

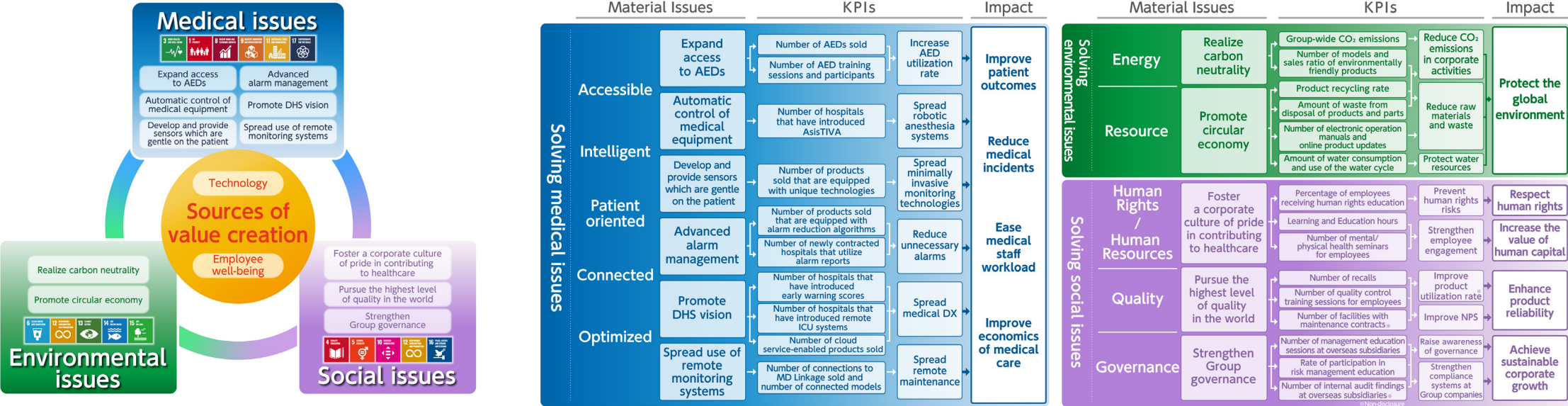
Sustainability Policy

As a medical equipment manufacturer, Nihon Kohden strives to contribute to a sustainable society and enhance its corporate value, by taking on the challenges of solving social issues such as fighting disease and improving health through its business and corporate activities.

Sustainability at Nihon Kohden

In recent years, activities aimed at achieving the UN Sustainable Development Goals (SDGs) have been promoted in order to respond to various cross-border social issues. The medical care we are involved in is becoming more and more complex due to various problems such as the aging society in developed countries, rising medical costs, lack of basic medical care in emerging countries, and widening medical disparities, and companies, as members of society, are expected to contribute to solving these issues. Under these circumstances, Nihon Kohden formulated its Long-term Vision, BEACON 2030 in 2020, and aim to contribute to solving global social issues and achieving the SDGs through its business and corporate activities. Under the Three-year Business plan, BEACON 2030 Phase I, which started from FY 2021, Nihon Kohden has incorporated sustainability into its basic policy for the first time. The Company

has identified a total of 12 non-financial material issues related to the SDGs and has worked on addressing these issues. In FY2024, we started the new Three-year Business Plan, BEACON 2030 Phase II, moving into the phase of the practice of sustainability management. We partially reviewed our material issues and KPIs based on the results and issues in Phase I. We will also work on solving medical, environmental, and social issues through embracing sustainability as the essence of our business activities. We continuously aim to realize a sustainable society and increase our corporate value by further strengthening the coordination between business strategy and sustainability strategy, and creating both economic and social value.



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SDGs Matrix


















Based on the results and issues in the previous Three-year Business Plan, BEACON 2030 Phase I, Nihon Kohden has partially reviewed its material issues and KPIs for sustainability, and created the SDGs Matrix. The SDGs Matrix identifies the main goals and targets to which our material issues and KPIs can contribute, in relation to the 17 goals and 169 targets indicated by the SDGs. By identifying materialities using the SDGs as a compass, we can take a strategic approach by incorporating a sustainability perspective into our management. Nihon Kohden will link its business activities to solving social issues and contribute to creating a sustainable society.

