

## Environmental Philosophy and Policy

We enhance the environmental activities through our business activities and the actions of employees to realize a sustainable and carbon-free society.

### Message from Operating Officer

My role as the Operating Officer in charge of environmental affairs is to strengthen our environmental activities through our business and corporate activities and our employees' actions to realize a sustainable and carbon-free society. As efforts to achieve a carbon-free society expand, the environmental issues that companies must address are becoming increasingly important. In light of the global movement toward carbon neutrality and the Japanese Government's declaration that it plans to achieve carbon neutrality by 2050, we have set realization of a carbon-free society as one of material issues for sustainability in our Three-year Business Plan. We have also set medium- to long-term environmental targets. We are committed to solving environmental issues by leveraging technologies gained through development and production of medical equipment and by strengthening our decarbonization efforts.



**Kenji Furukawa**

Operating Officer,  
Deputy General Manager of  
Global Corporate Administration  
Operations,  
General Manager of Human  
Resources Department

#### ■ Acquisition of SBT Certification

In preparation for obtaining Science Based Targets (SBT) certification, we developed procedures for calculating our CO<sub>2</sub> emissions and made preparations for third-party verification in FY2022. In addition to promoting energy conservation in our business activities, we have worked to reduce CO<sub>2</sub> emissions throughout our supply chain by providing environmentally friendly products and cooperating with our business partners in the supply chain.

#### ■ Disclosure based on TCFD recommendations

As addressing climate change is one of the most critical social issues facing global society and one of the most significant management issues for us, Nihon Kohden expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) in May 2022 and disclosed climate-related financial information in July 2022. Nihon Kohden will address climate change with integrity to realize a carbon-free society as stated in our material issues and disclose information in line with the TCFD recommendations.

To realize a carbon-free society, we have set "CO<sub>2</sub> emissions," "Number of models and sales ratio of environment-friendly products," and "Amount of waste from disposal of products and parts," as KPIs. We will continue to provide environmentally friendly products and cooperate with our business partners in the supply chain. We will also identify environmental issues and work on countermeasures through the establishment of SBT targets.

## Environmental Philosophy and Policy

### Environmental Philosophy

Established: September 1, 2015

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

### Environmental Policy

Established: April 1, 2017

Based on its Management Philosophy and the Environmental Philosophy, Nihon Kohden will continuously improve its environmental management systems to enhance its environmental performance. The environmental policies are as follows:

#### 1. Provide environmentally friendly products

In carrying out development, manufacturing, marketing, after sales service, and support for medical electronic devices, we provide environmentally friendly products and services. We contribute to reduction of greenhouse gas emissions and to sustainable use of limited resources by realizing energy and resource savings, and eliminating the use of hazardous substances throughout the product life cycle.

#### 2. Promote energy conservation and reduction of waste in business activities

In all of our business activities, we continually work together with our supply chain to introduce low-carbon and high-efficiency technologies, and improvement activities, strive to promote energy conservation, reduce waste through the 3R's of reduce/reuse/recycle, reduce greenhouse gas emissions over the medium- to long-term, and prevent environmental pollution.

#### 3. Comply with environmental laws, regulations, ordinances, and agreements

In all of our 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 such as responding to issues such as climate change, water resource protection and conservation of biodiversity as a global company.

#### 4. Promote environmental education

In regard to environmental issues, we promote appropriate education and educational activities to deepen the insight of our employees and stakeholders and enable individual productivity improvements to be linked to environmental improvement activities.

### Environmental Management System Certification

#### ■ ISO 14001

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. In 2017, we completed the transition to ISO 14001:2015 and underwent expansion inspections at the Advanced Technology Center and the Tomioka Second Factory.

The Asaka Office and the Eastern Japan Logistics Center obtained new certification in 2019 and in January 2022, respectively. Currently, we conduct environmental activities at the Ochiai/Tokorozawa Site: head office and development divisions; Tsurugashima Site: distribution of consumables and repair and maintenance of medical electronic equipment; Kawamoto Site: development of consumables and safety/reliability testing of medical electronic equipment; and Tomioka Site: manufacturing and spare parts supply.

# Environmental Management

## Medium- to Long-term Environmental Targets <The entire Nihon Kohden Group> Established: April 1, 2023

In conjunction with the Japanese Government's declaration that it will pursue carbon neutrality by 2050, we have set environmental targets for FY2023, FY2030, and FY2050.

We work to realize a carbon-free society by reducing CO<sub>2</sub> emissions in our business activities and providing environmentally friendly products.

### Environmental Target for FY2050

- We aim at zero greenhouse gas emissions throughout the entire product life cycle (carbon neutrality by 2050) by reducing greenhouse gas emissions from business activities, providing environmentally friendly products, and cooperating with business partners in the supply chain.

