

Ensuring Fair Trade Practices

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

Message from Operating Officer

To sustainably provide medical equipment to its customers worldwide, Nihon Kohden is committed to stable procurement of parts and materials through communication with its business partners. We request our business partners cooperate with our questionnaire survey to ensure they understand and comply with the Nihon Kohden Procurement Policy and the Nihon Kohden Sustainable Procurement Standards. In particular, we conduct “Supplier Questionnaire” for key partners to ensure sustainable transactions and strengthen collaboration. We sincerely appreciate their continued cooperation.

Recently, there has been an increasing social demand for sustainability initiatives in collaboration with the supply chain. Going forward, we believe that strengthening partnerships with our business partners will become even more crucial. Starting in April 2024, Nihon Kohden has strengthened the collaboration between the production and SCM (Supply Chain Management) departments. This enhancement aims to establish a comprehensive global supply chain management system integrating procurement, production, logistics, and inventory management. Under this system, we strive to build strong, trusting relationships with our business partners and continue to develop and provide superior products. This will support healthcare professionals and contribute to maintaining a robust healthcare delivery system.



Yutaka Inano
Operating Officer,
Chief Manufacturing Officer,
General Manager of Production
Operations,
General Manager of Supply
Chain Management Division,
President of Nihon Kohden
Tomiooka Corporation

Approach to Sustainable Procurement

Nihon Kohden strives to practice sound and fair purchasing as well as achieve fair trade across the value chain including our business partners. To further reinforce sustainability in procurement and strengthen our collaboration with our business partners, we have conducted in-house training on sustainable procurement and disseminated the concept to our business partners for gaining their cooperation.

Procurement Policy and Procurement Standards

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

For further details for Procurement Policy and Procurement Standards, please refer to our website.

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



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Adherence to the Nihon Kohden Sustainable Procurement Standards

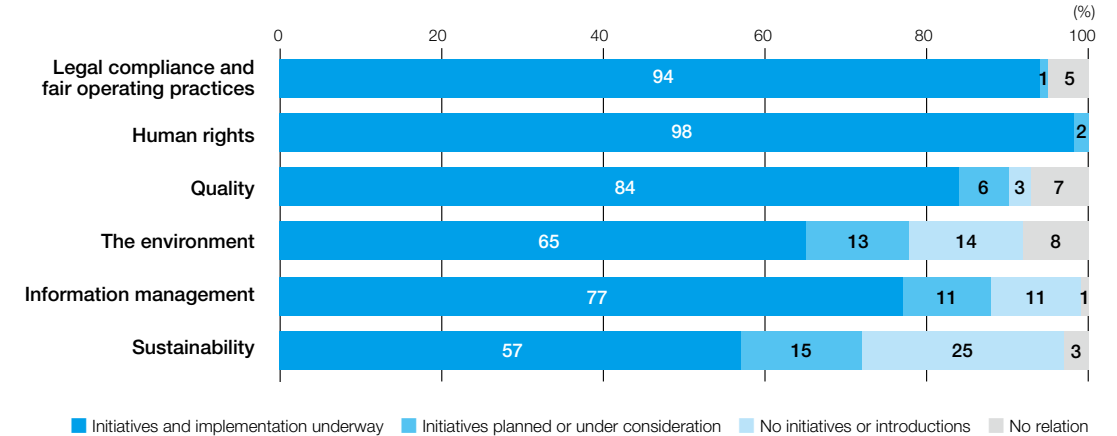
Nihon Kohden provides regular compliance training to all of its employees to ensure they have correct understanding and awareness of sound and fair business practices. Departments involved in procurement provide annual training on specific laws and regulations affecting their operations, such as the Fair Competition Code and the Act against Delay in Payment of Subcontract Proceeds. In FY2023, 60 people attended these training sessions.

We are also asking our business partners to understand and comply with the Nihon Kohden Sustainable Procurement Standards while maintaining mutual communication. Nihon Kohden requests its business partners to conduct self-assessments on their environmental and quality activities, as well as checks business partners' understanding of and adherence to the Nihon Kohden Sustainable Procurement Standards through their answers to the Sustainability Questionnaire conducted every year. Opinions expressed through the Questionnaire are fed back to procurement departments and utilized to realize fair and responsible procurement.



■ Results of the Sustainability Questionnaire in FY2023

In FY2023, we asked 107 of our business partners to answer our Sustainability Questionnaire and were grateful to receive cooperation from all of them. The questionnaire consisted of 22 questions in six areas: Legal compliance and fair operating practices, Human rights, Quality, The environment, Information management, and Sustainability. In terms of questions about Legal compliance and fair operating practices, and Human rights, Initiatives and implementation were underway, planned or under consideration in more than 90% of our business partners. In previous questionnaires, multiple business partners reported that they have engaged in social contribution initiatives. We continue to work with our business partners to deepen mutual understanding of our sustainable procurement standards and ensure fair trade practices.



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Identification of Key Suppliers

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

■ Results of the Supplier Questionnaire in FY2023

In FY2023, out of 137 key suppliers domestically and internationally, 117 responded to the Supplier Questionnaire, resulting in a response rate of 85.4%.

As in FY2022, the results of the survey revealed significant differences in the status of initiatives among suppliers. While many suppliers are working to build systems and implement various measures in the areas of Human rights, Quality, and Governance, many are facing issues in the area of the Environment, such as climate change response initiatives and environmental data acquisition. We will continue to discuss countermeasures and assist suppliers in reducing risks.

■ Measures to Reduce Risks

For suppliers with low scores and high risks, we continued to conduct additional fact-finding investigations, interviews, and provided feedback on the survey results. Additionally, for suppliers reported as having potential for serious incidents or accidents in the areas of Environment, Health and Safety, and Compliance, we promptly verified the facts and discussed appropriate corrective actions.

For further details of the Supplier Questionnaire, please refer to our website.

https://www.nihonkohden.com/sustainability/engagement/suppliers/nk_procurement.html#supplier_questionnaire