[illegible]


















Sustainability Policy

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Sustainability Policy

ESG	Seven core sub-jects	Is-sues	Materi-ality	KPI																							
E	The Environment	Environmental issues	Realize carbon neutrality	Group-wide CO ₂ emissions								8.4			11.6	12.2 12.4 12.5	13.2 13.3				17.17						
				Number of models and sales ratio of environmentally friendly products																							
				Reduce CO ₂ emissions in corporate activities																							
			Promote circular economy	Product recycling rate										9.4				12.2 12.4 12.5	13.2 13.3	14.1			17.17				
				Amount of waste from disposal of products and parts																							
				Number of electronic operation manuals and online product updates																							
				Reduce raw materials and waste																				15.1			
				Amount of water consumption and use of the water cycle						6.4 6.6														12.2 12.4 12.5	13.3		
				Protect water resources																							
S	Human Rights	Social issues	Foster a corporate culture of pride in contributing to healthcare	Percentage of employees receiving human rights education				4.7	5.1 5.5 5.b			8.7 8.8		10.2 10.3						16.1 16.2	17.17						
				Prevent human rights risks					5.1																		
	Labor Practices			Learning and Education hours				4.4 4.7	5.1 5.5							11.7	12.8										
				Number of mental/physical health seminars for employees			3.4 3.a 3.d					8.5															
				Strengthen employee engagement				4.3 4.4 4.7	5.1			8.5 8.8			10.2 10.3	11.7											

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ESG	Seven core sub- jects	Is- sues	Materi- ality	KPI																	
S	Fair Operating Practices	Social issues	Pursue the highest level of quality in the world	Number of recalls			3.4									12.4					
				Improve product utilization rate*			3.8														
				Number of quality control training sessions for employees				4.4								12.8					
				Number of facilities with maintenance contracts*			3.2									12.4					
				Improve NPS			3.4														
G	Organizational Governance	Social issues	Strengthen Group governance	Number of management education sessions at overseas subsidiaries																16.5	
				Rate of participation in risk management education			3.3	4.7	5.1	6.3		8.4	9.4	10.2	11.6	12.2	13.1	14.1		16.1	17.17
				Raise awareness of governance			3.9			6.6		8.7		10.3	11.7	12.5	13.2			16.2	
				Number of internal audit findings at overseas subsidiaries*								8.8				12.6	13.3			16.5	
				Strengthen compliance systems at Group companies																16.5	

*Figures are not disclosed.

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Material Issues and KPIs of the Previous Three-year Business Plan

The results and achievements for each KPI over the past two years are shown in the table below.

For further details on the results in FY2021, please refer to our website.

<https://www.nihonkohden.com/ir/library/ar/main/0110/teaserItems3/02/linkList/04/link/NKreport2023E6.pdf>



Achievement Rates: ✓✓✓ 100% achievement ✓✓ At least 80% achievement ✓ Less than 80% achievement

Materiality	KPI	Target/Actual	Results in FY2022	Results in FY2023	Rate of achievement
Improve resuscitation rates by expanding access to AEDs	Number of AEDs sold in the world	[Target] Cumulative number of products sold for 3 years worldwide: Over 350k units	Number of AEDs sold: 119k units Japan 50k units Overseas 69k units [Cumulative number] 219k units Japan 101k units Overseas 118k units (Rate of progress 62%)	Number of AEDs sold: 105k units Japan 46k units Overseas 59k units [Cumulative number] 324k units Japan 147k units Overseas 177k units (Rate of progress 92%)	✓✓
	Utilization rate of AEDs in Japan and the U.S.	[Actual] Actual utilization rate of AEDs in Japan and the U.S. for 3 years (No numerical target (follow-up item)) <small>* Utilization rate is the rate of out-of-hospital cardiac arrests responded to by laypersons using AEDs (all AEDs, including our products). Data cited from: Fire and Disaster Management Agency of the Japan Ministry of Internal Affairs and Communications website, U.S. AHA journals, etc.</small>	Utilization rate in CY2022: Japan 4.1% U.S. 10.2%	Utilization rate in CY2023: Japan 4.2% U.S. 11.3%	
Provide educational opportunities for medical professionals in emerging countries	Promote training in epilepsy diagnosis in Indonesia	[Target] Start operations at 4 local education centers by the end of FY2023	Started operations: 0 centers Conducted the first 6 lectures out of a total of 23 lectures as a measure during the COVID-19 pandemic. Continue discussions to educate 4 physicians.	Started operations: 0 centers Conducted a total 23 lectures as a measure during the COVID-19 pandemic. Completed education for local physicians by Japanese.	✓