### Environmental Target for FY2030

- We will set environmental targets for FY2030 based on SBT\*<sup>1</sup> and take action to achieve them with the aim of realizing carbon neutrality by 2050. (These targets will be revised when the target values based on SBT are finalized.)

(We are aiming at a 46% reduction compared to FY2013 within the scope of ISO 14001 certification.)

- As a response to water resource protection, we will set and achieve targets based on an understanding of water usage of the entire Nihon Kohden Group.

\*<sup>1</sup> Science Based Targets are greenhouse gas emissions reduction targets set by each company for 5 to 10 years in the future in line with the levels sought under the Paris Agreement.

## Environmental Targets for FY2023

Established: April 1, 2023

### <The entire Nihon Kohden Group>

1. As a response to climate change, the following targets have been set based on material issues and KPIs for sustainability:
  - 1) Reduce CO<sub>2</sub> emissions per unit of sales by 15.2% compared to FY2020.  
<Target: Scope 1 and 2\*<sup>2</sup> within the scope of ISO 14001 certification>
  - 2) Measure and disclose CO<sub>2</sub> emissions for the entire Group by FY2023. <Target: Scope 1, 2, and 3\*<sup>2</sup>>
2. As a response to water resource protection, we will work on the effective use of water resources.

### <The scope of ISO 14001 Certification Only>

1. **Enhance production efficiency and reduce environmental impact by improving operational efficiency**  
Reduce environmental impact, including energy use, CO<sub>2</sub> emissions, and waste emissions generated throughout the product life cycle (Scope 1, 2, and 3\*<sup>2</sup>), by setting specific targets in line with the operations of each site and division and raising productivity.
2. **Reduce environmental impact and prevent pollution in our business activities**
  - 2-1. Establish calculation standards in order to achieve third-party certification of CO<sub>2</sub> emissions (Scope 3).
  - 2-2. Promote the development of environmentally friendly products and achieve targets based on product assessment plans and evaluation tables for all newly developed products.
  - 2-3. Reduce defect rates and reduce CO<sub>2</sub> emissions in production processes. (Target values are based on environmental targets at the Tomioka and Kawamoto sites.)
  - 2-4. Manage water usage linked to production volume to reduce the volume of water consumed in the production process. (Tomioka site)
3. **Continuously reduce energy consumption and CO<sub>2</sub> emissions in our business activities to realize a carbon-free society**
  - 3-1. In consideration of the increase in sales and production, limit the year-on-year increase in energy use on a per unit basis and CO<sub>2</sub> emissions on a per unit basis to 1.6% and 2.0%, respectively.
  - 3-2. Establish an operational structure utilizing an environmental information management system to improve the accuracy of data on energy use and resource inputs by the Nihon Kohden Group and set base data for SBT certification.
4. **Contribute to creating a recycling-oriented society**  
Promote the 3R's of reduce/reuse/recycle and achieve the following:  
In consideration of the increase in sales and production, limit the year-on-year increase in total waste emissions to 0.8%, improve waste emissions on a per unit basis by 2.0% year-on-year, and achieve a recycling rate of 97.2% or more.

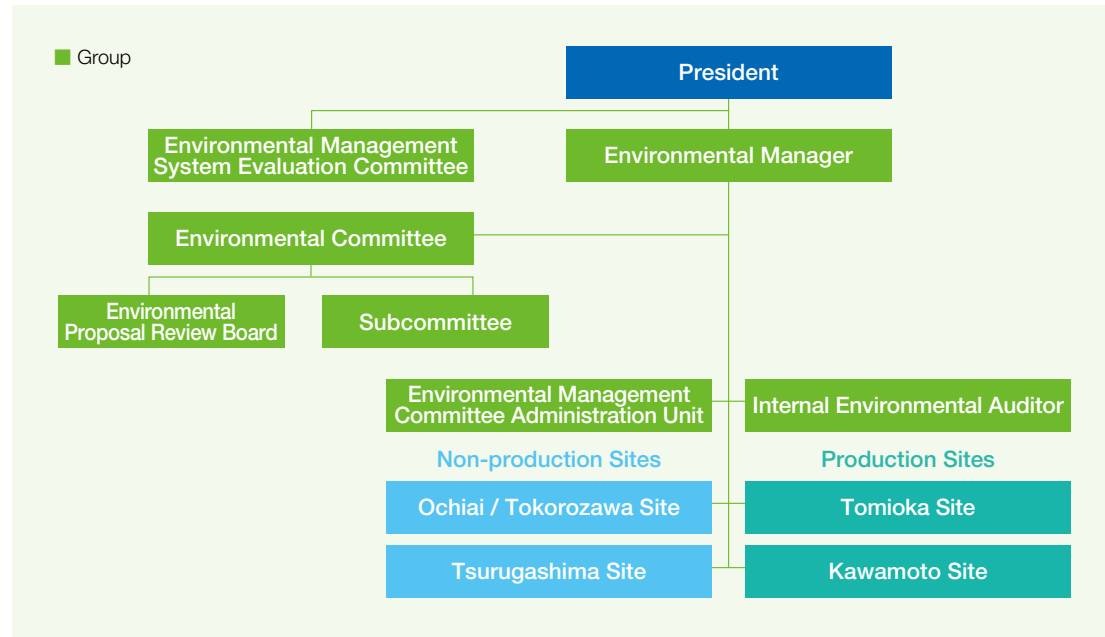
\*<sup>2</sup> Scope 1: All direct emissions from the Company's use of fuel.

