Contribute to care for patients with heart failure, brain disorders and infection |
| | | | Improve product utilization rate by remote monitoring |
| | Eliminate health disparities through telemedicine | Number of network-oriented products sold like LAVITA R&D investment in realization of remote support for ICUs | |
| Material issues to be addressed through corporate activities | Human rights / Human resources | Foster a corporate culture of pride in contributing to healthcare | Employee satisfaction Develop human resources who can succeed globally |
| | Quality | Pursue the highest level of quality in the world across the value chain | Net Promoter Scores Number of recalls |
| | Governance | Ensure strict compliance and strengthen group governance | Establish and strengthen compliance programs of the Group Establish and promote global management policy in overseas subsidiaries Strengthen internal control over domestic sales |
| | Environment | Realize a carbon-free society | CO ₂ emissions Number of models and sales ratio of environment-friendly products Amount of waste from disposal of products and parts |



Sustainability Promotion Structure



Hikaru Kobayashi
Adviser
Research Center for Advanced Science and Technology
The University of Tokyo



Kuniko Shoji
Professor
School of Health Innovation
Kanagawa University of Human Services



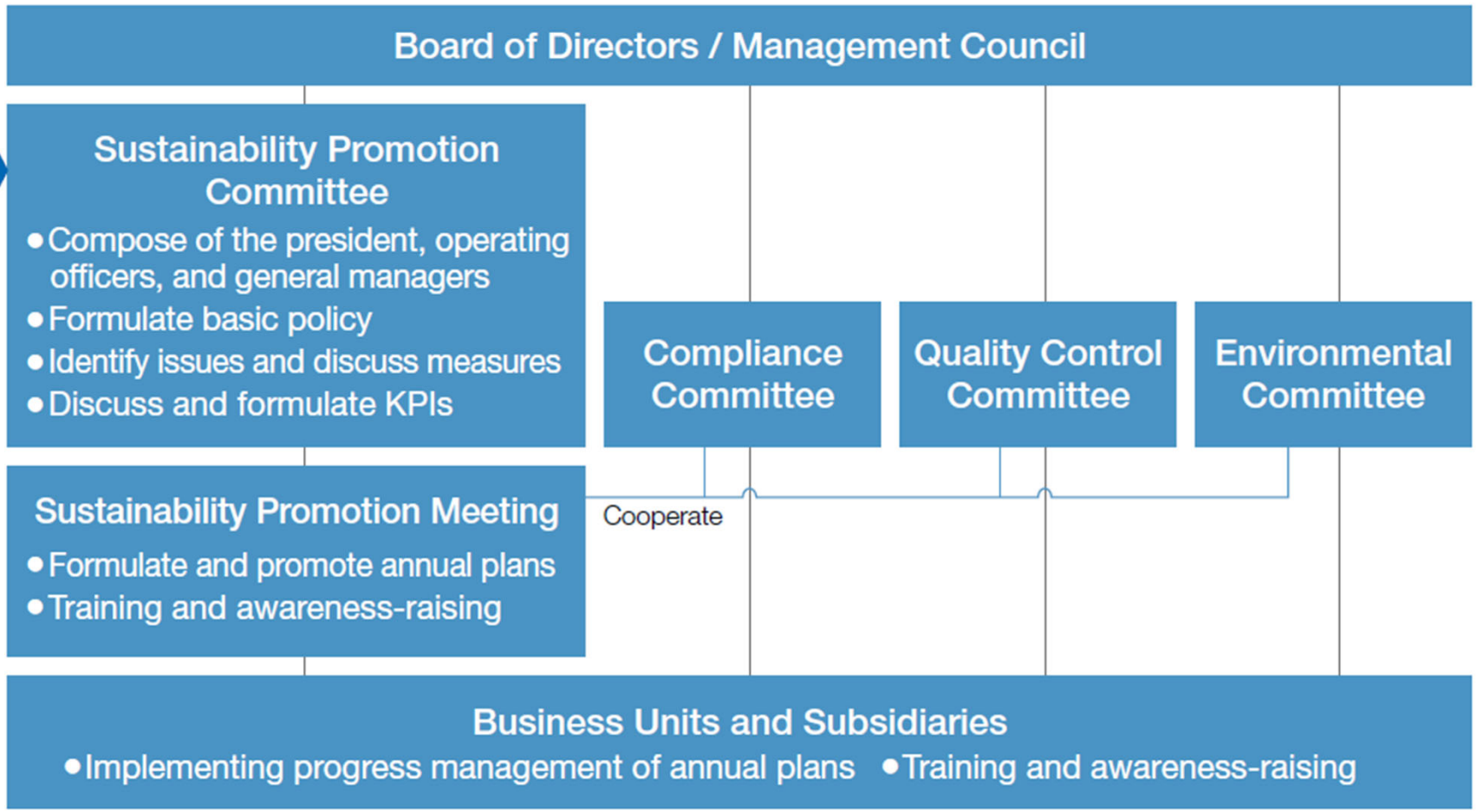
Mika Takaoka
Professor
Head of Department of Business
College of Business
RIKKYO UNIVERSITY

Established in July 2021

Advisory Board

- Provides management with advice that reflects external perspectives
- Three external experts

Advice





Advisory Board Meetings total five meetings

October 2021: 1st Meeting

Explained the sustainability promotion activities and the five visions for the future which we aim at realizing in the Long-term Vision.

May 2022: 2nd Meeting

Reported on the TCFD response, water resource response, formulation of environmentally friendly products rules, and human rights due diligence.

December 2022: 3rd Meeting

Reported on the strengthening of the company-wide risk management framework and the practice of sustainability management, in addition to the contents of the 2nd meeting.

June 2023: 4th Meeting

Reported on the progress of material issues and KPIs, and sustainability discussions. Our unique initiatives were highly evaluated.

November 2023: 5th Meeting

Discussed material issues and KPIs for the next Three-year Business Plan.





Promote Understanding among Employees

From April 2013 Education and Training on Sustainability

- ✓ Provides training when employees join the Company.
FY2022: 194 participants (one session for new employees, two sessions for mid-career hires)
- ✓ Conducts e-learning education to all executives and employees once a year in Japan.
FY2022: 4,051 participants on webinars, 497 participants with paper-based materials

April 2022 Newly established Sustainability Promotion Team

- ✓ Newly established a Sustainability Promotion Team in the Corporate Strategy Division.
- ✓ Plans and operates the Sustainability Promotion Committee and Sustainability Promotion Meeting and provides sustainability education to employees.

From October 2022 to October 2023 Sustainability Discussions

total 31 sessions, 4k or more participants in global

| | |
|--------------------|---|
| Education | Raise awareness throughout the community by providing sustainability education opportunities not only to employees, but also to medical institutions, distributors, and suppliers. |
| Healthcare | Contribute to the promotion of sustainability in medical institutions and healthcare systems by providing technologies and services in addition to solving medical issues through our business. |
| Environment | Strive to solve environmental issues by developing environmentally friendly products and building an ecosystem that includes product collection and recycling. |





3 Progress of Each Materiality

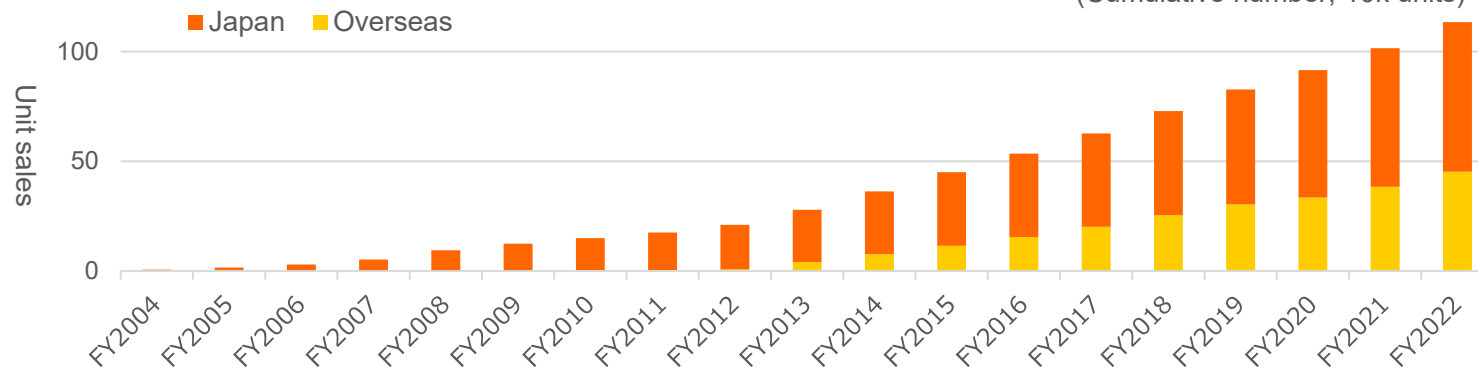
Improve resuscitation rates by expanding access to AEDs

Material issues to be addressed through business



■ Cumulative number of AEDs sold in the world

(Cumulative number, 10k units)



■ Utilization rate of AEDs in CY2022

Japan 4.1%, U.S. 10.2%



(Reference) AED workshops in Japan in FY2022: 291 in-person workshops and 3,490 participants, 119 online workshops and 1,137 participants