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Materiality	KPI	Target/Actual	Results in FY2022	Results in FY2023	Rate of achievement
Provide educational opportunities for medical professionals in emerging countries	Number of educational seminars held, hosting countries, participants (including online programs)	[Target] <ul style="list-style-type: none">Cumulative number of hosting countries for 3 years: Over 5 countries (North America, Latin America, Europe, Asia, Middle East)Cumulative number of participants for 3 years: Over 100k	<ul style="list-style-type: none">Number of hosting countries: 4 countries (U.K., China, Jordan, U.S.)Number of participants: 57k [Cumulative number] <ul style="list-style-type: none">Number of hosting countries: 6 countries (Rate of progress 120%)Number of participants: 86k (Rate of progress 86%)	<ul style="list-style-type: none">Number of hosting countries: 5 countries (Thailand, Philippines, Malaysia, Korea, U.S.)Number of participants: 95k [Cumulative number] <ul style="list-style-type: none">Number of hosting countries: 10 countries (Rate of progress 200%)Number of participants: 181k (Rate of progress 181%)	Number of hosting countries: ✓✓✓ Number of participants: ✓✓✓
Automatic control of medical equipment	R&D investment in a robotic anesthesia system	(*)			
	R&D investment in closed-loop control of ventilators	(*)			
Develop and provide sensors which are gentle on the patient	R&D investment in new sensors	(*)			
	Number of products sold that have esCCO*1, synECi18*2, and iNIBP*3 installed	[Target] Cumulative number of products sold for 3 years worldwide: Over 85k units	Number of products sold: 30k units Japan 13k units Overseas 17k units [Cumulative number] 64k units Japan 28k units Overseas 36k units (Rates of progress 75%)	Number of products sold: 31k units Japan 13k units Overseas 18k units [Cumulative number] 95k units Japan 41k units Overseas 54k units (Rates of progress 112%)	✓✓✓

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Materiality	KPI	Target/Actual	Results in FY2022	Results in FY2023	Rate of achievement
Create a peaceful patient environment with advanced alarm technology	R&D investment in improved alarm algorithms for patient monitors	(*)			
	Number of hospitals that utilize alarm reports*4 for improving workflow in Japan and the U.S.	[Target] Cumulative number of new contract hospitals for 3 years: Japan Over 240 hospitals U.S. Over 25 hospitals	Number of new contract hospitals: Japan 179 hospitals U.S. 0 hospitals [Cumulative number] Japan 263 hospitals (Rate of progress 110%) U.S. 2 hospitals (Rate of progress 8%)	Number of new contract hospitals: Japan 168 hospitals U.S. 0 hospitals [Cumulative number] Japan 431 hospitals (Rate of progress 180%) U.S. 2 hospitals (Rate of progress 8%)	Japan: ✓ ✓ ✓ U.S.: ✓
Contribute to care for patients with heart failure, brain disorders, and infection	R&D investment in early warning scores	(*)			
	R&D investment in new parameters and algorithms for heart failure care	(*)			
Improve product utilization rate by remote monitoring	Number of MD Linkage*5 sold and number of connected models	[Target] • Cumulative number of connected models for 3 years worldwide: Over 7 models • Cumulative number of connected units for 3 years worldwide: Over 5k units	• Number of connected models: 1 model*7 (NKV-330) • Number of newly connected units: 675 units [Cumulative number] • Number of connected models: 3 models (Rate of progress 43%) • Number of newly connected units: 1,241 units (Rate of progress 25%)	• Number of connected models: 0 model • Number of newly connected units: 670 units [Cumulative number] • Number of connected models: 3 models (Rate of progress 43%) • Number of newly connected units: 1,911 units (Rate of progress 38%)	Number of connected models: ✓ Number of connected units: ✓

