Ensuring Thorough Compliance

We practice fair and legitimate business activities with high ethics.

Message from Operating Officer

Under the Management Philosophy, Nihon Kohden has established the Nihon Kohden Charter of Conduct, the Nihon Kohden Code of Ethics and Conduct, and the Compliance Promotion Policies. In FY2017, we introduced the Global Compliance Program, incorporating the Anti-Corruption Policies. Across the entire Group, including overseas subsidiaries, we are working to ensure a compliance framework based on global standards. I have served as Chief Compliance Officer (CCO), the officer responsible for this program, since FY2025.

As Chief Compliance Officer, I am responsible for managing, operating, and executing Nihon Kohden's compliance promotion framework, developing the organizational structure and talent, and fostering an organizational culture in an integrated manner. Specifically, we have assigned Divisional/Local Compliance Officers to each domestic and international department and subsidiary to establish an effective promotion framework rooted in frontline operations. Additionally, I continuously disseminate messages and important information related to compliance, and we have established direct reporting lines from Divisional/Local Compliance Officers, thereby enabling the early identification of risks and prompt response and strengthening governance through global collaboration.

In the Three-year Business Plan, BEACON 2030 Phase II, which started in FY2024, we have established "Strengthen compliance systems at Group companies" as a KPI under the material issue of "Strengthen Group governance," and set a target of "zero occurrence of major compliance incidents." To achieve this target, we identify high-priority compliance risks both in Japan and internationally and work to reduce potential risks through focused education and awareness measures. We will continue to strengthen these initiatives going forward.



Kazuhiro Kato
Corporate Director,
Senior Operating Officer,
Chief Administrative Officer,
General Manager of Corporate Administration Operations,
Chief Compliance Officer

As uncertainty and complexity further increase, we are in a business environment where conventional approaches alone are no longer sufficient. In such a context, we are expected not merely to adhere to existing rules but also to have the ability to exercise autonomous and flexible judgment depending on the situation. Therefore, we clearly define fundamental principles and emphasize a principle-based approach. All executives and employees will be guided by "Integrity" including honesty, sincerity, and high ethical standards, which is one of our Core Values, and we will further reinforce its practice across our global operations.

Further strengthening compliance is essential for Nihon Kohden to maintain the trust of society and sustainably enhance corporate value. Under strong leadership, we will continue to work together across the Group to realize our Management Philosophy.

Our Compliance Policies

Nihon Kohden and all of its subsidiaries are fully committed to a program of sound ethics and rigorous legal compliance. This effort helps protect the trust of our most valuable assets: our customers, business partners, and other stakeholders. Nihon Kohden's commitment to ethical and responsible actions is embodied by its Charter of Conduct and Code of Ethics and Conduct.

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Compliance Organizational Framework

The Company has a global compliance program effective in all regions in which it conducts business. In order to ensure thorough compliance, the Company has created the Compliance Organizational Framework as shown in the figure on the right: The Compliance Committee is an organization consisting of directors, officers, and senior managers designated by the Board of Directors. The Compliance Committee ensures and enhances compliance by the followings:



(i) Establishing and amending the Company's compliance policies;
(ii) Supervising, evaluating, assessing, reviewing, and continuously improving the compliance program of the Company;
(iii) Coping with important compliance issues; and
(iv) Studying, assessing, addressing, and implementation of responses to other compliance matters.

The Chief Compliance Officer (CCO) is responsible for management, operation, and implementation of the compliance program throughout the Company. The Divisional/Local Compliance Officers are empowered and authorized to implement, ensure, and enhance the compliance program in each division or subsidiary. The CCO carefully selects these individuals and regularly communicates with them to verify that global policies are implemented.

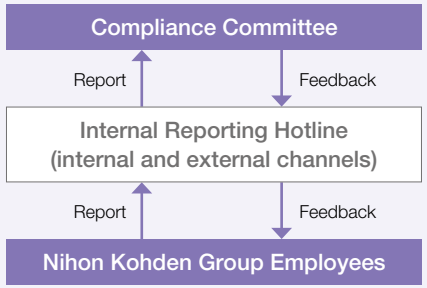
Compliance Training

Every year, the Company conducts compliance training for all executives and employees at the workplace level in each division and subsidiary in Japan and overseas (approx. 6,100 participants in FY2025). Executives and employees first conduct self-study using prescribed materials to check their level of understanding. Subsequently, they read the materials and discuss them with colleagues in order to deepen their understanding of compliance. As necessary, Local Compliance Officers in overseas subsidiaries provide additional training in accordance with local laws, regulations, and policies in each country. In addition, compliance study sessions are held in each division according to business, such as harassment, the Fair Competition Code of the Medical Devices Industry in Japan, and sales activities. Furthermore, since FY2021, we have conducted training sessions led by external experts for all managers of branch offices and Sales Operations, focusing on high-priority compliance risks.