Improve resuscitation rates by expanding access to AEDs

Material issues to be addressed through business

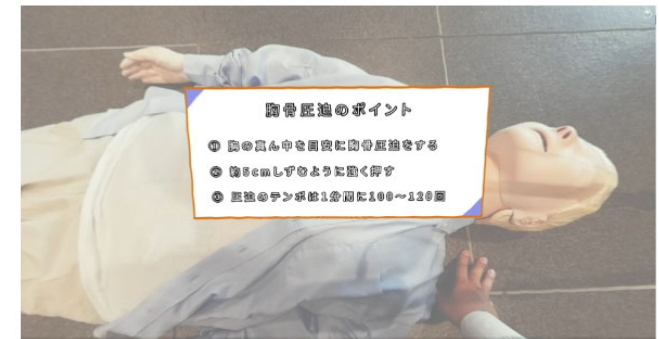
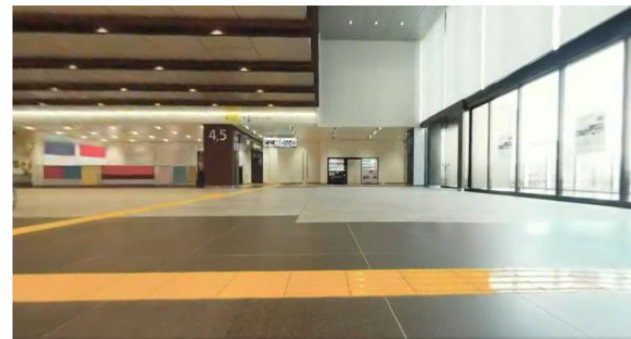


- Easy VR (virtual reality) experience from a rescuer's point of view!
 - Life-saving procedures using an AED -

How to watch VR videos using VR goggles for smartphones (*Japanese only)



<https://www.aed-life.com/information/vr/>



Provide educational opportunities for medical professionals in emerging countries

Material issues to be addressed through business



■ Promote training in epilepsy diagnosis in Indonesia

Started operations: 0 centers
 FY2022: Conducted six out of the total 23 lectures
 Continue discussions to educate 4 physicians



■ Number of educational seminars held, hosting countries, participants (including online programs)

Number of hosting countries: 7 countries (rate of progress 100%)
 Number of participants: 86k (rate of progress 86%)

FY2021: U.S., Qatar, Singapore



FY2022: U.K., China, Jordan, U.S.



Automatic control of medical equipment

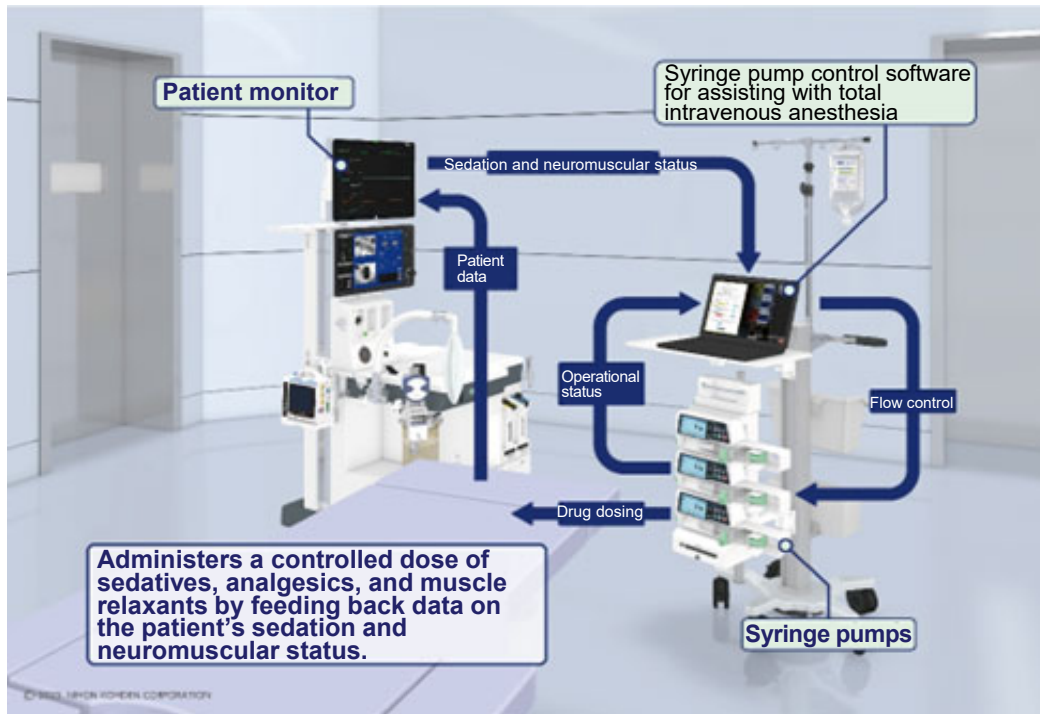
Material issues to be addressed through business



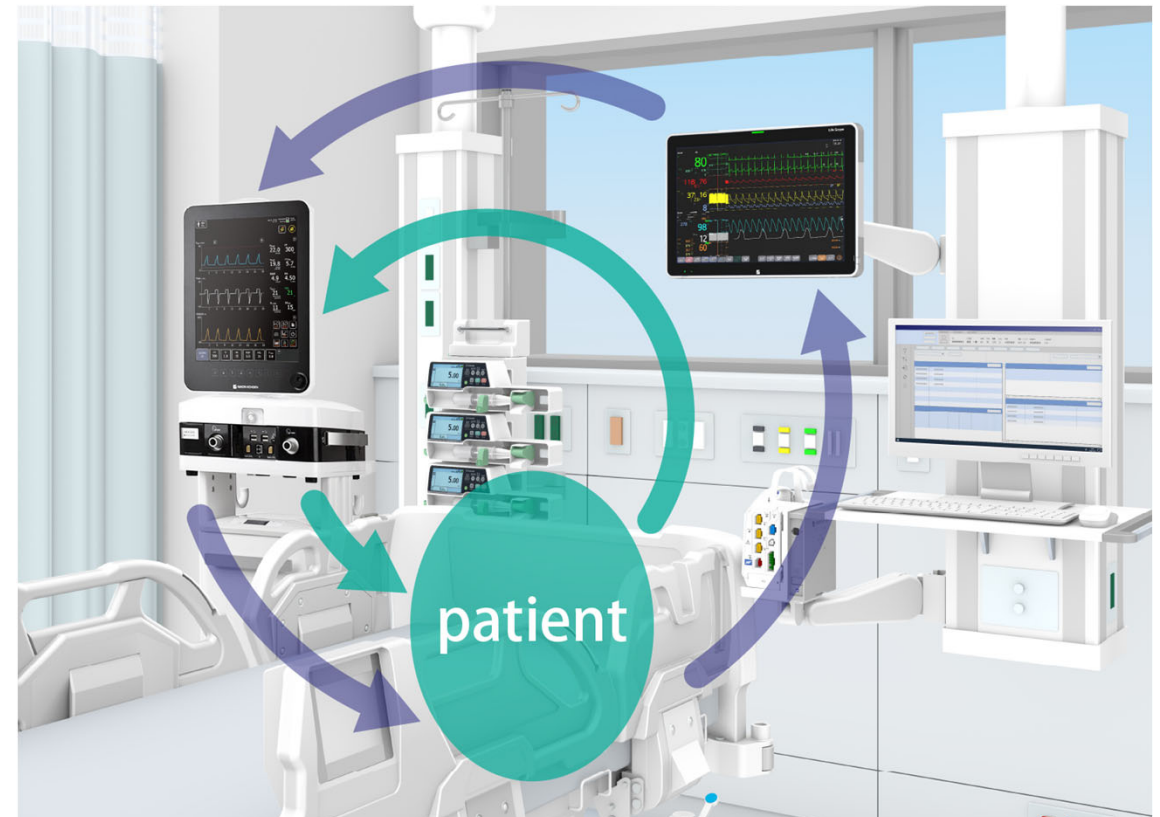
■ Robotic anesthesia system

Launched in FY2023 1H **NEW!**

Syringe pump control software for assisting with total intravenous anesthesia ROP-1680 **AsisTIVA**



■ Closed-loop control of ventilators



Develop and provide sensors which are gentle on the patient

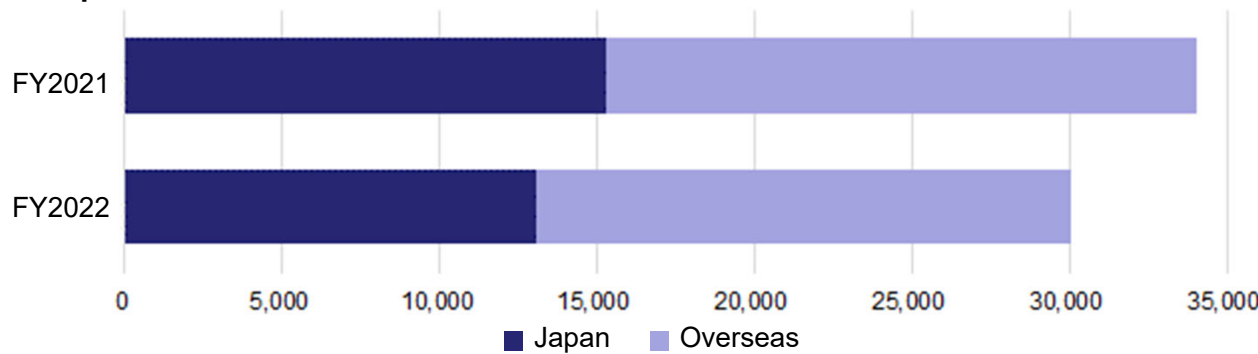
Material issues to be addressed through business