Sustainability Policy

Materiality	KPI	Target/Actual	Results in FY2022	Results in FY2023	Rate of achievement
Improve product utilization rate by remote monitoring	Number of advance notifications before trouble with products occurs	[Actual] Cumulative number of notifications for 3 years (No numerical target (follow-up item)) *Only in Japan	Number of notifications: 686 cases [Cumulative number] 2,659 cases	Number of notifications: 548 cases [Cumulative number] 3,207 cases	
Eliminate health disparities through telemedicine	Number of network-oriented products sold like LAVITA*6	[Target] Cumulative number of contract hospitals for 3 years: Over 600 hospitals *Only in Japan	Number of contract hospitals: 166 hospitals [Cumulative number] 315 hospitals (Rate of progress 53%)	Number of contract hospitals: 194 hospitals [Cumulative number] 509 hospitals (Rate of progress 85%)	✓ ✓
	R&D investment in realization of remote support for ICUs	(*)			
Foster a corporate culture of pride in contributing to healthcare	Employee satisfaction	[Target] FY2021: Establish operational policy and start survey (Only in Japan) FY2022~: Publication of survey results and subsequent implementation of ongoing surveys	Improved 1.4 point compared to FY2021	Improved 2.4 point compared to FY2022	✓ ✓ ✓
	Develop human resources who can succeed globally	[Target] Cumulative hours of education for 3 years: Over 45 hours per person * Hours of education by job level provided by the Phoenix Academy (Human Resources Development Center). This training content will enable new employees and managers to acquire the knowledge and skills required for each level.	Education hours per person: 18.2 hours [Cumulative number] 36.8 hours (Rate of progress 82%)	Education hours per person: 24.4 hours [Cumulative number] 61.2 hours (Rate of progress 136%)	✓ ✓ ✓

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Materiality	KPI	Target/Actual	Results in FY2022	Results in FY2023	Rate of achievement
Pursue the highest level of quality in the world across the value chain	Net Promoter Scores	[Target] • Japan FY2021: Set up a system and start the survey FY2022: 1. Conducted the second survey with more detailed and expanded items to be surveyed 2. Maintain and improve scores FY2023: Conducted survey, Maintain and improve scores • U.S. Strive to achieve a 1 point improvement every year	• Japan 1. Conducted the second survey with more detailed and expanded items to be surveyed 2. Improved 1.3 points compared to FY2021 • U.S. Improved 12 points compared to FY2021	• Japan Decreased by 4.4 points compared to FY2022 • U.S. Improved 64 points compared to FY2022	Japan: ✓✓ U.S.: ✓✓✓
	Number of recalls	[Actual] Cumulative number of products recalled for 3 years (No numerical target (follow-up item)) * We have set and are working on achieving a quality target of "zero recalls for 200 days or more."	Number of recalls: 2 cases [Cumulative number] 8 cases	Number of recalls: 2 cases [Cumulative number] 10 cases	
Ensure strict compliance and strengthen group governance	Establish and strengthen compliance programs of the Group	[Target] Zero occurrence of serious incidents of non-compliance	Number of incidents of non-compliance: 0 cases	Number of incidents of non-compliance: 0 cases	✓ 1 case (FY2021, Japan)
	Establish and promote the Global Business Management Policy in overseas subsidiaries	[Actual] Monitoring implementation of the Global Business Management Policy for managers of all overseas subsidiaries over the next 3 years (No numerical target (follow-up item))	Continued implementation of various measures	Confirmed operation status and guidance for improvement for overseas subsidiaries that have already introduced the Policy	
	Strengthen internal control over domestic sales	[Actual] Introduce system controls for pre-order processes and monitor their application (No numerical target (follow-up item))	Continued implementation of the global compliance program measures	Introduced domestic policy for Nippon Bio-Test Laboratories Inc. and Beneficks Corporation	

