

# Environmental Philosophy and Policy

We are strengthening our 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 ensure that our business activities consider the global environment, thereby realizing Nihon Kohden's commitment to coexisting with the environment as stated in our Sustainability Philosophy. Under this Philosophy, we aim to contribute to human lives and all life on Earth through our business activities and social contribution efforts. Nihon Kohden's business is to develop, produce, sell, and maintain medical devices and other equipment used in the field of healthcare. However, our business activities inevitably have some negative impacts on the natural environment. I believe it is crucial for each employee to fully recognize this fact and take responsible actions to protect the global environment and improve quality in all aspects of our business activities. We have addressed "Realize a carbon-free society" as one of the material issues for sustainability in the previous Three-year Business Plan, BEACON 2030 Phase I.

In FY2023, as part of our efforts to promote environmental activities through product development, we launched the Green Product Label certification system, which evaluates and certifies environmental considerations throughout the entire lifecycle of our products and services. Additionally, to improve the reliability of our environmental performance data and to achieve Science Based Targets (SBT) certification, we obtained third-party verification of our greenhouse gas emissions.



**Kenji Furukawa**  
Senior Operating Officer,  
Chief Human Capital Officer,  
General Manager of Human  
Resources Development  
Operations,  
General Manager of Human  
Resources Department

In the new Three-year Business Plan, BEACON 2030 Phase II, which started from FY2024, we have set various KPIs and target values to address material issues for sustainability, "Realize carbon neutrality" and "Promote circular economy." The entire group will continue to engage in business activities that are sensitive to the global environment.


No. 1811004571

### Greenhouse Gas Emissions Verification Report

**To: NIHON KOHDEN CORPORATION**


**1. Objective and Scope**  
Japan Quality Assurance Organization (hereafter "JQA") was engaged by NIHON KOHDEN CORPORATION (hereafter "the Company") to provide an independent verification on "FY2021 Calculation report of GHG emissions" (hereafter "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding GHG emissions in the Report was correctly measured and calculated, in accordance with the "GHG emissions calculation rules (Scope1.2)" established by the Company (hereafter "the Rule"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Report.  
\*The fiscal year of the Company ended on March 31, 2022.

**2. Procedures Performed**  
JQA conducted verification in accordance with "ISO 14064-3". The scope of this verification assignment covers energy-derived CO2 emissions from Scope 1 & 2. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent of the total emissions in the Report. The organizational boundaries of this verification cover 5 domestic production sites and 103 domestic non-production sites of the Company.  
Our verification procedures included:

- Performing validation of integrated functions to check the Rule at the Tokorozawa Office of the Company.
- Holding on-site verification at four sites: the Advanced Technology Center of the Company and the Yokohama Office of Minami Kanto Branch Office of the Company, as well as the Tomioka Production Center of NIHON KOHDEN TOMIOKA CORPORATION and the Kawamoto Production Center of NIHON KOHDEN TOMIOKA CORPORATION. The sampling sites for on-site assessment were selected by the Company.
- On-site assessment to check the Report boundaries, GHG sources, monitoring points, monitoring and calculation system and its controls.
- Vouching: Cross-checking the GHG emissions data against evidence.

**3. Conclusion**  
Based on the procedures described above, nothing has come to our attention that has caused us to believe that the information regarding the Company's FY2021 GHG emissions in the Report, is not materially correct, or has not been prepared in accordance with the Rule.

**4. Considerations**  
The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of GHG emissions in the Report only. There is no conflict of interest between the Company and JQA.

  
 Sumio Asada, Board Director  
 For and on behalf of Japan Quality Assurance Organization  
 1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan  
 March 18, 2024

Greenhouse Gas Emissions Verification Report by Japan Quality Assurance (JQA) Organization

## 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, 2024

Nihon Kohden has set environmental targets for FY2050, FY2030, and FY2024. We are working to reduce greenhouse gas emissions and minimize our environmental impact, aiming to achieve carbon neutrality by 2050.

### 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\*1 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 the water usage of the entire Nihon Kohden Group.
- We will evaluate the impact of our business and corporate activities on biodiversity and promote initiatives that consider biodiversity conservation and sustainable use of resources.

\*1 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.