■ R&D investment in new sensors

■ Number of products sold that have esCCO, synECi18, and iNIBP installed

Number of products sales in FY2021/2022: 64k units (rate of progress 75%),
Japan 28k units, Overseas 36k units



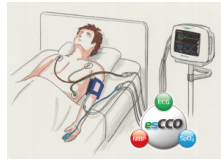
Bedside monitors CSM-1500/1700 series



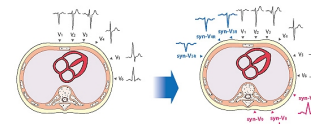
Defibrillator EMS-1052



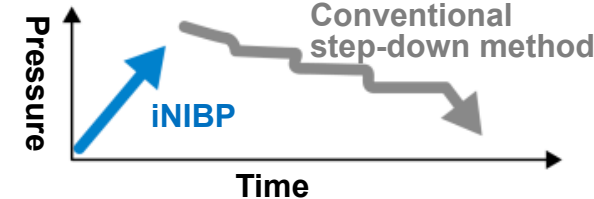
iNIBP-compatible YAWARA CUFF2



esCCO (estimated Continuous Cardiac Output):
Technology which can estimate cardiac output continuously based on ECG and pulse waves obtained from pulse oximetry.



synECi18: Synthesized 18-lead ECG. Synthesized 18-lead ECG uses the 12-lead ECG waveforms to mathematically derive the waveforms of the right chest leads and back.



iNIBP : Non-invasive blood pressure measurement algorithm using a linear inflation technology.

Create a peaceful patient environment with advanced alarm technology

Material issues to be addressed through business



■ Examples of differentiation through Nihon Kohden's unique technologies such as esCCO, synECi18, and iNIBP

Order for patient monitors from top hospitals in Brazil

FY2018

As a result of enhancing direct sales to key hospitals and promoting esCCO, we received a high evaluation and an order for OR/ICU patient monitoring system from Instituto do Coração do Hospital das Clínicas (Incor), Universidade de São Paulo.



FY2023

A top cardiovascular hospital decided to adopt our patient monitors because of highly-evaluated cost reduction effect with esCCO.

Exclusive adoption of our patient monitors in private hospitals' integration in Italy

FY2022

The utility and safety of non-invasive monitoring with esCCO was highly-evaluated by the head of anesthesiology and intensive care. The hospital decided to replace all patient monitors in OR/ICU with Nihon Kohden's. Almost all inpatients are monitored with esCCO, and if the patient condition deteriorates, invasive monitoring starts immediately.

FY2023 Received new orders / orders to replace other companies' products as a result of differentiation with esCCO in India and Peru

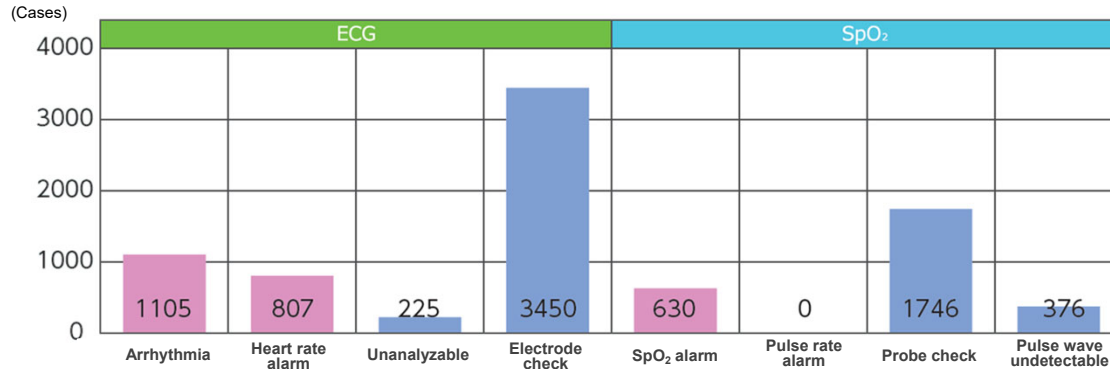
Create a peaceful patient environment with advanced alarm technology

Material issues to be addressed through business

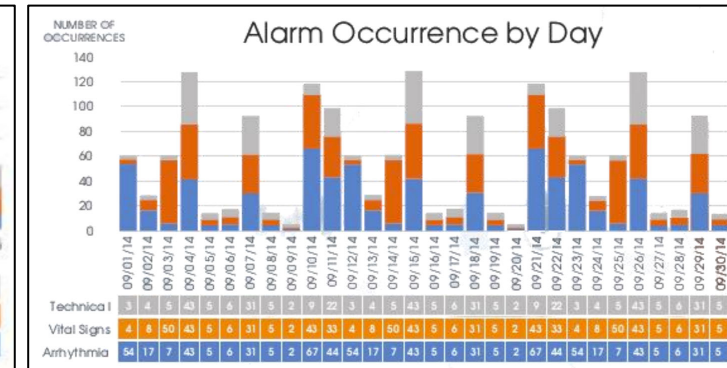
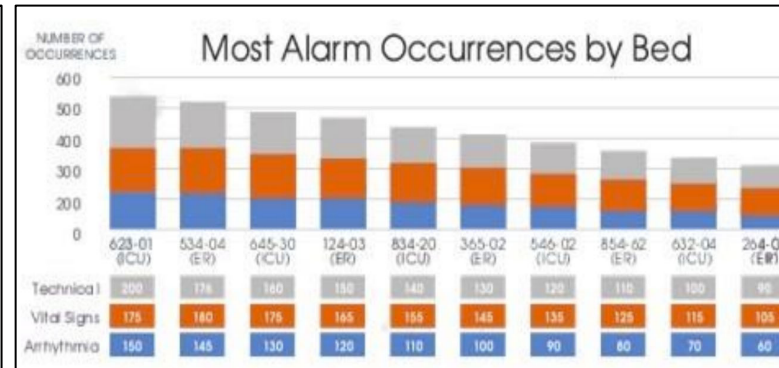
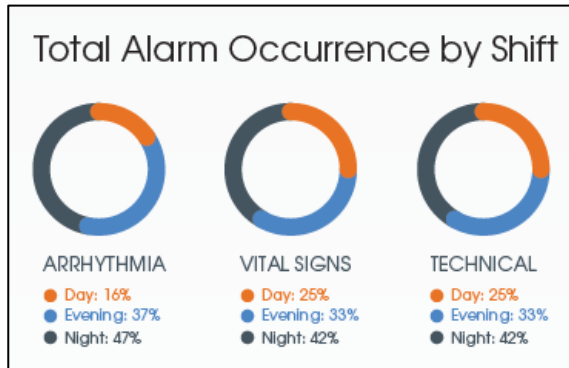


- R&D investment in improved alarm algorithms for patient monitors
- Number of hospitals that utilize Alarm reports for improving workflow

Number of new contract hospitals in FY2021/2022: Japan 263 hospitals (rate of progress 100%), U.S. 2 hospitals (rate of progress 8%)



Collect and analyze alarm data and propose operational improvements in numerical and graphical form

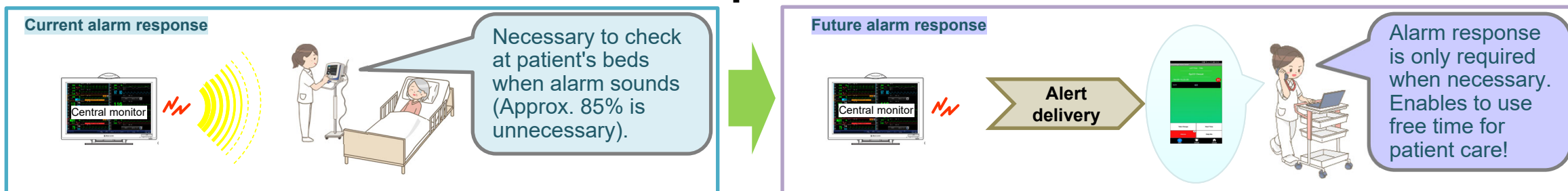




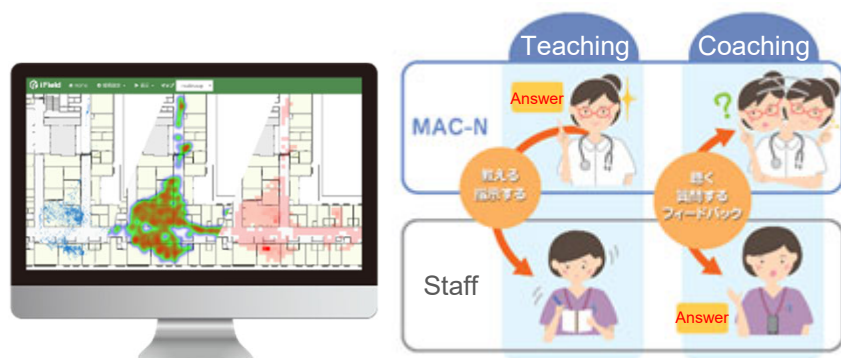
Create a peaceful patient environment with advanced alarm technology