Sustainability Policy

Materiality	KPI	Target/Actual	Results in FY2022	Results in FY2023	Rate of achievement
Realize a carbon-free society	CO ₂ emissions	[Target] • FY2023: 15.2% reduction compared to FY2020 per unit of sales (ISO 14001 certified sites, Scope 1, 2) • Collect and disclose CO ₂ emissions for the whole group by end of FY2023 (Scope 1, 2, 3)	• CO ₂ emissions: 38.7% reduction compared to FY2020 • Collect and disclose CO ₂ emissions: Preparing for third-party verification, including system implementation	• CO ₂ emissions: 45.8% reduction compared to FY2020 • Collect and disclose CO ₂ emissions: Completed third-party verification of Scope 1, 2 in Japan	• CO ₂ emissions: ✓✓✓ • Collect and disclose CO ₂ emissions: ✓✓
	Number of models and sales ratio of environment-friendly products	[Actual] • Number of models in next 3 years (No numerical target (follow-up item)) [Target] • Cumulative sales ratio of products for 3 years worldwide: Over 20%	• Number of models: 75 series • Sales ratio of environment-friendly products: 19.1%	• Number of models: 79 series • Sales ratio of environment-friendly products: 20.1% [Cumulative number] • Cumulative sales ratio of environment-friendly products: 19.4%	Cumulative sales ratio of environment-friendly products for 3 years: ✓✓
	Amount of waste from disposal of products and parts	[Target] FY2023: 8% reduction of products and parts retirement compared to FY2020	0.7% reduction compared to FY2020	10.0% increase compared to FY2020	✓

*1. esCCO (estimated Continuous Cardiac Output): Nihon Kohden's unique technology which can estimate cardiac output continuously based on ECG and pulse waves obtained from pulse oximetry. Previously, cardiac output could not be measured without inserting a catheter into the pulmonary artery. But now, with routinely monitored parameters, non-invasive and continuous estimates can be made without pain or strain on the patient.

*2. Synthesized 18-lead ECG: Synthesized 18-lead ECG uses the 12-lead ECG waveforms to mathematically derive the waveforms of the right chest leads (V3R, V4R, V5R) and back (V7, V8, V9). The measurement procedure is the same as the standard 12-lead ECG but more information can be obtained. 18-lead synthesized ECG is expected to be useful in detecting right ventricular infarction and posterior infarction.

*3. iNIBP (non-invasive blood pressure measurement algorithm): Nihon Kohden's unique non-invasive blood pressure measurement algorithm using a linear inflation technology that completes the measurement while the cuff is inflating. This algorithm was developed with the concept of reducing the burden and stress of patients and medical personnel involved in blood pressure measurement as much as possible. Compared to previous measurement methods, it can measure faster and does not apply more pressure than necessary, reducing the burden and stress on the patient.

*4. Alarm report: This is a report that objectively evaluates the type and frequency of alarms based on alarm information from telemetry systems and central monitors. This report is expected to contribute to improving the medical environment by reducing the occurrence of false alarms.

*5. MD Linkage (Medical device remote monitoring system): This is a network system that automatically sends error messages and self-test information generated by medical devices to our server via a remote terminal. By automatically detecting equipment abnormalities and failures and notifying us, we can respond quickly and contribute to reducing product downtime.

*6. LAVITA (Medical and nursing care network system): This is a network system that can easily collect patient vital data, automatically send it to a cloud server, and share information in real time with various people such as medical workers and social workers. By collaborating with various medical institutions through LAVITA, it is possible to provide the support needed for comprehensive community care.

*7. Results were reviewed and revised.

(*) We have not set individual investment target figures for each KPI. The cumulative three-year (FY2021-2023) investment for the whole Nihon Kohden Group was ¥18.9 billion, compared to a target of approximately ¥20 billion.

Sustainability Policy

Sustainability Promotion Structure

To promote sustainability, Nihon Kohden has established the Sustainability Promotion Committee, composed of the president, management operating officers, operating officers, and general managers, and Sustainability Promotion Meeting, composed of the representatives of 18 divisions. Nihon Kohden has also established the Advisory Board consisting of three external experts to incorporate outside perspectives on sustainability activities.