Scope 2: Indirect emissions from the use of energy (mainly electricity) produced by other companies.

Scope 3: Other indirect emissions in the Company's supply chain.

# Environmental Management

## Environmental Management System (EMS)



## Green Procurement

As part of our efforts to provide environmentally friendly products to the market based on the Environmental Philosophy of the Nihon Kohden Group, 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

For further details on requests to our suppliers, environmental conservation, and evaluation of chemical substances, please refer to our website.

<https://www.nihonkohden.com/sustainability/environment/green.html>



## Environmental Management

### Targets and Results of the Environmental Management Program

\* Four ISO 14001 certified sites (Ochiai/Tokorozawa, Tomioka, Kawamoto, Tsurugashima). Attainment Rates: ✓✓✓ 100% attainment ✓✓ At least 80% attainment ✓ Less than 80% attainment

Environmental Goal	FY2022 Targets	Attainment Rate	Result
1. Enhance production efficiency and reduce environmental impact by improving operational efficiency	Reduce environmental impact including energy use, CO <sub>2</sub> emissions, and waste emissions generated throughout the product life cycle (Scope 1, 2, and 3), by setting specific targets in line with the operations of each site and division and raising productivity.	✓ ✓	At each site (Ochiai/Tokorozawa, Tomioka, Kawamoto, and Tsurugashima), we worked to improve productivity based on operational targets and promoted reduction in environmental impact.
2. Reduce environmental impact and prevent pollution in our business activities	2-1. Establish calculation standards in order to achieve third-party certification of CO <sub>2</sub> emissions from the provision of environmentally friendly products (Scope 3). 2-2. Promote the development of environmentally friendly products and achieve targets based on product assessment plans and evaluation tables for all newly developed products. 2-3. Reduce defect rates and CO <sub>2</sub> emissions in production processes. 2-4. Manage water usage linked to production volume to reduce the volume of water consumed in the production process.	✓	We achieved the targets in three of the four themes. 2-1. We established calculation rules for third-party certification of CO <sub>2</sub> emissions. We have also been reviewing the evaluation criteria for environmentally friendly products based on life cycle assessment. 2-2. We achieved the targets established based on the product assessment plans and evaluation tables through our efforts to develop new environmentally friendly products that conserve resources, save energy, and recycle resources. 2-3. We achieved the target. The initial failure rate was lower than the previous fiscal year at both the Tomioka site and the Kawamoto site. 2-4. We are setting annual targets for the amount of water required for reagent production, as well as monitoring water intake and water discharge and properly managing them so that they do not exceed the planned amounts at the Tomioka site.
3. Continuously reduce energy consumption and CO <sub>2</sub> emissions in our business activities to realize a carbon-free society	3-1. In consideration of the increase in production of some specific consumables such as reagents and electrode pads, limit the year-on-year increase in energy use on a per unit basis to 2.3% and improve CO <sub>2</sub> emissions on a per unit basis by 0.6% year-on-year. 3-2. Collect data on energy use and resource inputs by overseas Group companies and set base data for SBT certification.	✓ ✓	3-1. We promoted the expanded use of renewable energy sources to reduce CO <sub>2</sub> emissions. We also improved the operation of air conditioning systems and production equipment at each business site in response to the Cool Biz and Warm Biz campaigns as well as renovated facilities in accordance with our medium- to long-term plan. We achieved the targets, reflecting a 3.3% reduction in energy use on a per unit basis and a 6.9% reduction in CO <sub>2</sub> emissions on a per unit basis compared to the previous fiscal year. 3-2. We have completed collecting energy and input resource data from overseas Group companies. In order to set science-based targets, we are in the process of finalizing the basic data.
4. Contribute to creating a recycling-oriented society	Promote the 3R's of reduce/reuse/recycle and achieve the following: In consideration of the increase in production of some specific consumables such as reagents and electrode pads, limit the year-on-year increase in total waste emissions and waste emissions on a per unit basis to 2.5% and 1.1%, respectively, and achieve a recycling rate of 97.1% or more.	✓ ✓ ✓	We achieved the targets. The total waste emissions decreased by 3.6% and the waste emissions on a per unit basis decreased by 4.2% compared to the previous fiscal year due to improved production efficiency and reuse of resources, and the recycling rate was 97.4%.