Material issues to be addressed through business

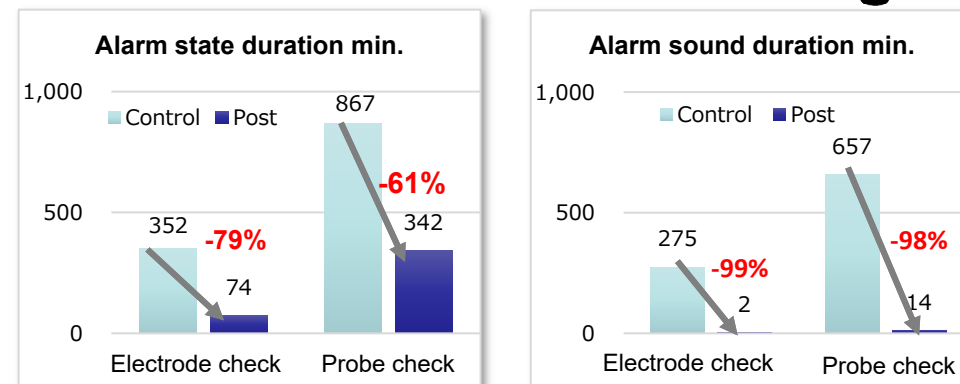
- R&D investment in improved alarm algorithms for patient monitors
- Consideration of specifications for distributed alerts and confirmation of effectiveness of implementation



■ Establishment of consulting methods for effective ward alarm management



Consulting contents



Reduce technical alarms effectively*

* Subjects: A total of 160 patients in four wards at one medical institution in Japan, before and eight months after consulting service, per ward per day.

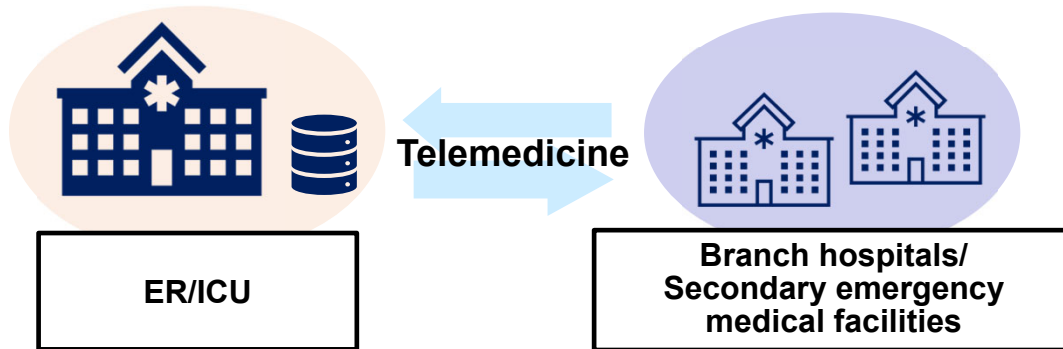
Contribute to care for patients with heart failure, brain disorders and infection

Material issues to be addressed through business



■ R&D investment in early warning scores

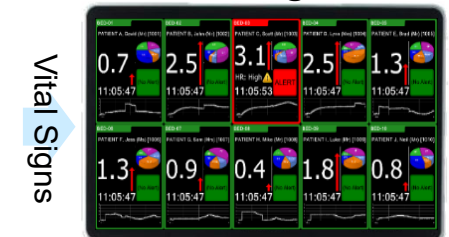
- ✓ Under developing a dashboard to support remote intensive care in Japan



Supports monitoring changes in patients' condition using scores calculated from vital signs



Central monitor



Integrated vital sign data index software, Visensia
Launched in FY2022
Only in Japan

NEW!

■ R&D investment in new parameters and algorithms for heart failure care

- ✓ Under evaluating usefulness of parameters and collecting data in the U.S.

Improve product utilization rate by remote monitoring

Material issues to be addressed through business



■ Number of MD Linkage sold and number of connected models

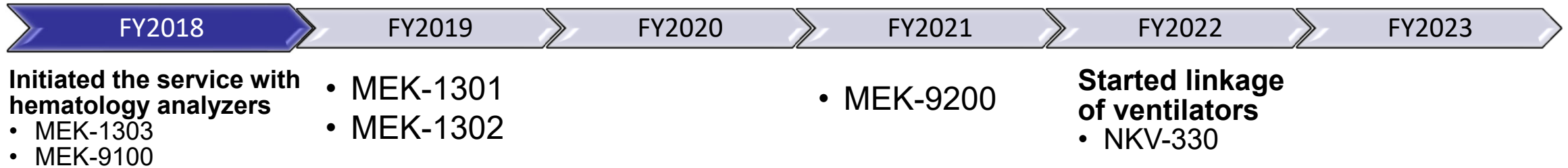


Medical device remote monitoring system sends operation information to the server automatically so that our call center and field services can support customers when devices fail or experience trouble.

Number of connected models: 6 models (rate of progress 86%) (MEK-1301/02/03, MEK-91/9200, NKV-330)

Number of newly connected units in FY2021/2022: 1,241 units (rate of progress 25%)

* Total cumulative number of connected units: over 3,600 units



■ Number of advance notifications before trouble with products occurs

Number of notifications in FY2021/2022:
2,659 cases (only in Japan)

Specific notifications for hematology analyzers:

- Time for replacing waste fluid container 30%
- Paper jam in compact printer 12%
- Protein cleaning not performed 4%

Customer Feedback

- Reagent management for hematology analyzer has become easier thanks to notifications from the call center about reagent replacement and waste disposal.
- By enabling information on ventilators in wards to be checked at the clinical engineering department, the need for rounds on the ward is eliminated.
- By enabling the results of ventilator operational tests to be printed out from a web browser, operational efficiency is improved.

Eliminate health disparities through telemedicine

Material issues to be addressed through business



Number of network-oriented products sold like LAVITA

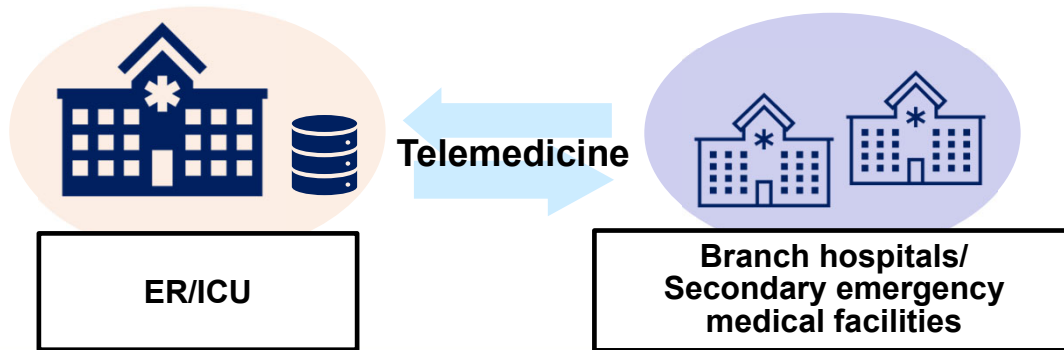
Number of contract hospitals in FY2021/2022: 315 hospitals (rate of progress 53%)

LAVITA® : Medical and long-term care network system

PrimePartner : Clinical assistant service



R&D investment in realization of remote support for ICUs



Foster a corporate culture of pride in contributing to healthcare

Material issues to be addressed through corporate activities



December 2020: Established Human Rights Policy and Human Rights Policy Rules

September 2021: Started Human Rights Due Diligence **NEW!**

- ✓ Subject: domestic and overseas Group companies and suppliers
- ✓ Three surveys by February 2024

September 2022: Human Rights Impact Assessment/Human Rights Risk Assessment **NEW!**

- ✓ Identified approx. 30 human rights issues and evaluating them by stakeholder
- ✓ **Identified “Excessive and unreasonable working hours” and “Sexual harassment, power harassment, and harassment related to pregnancy, childcare, and nursing care, etc.” as the Group’s key human rights issues**
- ✓ Promoting measures to reduce risks

October 2023: Established Human rights consultation service for customers and suppliers **NEW!**

- ✓ Accepting consultations regarding transactions with customers and business partners

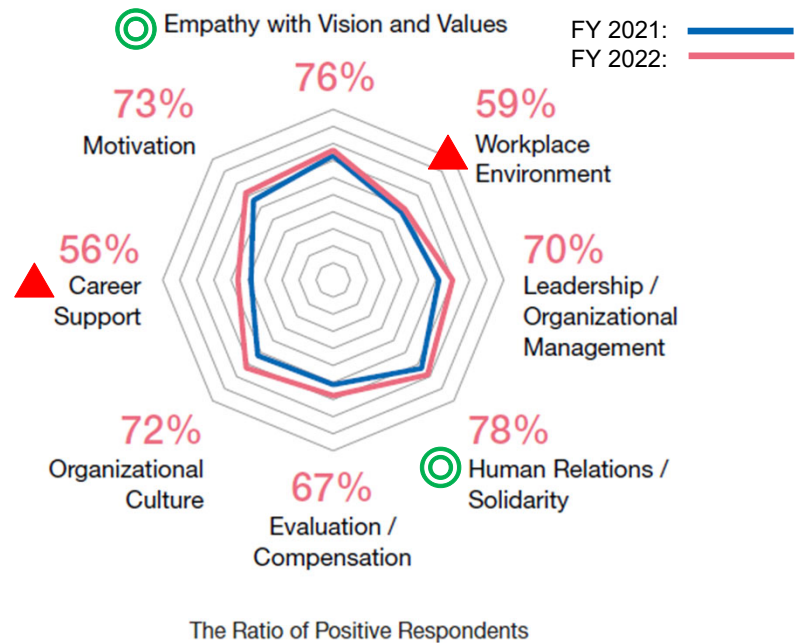
Foster a corporate culture of pride in contributing to healthcare

Material issues to be addressed through corporate activities



Employee Satisfaction NEW!