The Sustainability Promotion Committee holds a meeting twice a year and formulates the policies and directions. The Sustainability Promotion Meeting is held four times a year to establish and promote annual plans based on the policies and directions formulated by the Sustainability Promotion Committee and reports on the progress of those plans to the Sustainability Promotion Committee. 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. The Company strives to implement sustainability activities in its daily business operations, in close coordination with the Risk Management Committee, Compliance Committee, Quality Control Committee, and Environmental Committee. The Advisory Board Meeting is held twice a year to discuss and advise on overall sustainability promotion.

Furthermore, in order to raise awareness of the SDGs within the Company, we take actions such as educating employees in Japan and overseas through webinars.

External Sustainability Advisors



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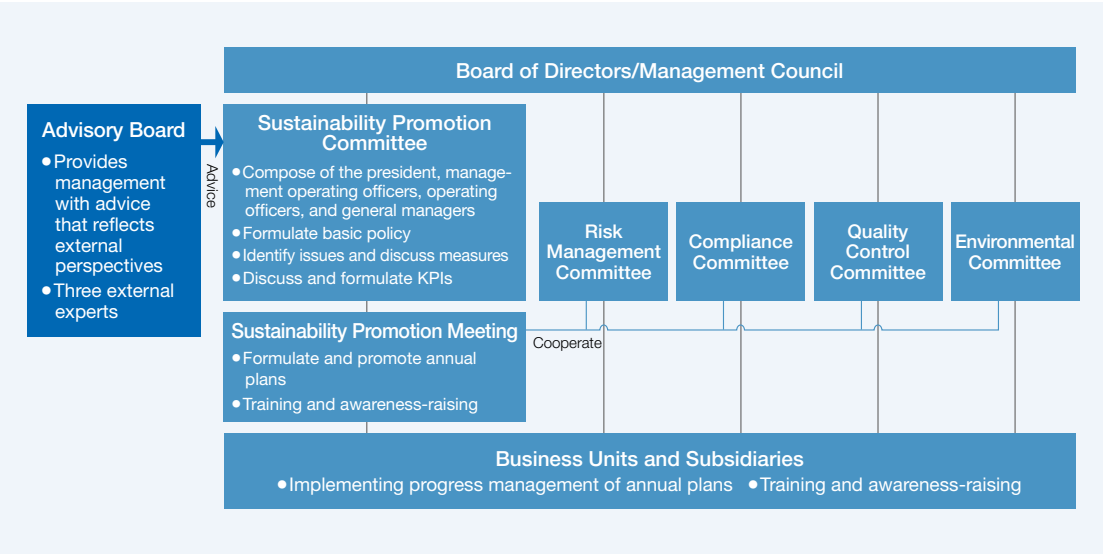


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Sustainability Promotion Structure Chart



Joined UN Global Compact

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 four areas of human rights, labor, the environment, and anticorruption, Nihon Kohden seeks to earn the trust of society and to contribute to a sustainable society.



Sustainability Policy

Holding Sustainability Discussions

To foster a corporate culture in which sustainability is the core of its business activities, Nihon Kohden held the Sustainability Discussions for all employees (total 31 sessions with over 4,000 participants in Japan and internationally from October 2022 to October 2023). We aim to quickly build a structure in which every employee has a sense of ownership and commitment to promote sustainability toward the achievement our Long-term Vision, BEACON 2030.

Several employees who expressed positive opinions on sustainability in a preliminary questionnaire were selected as panelists, regardless of position or age. The president himself served as a facilitator to exchange opinions on sustainability, including how Nihon Kohden can contribute to the sustainability of its customers.

Participating employees commented: “Thinking about sustainability from various angles made me realize many things,” and “I realized the importance of making further contributions to society through my daily work.” The opinions obtained from these discussions, along with external opinions and the external environment, were reflected in the material issues of the new Three-year Business Plan, BEACON 2030 Phase II.

We will continue to accelerate our efforts to promote sustainability.



Sustainability Discussions

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.

Examples of the opinions raised in the discussions