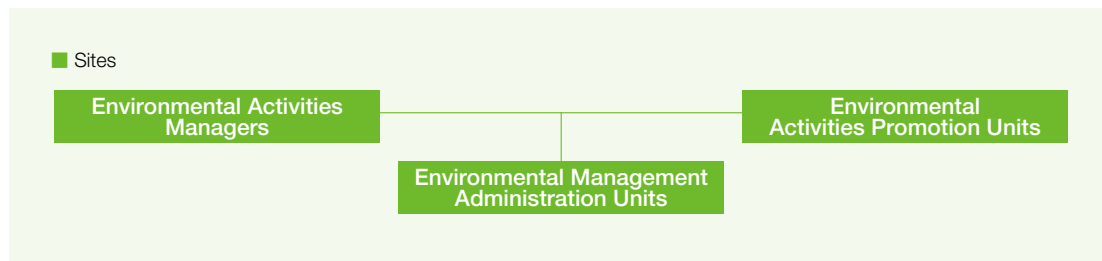
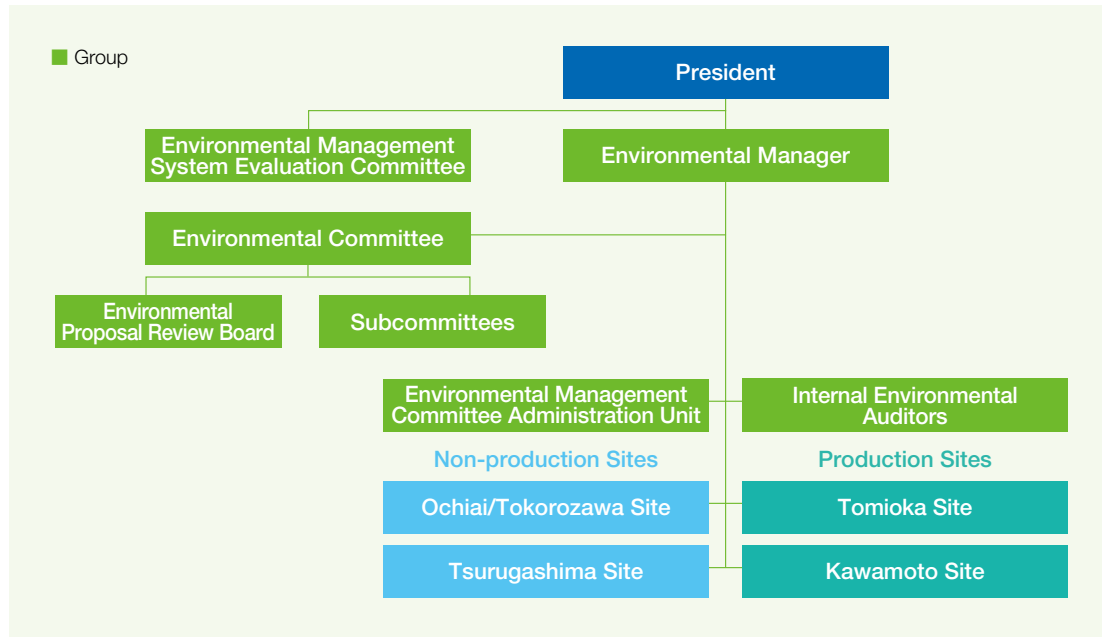
## Environmental Targets for FY2024

- 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\*2), 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. Promote the development of environmentally friendly products and achieve targets based on product assessment plans and evaluation tables for all newly developed products.
  - 2-2. 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.)
  - 2-3. 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**  
In consideration of the increase due to growth in sales and production, as well as the decrease due to the conversion of crude oil and changes in CO<sub>2</sub> emission factors, reduce the energy usage on a per unit basis by 12.3% and the CO<sub>2</sub> emissions on a per unit basis by 12.5%, year-on-year.
- 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 2.3%, limit the year-on-year rise in waste emissions on a per unit basis to 0.1%, and achieve a recycling rate of 95.1% or more.

\*2 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 products, parts, and materials which have a low environmental impact according to the following policy.

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 green procurement, please refer to our websites.

<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). Rate of achievement: ✓✓✓100% achievement ✓✓At least 80% achievement ✓ Less than 80% achievement

Environmental Goal	FY2023 Targets	Rate of achievement	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 (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 the production process. 2-4. Maintain and manage water usage in the production process in proportion to production volume.	✓ ✓ ✓	2-1. We established Scope 3 calculation standards in conjunction with introducing a new system to manage environmental data and achieved our targets. 2-2. We worked on developing new environmentally friendly products, focusing on resource conservation, energy efficiency, and resource recycling, and achieved the targets based on product assessment plans and evaluation sheets. 2-3. We reduced defect rates and achieved our targets at the Tomioka and Kawamoto sites. 2-4. At the Tomioka site, we maintained and managed water usage proportionately to production volume and achieved our targets.
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.	✓ ✓ ✓	3-1. We reduced the energy consumption intensity by 7.5% and the CO <sub>2</sub> emission intensity by 11.7% compared to the previous fiscal year. CO <sub>2</sub> emissions were reduced by improving the operation of air conditioning and production facilities at each business site, implementing facility renovations based on medium- and long-term plans, using renewable energy, and starting to supply electricity from solar power generation at leased buildings. 3-2. We completed the construction of an environmental data management system and commenced its operation. Additionally, we completed third-party verification of domestic Scope 1 and 2 data for FY2021.
4. Contribute to creating a recycling-oriented society	Promote the 3R's of reduce/reuse/recycle and achieve the following: in accordance with the revision of the waste calculation method, limit the year-on-year increase in total waste emissions and waste emissions on a per unit basis to 20.1% and 12.0%, respectively, and achieve a recycling rate of 95.1% or more.  * In February 2024, to improve the accuracy of waste management, we revised our waste aggregation method from in-house measurements to official measurements based on the Waste Management Law. Consequently, we have revised our initial targets."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.	✓ ✓ ✓	Due to the revision of the waste aggregation method, the total waste emissions increased compared to the previous fiscal year. However, compared to the target, which reflects a review of the aggregation method, the total waste emissions were reduced by 6.3%, the waste emissions on a per unit basis decreased by 6.5%, and the recycling rate was 95.5%, achieving the target.