FY2021: Conducted survey of approx. 4,400 employees all employees in Japan
 FY2022: Improved 1.4 points compared to FY2021



Develop human resources who can succeed globally

Education hours per person: 18.6 hours in FY2021 and 18.2 hours in FY2022 (rate of progress 82%)

Cultivate employees who can adapt globally:
1) Autonomous; 2) Professional; and 3) Leaders
 who can foster the development of their subordinates

| | | FY2022 | |
|-------------------------|------------------------------|----------------------|--------------------|
| | | Total training hours | Number of trainees |
| Level-specific training | | 914.3 | 1,037 |
| Job-specific education | Training for sales staff | 86 | 218 |
| | Training for technical staff | 677.8 | 373 |

Foster a corporate culture of pride in contributing to healthcare

Material issues to be addressed through corporate activities



■ Diversity & Inclusion Promotion

Policy

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

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

*1 Employees at the parent company and domestic sales branches.
 *2 Directors and operating officers at the parent company.
 *3 C-suite such as CEO, COO, CTO, CFO.
 *4 As of June 30, 2023.

FY2015: Started Mentor System

- ✓ Resolve career development issues and support their personal growth
- ✓ Expanded to include male employees since FY2021

FY2021: Established "Beacon Terrace"

- ✓ Established from the idea of the Nadeshiko PJ, a network of female employees mainly in sales position
35 persons/1 time in FY2021 and 105 persons/5 times in FY2022

FY2022: Started Women’s Activity Promotion Program

- ✓ Support for female employees at the leadership level who are candidates for management positions, to help think about their career development including the option of management positions

Foster a corporate culture of pride in contributing to healthcare

Material issues to be addressed through corporate activities



■ Reforming Working Styles

Annual paid leave usage rate in FY2022: 49.6%
 Number of dates taken our unique paid leave program such as Accumulated Paid Leave Program and Special Paid Leave Program in FY2022: 2.8 days per employee.

■ Health Management of Employees

April 2019: Joined the consortium of companies promoting non-smoking efforts
 FY2021: Increased the amount of partial coverage of expenses for optional tests during annual health examinations (health support payment)

Added temporary employees to the list of eligible employees, and expanded the scope of coverage to include family health examinations for dependents of employees

FY2019: Started the Good Job Award

- ✓ Gathers examples of initiatives that lead to improved productivity and work-life balance in each department and commendation



FY2020: Started e-learning programs to prevent harassment

FY2022

Introduced a new system to support Work-life Balance

- ✓ Expanded Flextime System and Teleworking System to promote flexible work styles

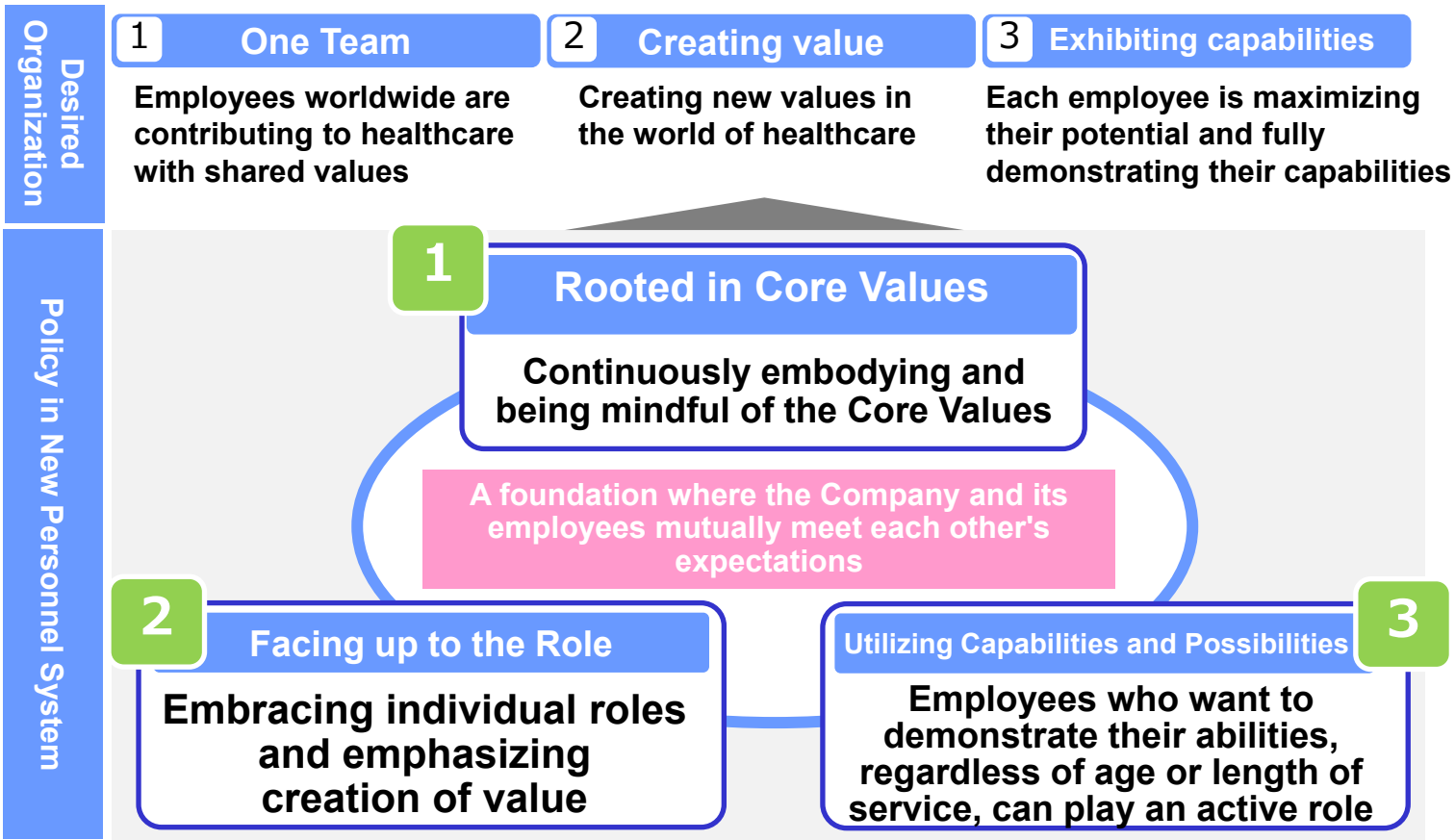
Foster a corporate culture of pride in contributing to healthcare

Material issues to be addressed through corporate activities



■ Introduction of a new personnel system **NEW!**

FY2021: Management positions, FY2023: General employees



■ Core Values



Pursue the highest level of quality in the world across the value chain

Material issues to be addressed through corporate activities



Quality Policy

To have the customers feel continuous satisfaction with their purchase of Nihon Kohden products.

Quality Targets

1. We will build a global quality management system to strengthen regulatory compliance and post-marketing monitoring in each country.
2. We will improve customer service as well as software and manufacturing quality to pursue customer value.
3. We will work to shorten downtime and reduce failure rates to achieve high product availability.
4. We will work on human resource development to achieve quality targets and pursue customer value.

Quality Day : November 20th

A day to raise awareness of quality for each employee, cultivate a proactive organizational culture, and reconsider operational quality in all departments that support corporate activities, including R&D, production, sales, and service, as well as finance, legal, human resources, general affairs, and supply chain management.

Pursue the highest level of quality in the world across the value chain

Material issues to be addressed through corporate activities



■ Net Promoter Scores

NEW!

Japan

FY2021: Started survey

FY2022: Conducted a second survey with more detailed and expanded items to be surveyed and improved 1.3 points compared to FY2021

U.S.