Internal Reporting System

Nihon Kohden mandates that executives and employees report any compliance-related issues they engage in, witness, or suspect through their chain of command. If reporting through regular channels is difficult, they are required to report through the internal reporting system. The Company has established internal and external reporting channels, including a hotline operated by external lawyers. Individuals who make reports in good faith through the internal reporting system will not face any form of retaliation, sanctions, or other disadvantages. Additionally, to alleviate any concerns on the part of the employees making reports, the Company accepts anonymous reports. In response to the revised Whistleblower Protection Act, which took effect in Japan in June 2022, the Company has established new rules to strengthen the protection of whistleblowers and further enhance its internal reporting system.

Internal Reporting Hotline



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Preventing Corruption

The Nihon Kohden Code of Ethics and Conduct prohibits any act of illegal bribery or corrupt act towards Japanese and foreign public officials and ensures compliance with laws and regulations preventing corruption in every region in which Nihon Kohden engages in business, including bribery- and corruption-related laws in Japan, the Foreign Corrupt Practices Act (FCPA) in the United States, and the Bribery Act in the United Kingdom. Furthermore, Nihon Kohden has established the Anti-Corruption Policies, which prescribe detailed rules and procedures to prevent bribery, and ensures thorough adherence thereto. In April 2026, the Company revised the Anti-Corruption Policies in light of the revised APEC Kuala Lumpur Principles*. In this revision, we have further strengthened the rules regarding relationships with healthcare professionals and have clarified a risk-based management approach and trading rules with distributors, thereby reinforcing an anti-corruption framework that is more globally aligned and consistent.

The Company also asks business partners, including overseas distributors, to understand and cooperate with Nihon Kohden's anti-corruption efforts and provides them with the Nihon Kohden Code of Ethics and Conduct and educational materials related to anti-corruption. In response to the bribery case involving former employees of the Company that occurred in Japan in January 2021, Nihon Kohden has strengthened internal controls by reviewing the procedures for considering donations and implementing IT controls to pre-order processes.

The Company has also conducted regular monitoring through compliance awareness surveys targeting all employees. Additionally, the Company has established mutual pledge to compliance with dealers and conducted periodic questionnaires. The Company has also established a whistleblowing channel for third-parties to ensure thorough compliance.

* Kuala Lumpur Principles: Ethical principles established under the framework of the Asia-Pacific Economic Cooperation (APEC) that the medical device industry should follow in its relationships with healthcare professionals and patients.

Initiatives for Global Compliance

Nihon Kohden introduced the Global Compliance Program in FY2017 and is working to ensure thorough compliance throughout the Group, including overseas sales subsidiaries. In FY2025, we held training for managers of overseas sales subsidiaries, quarterly online meetings for Local Compliance Officers, and conducted risk assessments for all overseas subsidiaries. Additionally, we identified categories with high compliance risk for each overseas subsidiary and set action plans to mitigate these risks, jointly monitoring their progress with the headquarters and the subsidiaries.

For further details, please refer to our website.
Our Commitment to Compliance

Formulated the Global Business Management Policy

As the role of our overseas subsidiaries has become more important under transforming into a global high-value-added company, we have worked to strengthen the organizational risk management capabilities of each company. In October 2021, we formulated the Global Business Management Policy to support risk management related to finance and accounting, personnel and labor affairs, compliance, and internal information security, with the aim of preventing occurrence and recurrence of fraud and misconduct. This Policy was first implemented in 24 overseas subsidiaries and is now applied to 26 subsidiaries of the Company. To further strengthen each company's risk management capabilities, we not only periodically review and enhance the contents of the Policy but also review the status of risk management implementation at each subsidiary's board of directors to ensure its effective application. We work closely with each company to ensure the Policy's effective adoption through these initiatives.