FY2022: Improved 12 points compared to FY2021

■ Number of recalls

The target is

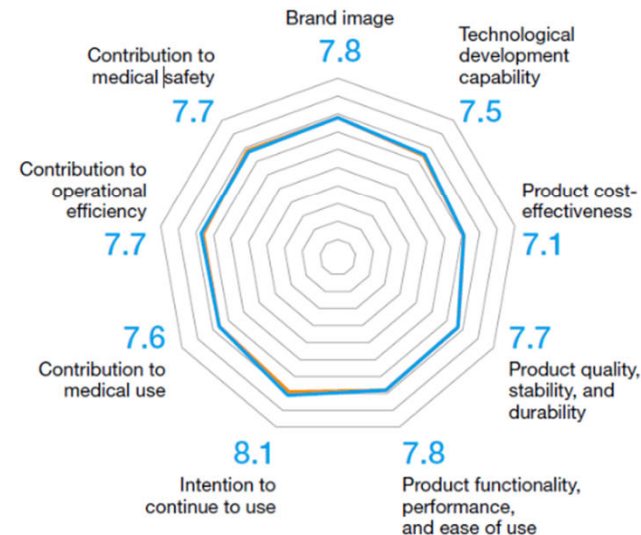
“zero recalls for 200 days or more.”

FY2021: 6 cases, FY2022: 2 cases

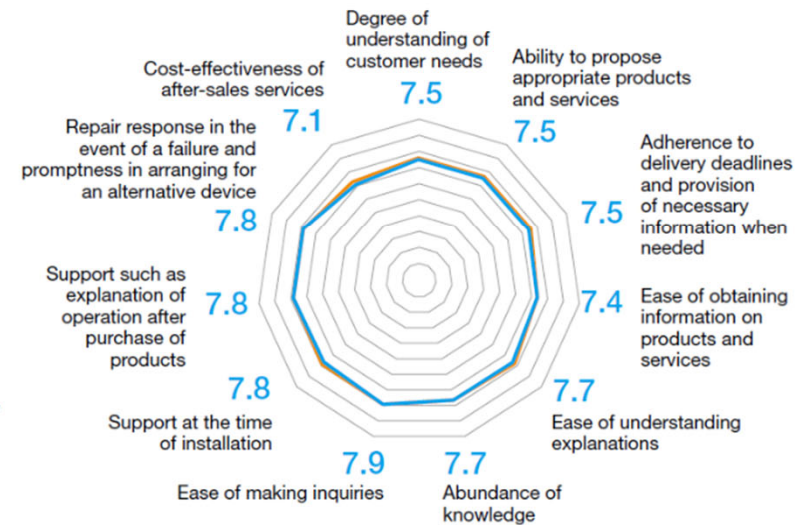
NPS Survey Results in FY2022 (Individual Scores) * 10-point scale for each item

— FY2022 — FY2021

Corporate Image and Contribution to Customer Value



Satisfaction with Sales and Services



Realize a carbon-free society

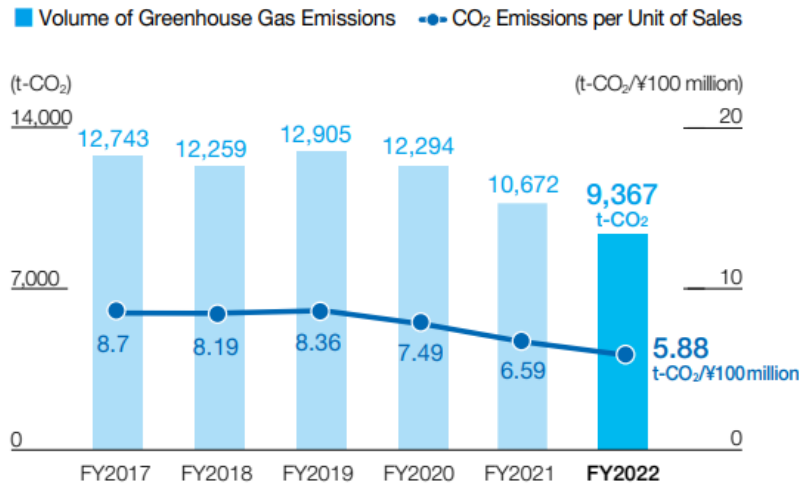
Material issues to be addressed through corporate activities



■ CO2 emissions

FY2022: 38.7% reduction compared to target of 15.2% reduction from FY2020

- ✓ Promote initiatives to set SBTs for CO2 emissions in the entire Group



* The figures are the combined totals for the Scope of ISO 14001 certification, including the parent company, and domestic sales branches.

■ Number of models and sales ratio of environment-friendly products

FY2022: Number of models: 75 series, Sales ratio of environment-friendly products: 19.1%

- ✓ Promote development of environment-friendly products and develop internal regulations



■ Amount of waste from disposal of products and parts

FY2022: 0.7% reduction compared to FY2020

Realize a carbon-free society

Material issues to be addressed through corporate activities



■ Disclosure Based on TCFD Recommendations NEW!

Expressed support for TCFD recommendations in May 2022 and disclosed related information in July 2022.

↗: Gradual increase in impact →: Not changing much

1.5°C to 2°C scenario

| Major Risks and Opportunities | Business Impact | Time horizon | Proposed Countermeasures |
|---|-----------------|-----------------------|---|
| Introduction of carbon tax and emissions trading Risk: Loss of sales opportunities in environmentally developed markets Risk: Deterioration in earnings due to higher carbon prices Risk: Legislation for use of renewable energy and reduction of electricity use | ↗ | Long-term | <ul style="list-style-type: none"> • Use of renewable energy to reduce CO₂ emissions • Adoption of energy-efficient production facilities |
| Increase in demand for environmentally friendly products Risk: Loss of sales opportunities due to not meeting customer requirements Opportunity: Sales opportunities due to increased demand for relevant products | ↗ | Short-term | <ul style="list-style-type: none"> • Strengthening the development of environmentally friendly products • Selection of low environmental impact parts and delivery methods |
| Increase in demand for digital health solutions with low environmental impact Risk: Increase in investment costs for R&D and capital equipment Risk: Decrease in competitiveness when companies with superior climate change solutions enter the market Opportunity: Business opportunities through integration and analysis of vital sign data and clinical support applications | ↗ | Short- to medium-term | <ul style="list-style-type: none"> • Reduction of CO₂ emissions through promotion of telemedicine and tele-ICU • Creation of business opportunities through new initiatives such as automatic control of medical equipment |
| Higher prices for raw materials such as resin used in product housings Risk: Higher production costs | → | Short- to long-term | <ul style="list-style-type: none"> • Adoption of common platforms in product development and production processes • Cost reduction by reducing part counts and optimizing components |
| Stakeholder assessment Risk: Deterioration of financing conditions and investment by financial institutions and investors | → | Medium-term | <ul style="list-style-type: none"> • Establishment of environmental targets such as CO₂ emissions reduction • Improvement of evaluation by external organizations through enhanced information disclosure |

4°C scenario

| Major Risks and Opportunities | Business Impact | Time horizon | Proposed Countermeasures |
|---|-----------------|---------------------|--|
| Extreme natural disasters such as torrential rains and floods Risk: Significant disruption to product supply, sales and service activities Risk: Disruption to health and safety of employees and their families | ↗ | Short- to long-term | <ul style="list-style-type: none"> • Business Continuity Plan (BCP) for the entire supply chain • Reducing risks by securing raw material suppliers, supply systems, and transportation routes; providing support to suppliers; and purchasing from multiple suppliers • Relocation of offices with high flood risk |
| Insufficient supply of water and other resources Risk: Stagnation in production of products and consumables that use water and other resources | ↗ | Short- to long-term | <ul style="list-style-type: none"> • Reuse of water resources discharged in the production of hematology reagents • Development and provision of products that use less water resources |
| Increase in infectious diseases Risk: Suspension of production, delays in supply chain, disruption of healthcare systems Opportunity: Enhancement of healthcare systems for disasters and emergencies | ↗ | Short-term | <ul style="list-style-type: none"> • Expansion of product supply, sales and service structures • Focus on medical equipment and DX in medical fields • Promotion of multi-plant operation |



Disclosure Based on TCFD Recommendations
<https://www.nihonkohden.com/sustainability/environment/tcfd.html>

Ensure strict compliance and strengthen group governance

Material issues to be addressed through corporate activities



- Establish and strengthen compliance programs of the Group
Occurrence of serious incidents of non-compliance: 1 case (FY2021, Japan)
Recurrence prevention measures

1. Strengthening of Governance

(1) Review of the organization

- Established the Compliance & Legal Department in the Global Corporate Administration Operations (April 2021)
- Established the Compliance Department in the Sales Operations in Japan (Currently Domestic Business Operations) (April 2021)
- Domestic sales branch offices
 - Strengthened administrative functions (Sequential implementation in progress)
 - Strengthened reporting lines to the Chief Compliance Officer (Compliance Officers’ meeting: held semi-annually)

(2) Review of the procedures for considering donations

- Applications received through the donation website were reviewed by an organization that is independent of sales divisions (Conducted quarterly)

(3) Strengthening of internal controls

- Application of IT controls to pre-order processes (Introduced in November 2021/Now operating successfully)

(4) Establish mutual check procedures with dealers

- (Completed in October 2022)
- Mutual pledge to comply with laws
 - Periodic questionnaires
 - Establish a whistle-blowing channel for third parties

2. Review of the Employee Performance Evaluation System

- Included compliance in evaluation items for performance evaluation (Management positions: June 2021/General employees: October 2021)

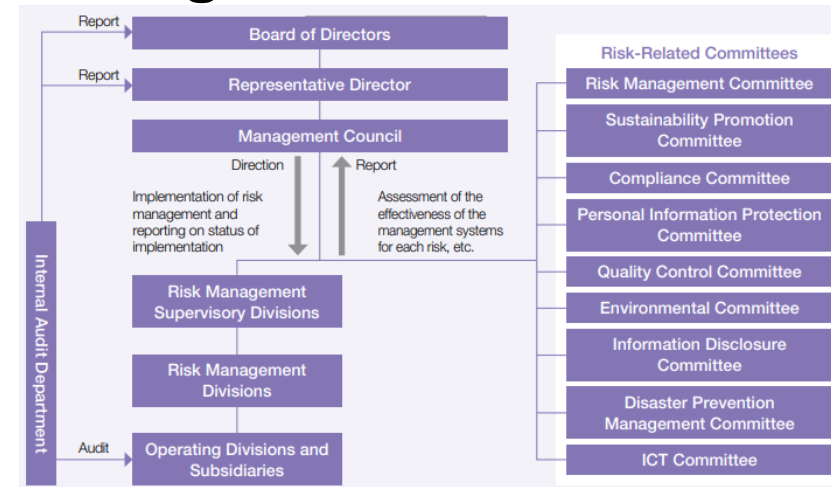
3. Thorough Compliance Education

- Domestic sales branch offices
 - Improved education programs for managers (Training by outside experts: held once a year)
 - Increased the amount of specific and practical training contents (Continued to implement)

4. Monitoring

- Periodic internal compliance awareness surveys (February 2021, February 2022, February 2023)
- Ensure that all employees are aware of the internal reporting hotline (Newly established lawyer hotline: February 2022)

- Establish and promote the Global Business Management Policy in overseas subsidiaries
- Strengthen internal control over domestic sales
- Sophisticating company-wide risk management framework

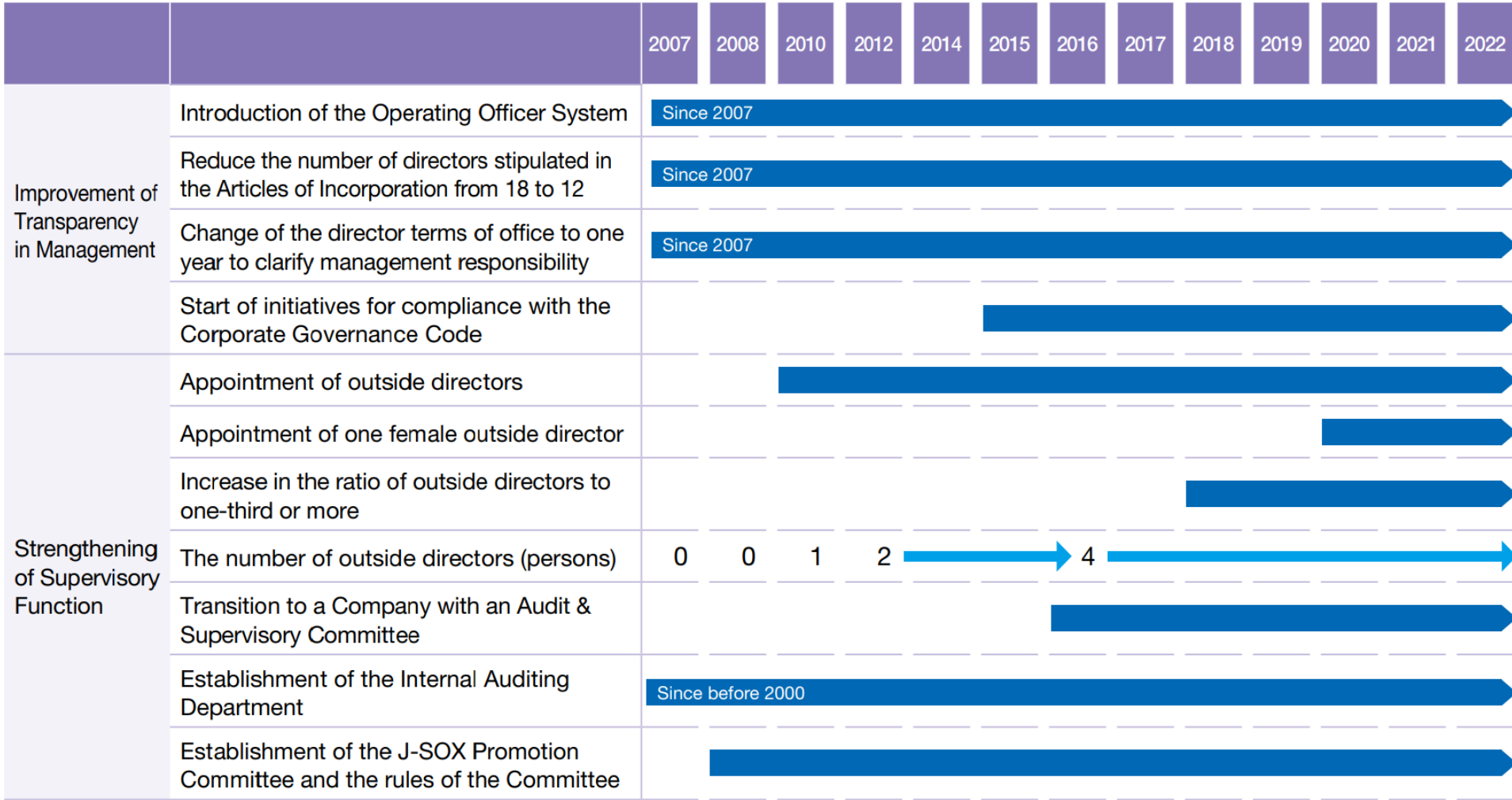


Ensure strict compliance and strengthen group governance

Material issues to be addressed through corporate activities



Changes in Corporate Governance Structure



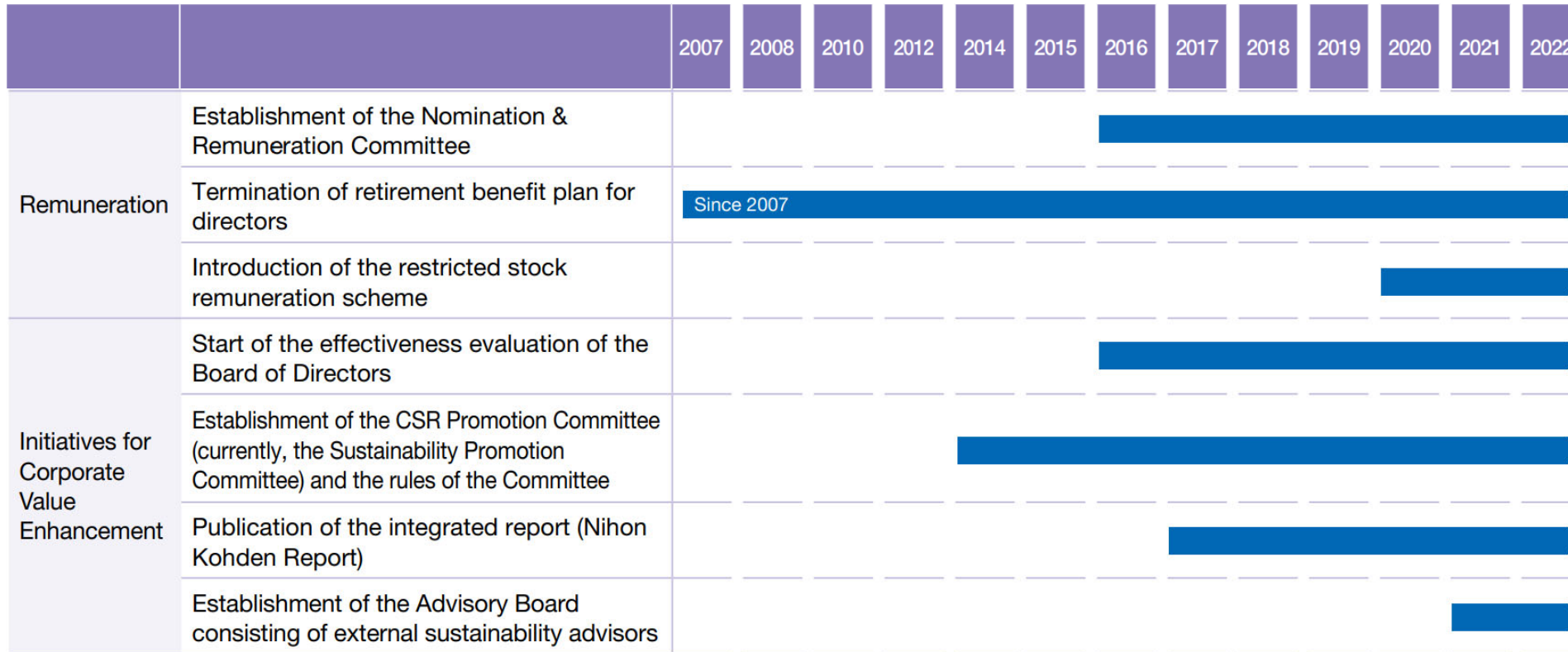
✓ Currently 36%

Ensure strict compliance and strengthen group governance

Material issues to be addressed through corporate activities



Changes in Corporate Governance Structure



✓ Currently reviewing remuneration structure for directors

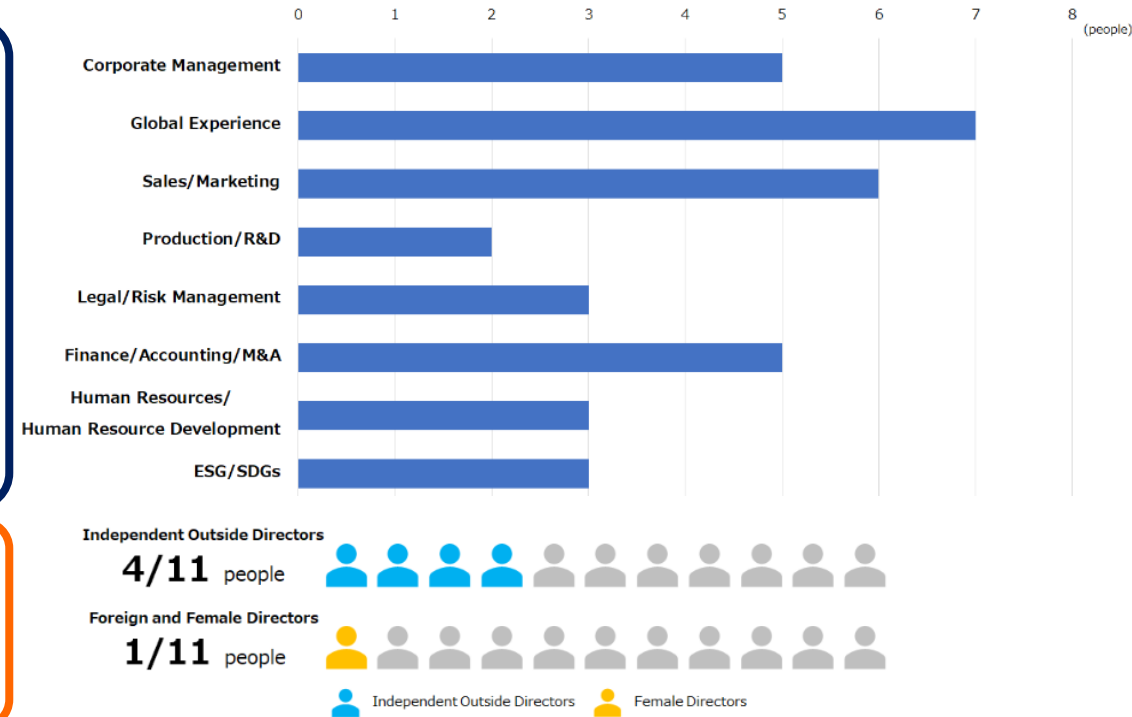
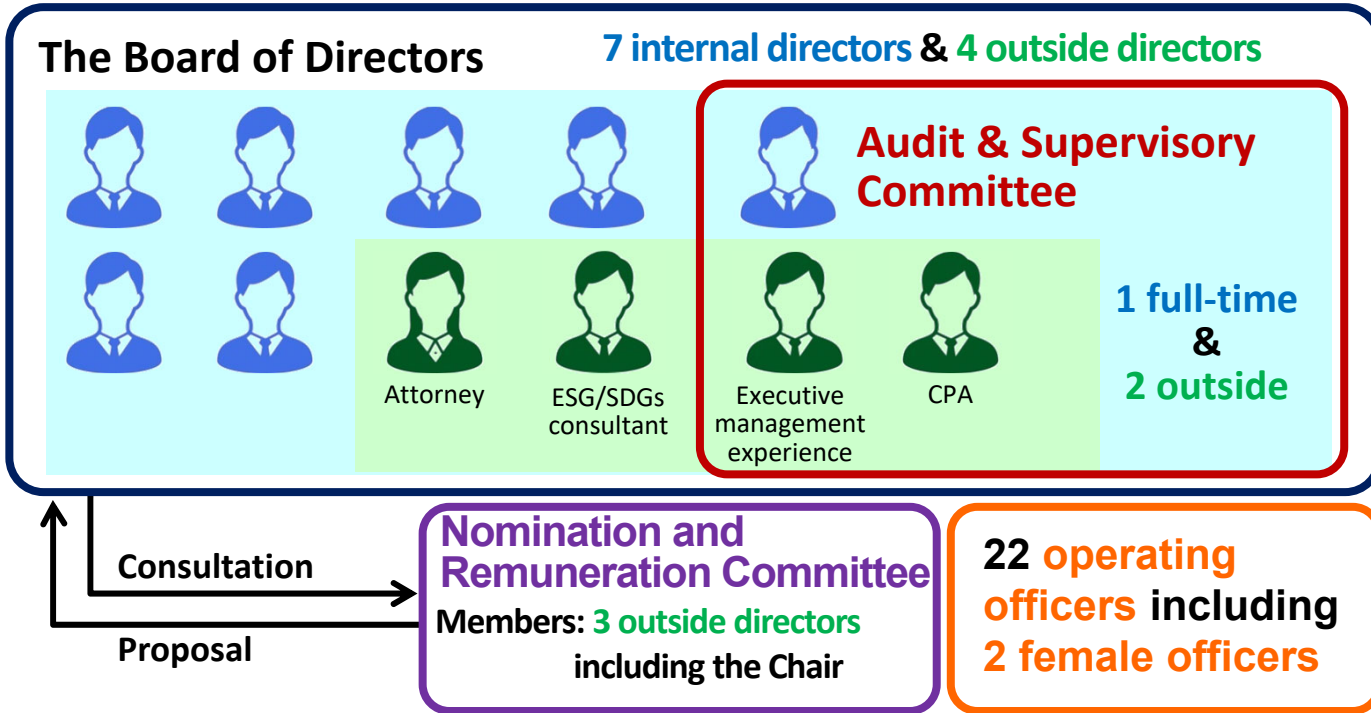
✓ FY2022: Started the effective evaluation of Audit & Supervisory Committee

Ensure strict compliance and strengthen group governance

Material issues to be addressed through corporate activities



- ✓ All eleven directors utilize their knowledge, experience, and abilities to make decisions and supervise the business executions in order to realize the Long-term Vision and the Three-year Business Plan.
- ✓ In addition to the expertise and experience of each director, all directors are engaged in management from the perspective of sustainability. The Company will continue its efforts to further strengthen sustainability.



Ensure strict compliance and strengthen group governance

Material issues to be addressed through corporate activities



■ Review the operating officer framework

The Company will start its next Medium-term Business Plan, BEACON 2030 Phase II, from April 2024.

* The announcement is scheduled in May 2024.

To realize its Long-term Vision, Nihon Kohden aims at global growth of its business and enhancing its corporate value by forcefully promoting its next Medium-term Business Plan, under its new operating officer framework.

NEW! Review its operating officer framework established in FY2007, introduce a new CxO framework, and redefine the role of operating officers

Management Operating Officers: Eleven Persons

Management Operating Officers are newly positioned as persons responsible for functional, business, and regional axes in the entire Nihon Kohden Group as well as executives who play a central role in reviewing and promoting the Company's corporate philosophy.

Operating Officers: Nine Persons

Operating Offices are executives in charge of execution of operations in each department as senior management.



4 External Evaluation



External Evaluation

✓ FTSE4Good Index Series



FTSE4Good



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

✓ JPX-Nikkei Index 400



JPX-NIKKEI 400

✓ 3.5 star rating in Nikke Smart Work Management Survey, Nikkei SDGs Management Survey



★★★★ 2024



Management Survey 2023
★★★★

✓ MSCI Index



2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

✓ ISS ESG Corporate Rating “Prime”



✓ CDP Climate Change: B rating, Water Security : B - rating





“Medicine has no borders”

**Fighting disease
with advanced technology
across countries and principles**



(Ref.) Sustainability Related Information

- **Nihon Kohden's Brand**

<https://www.nihonkohden.com/information/brand.html>

Founding Philosophy, Origin of the Company name,
Corporate Symbol, Logo, and Corporate Color of Nihon Kohden



- **BEACON 2030: Long-term Vision toward 2030**

<https://www.nihonkohden.com/information/philosophy/beacon2030.html>

Road to Developing a Long-Term Vision and BEACON 2030 Movie of Nihon Kohden



- **Report Library**

<https://www.nihonkohden.com/sustainability/report-library.html>



- **Sustainability Data**

<https://www.nihonkohden.com/sustainability/csldata.html>



(Ref.) Sustainability Philosophy and Logo



As a medical equipment manufacturer, Nihon Kohden dedicates itself to contributing to all forms of life on earth through its business activities and citizenship activities.

Nihon Kohden Sustainability logo uses green to express the earth and blue the sky, while the seedling and wavy line at center representing a heartbeat on an electrocardiogram articulate Nihon Kohden's commitment to coexist with the environment. The uninterrupted white line also symbolizes the concept of sustainability.



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