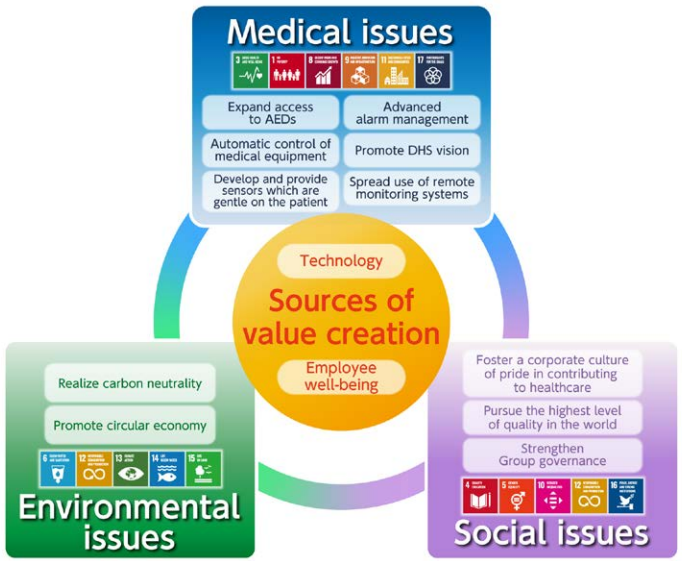
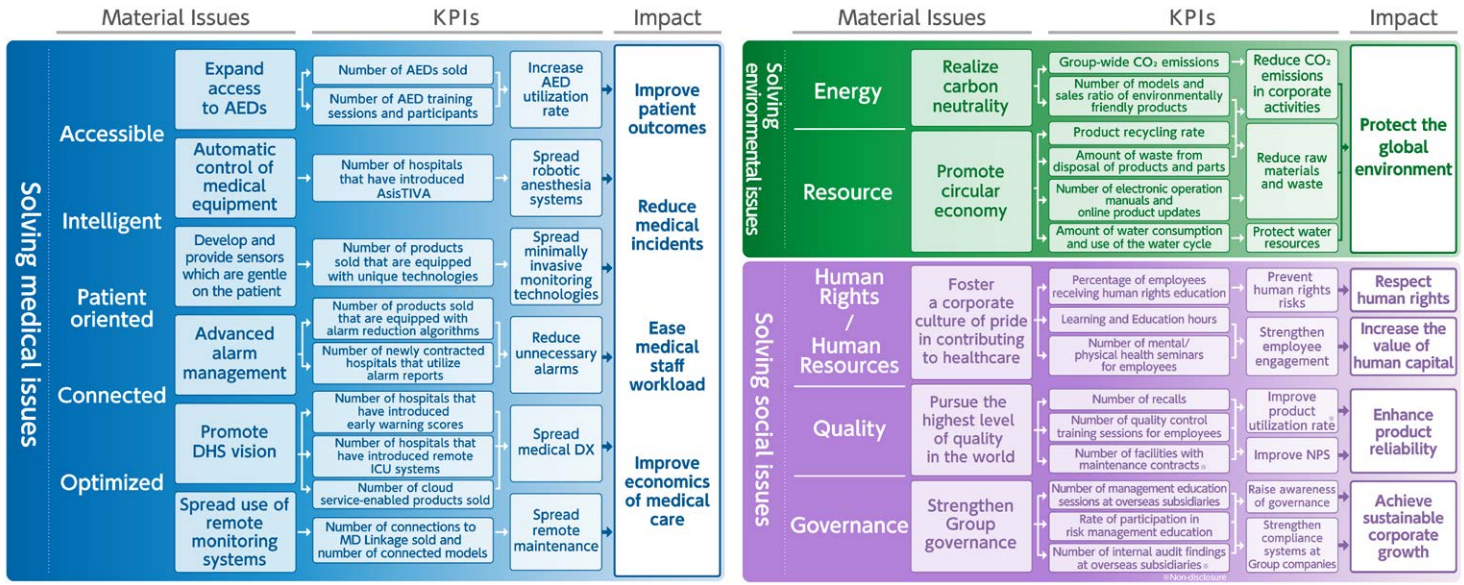
Sustainability Policy

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 aims to contribute to solving global social issues and achieving the SDGs through its business and corporate activities. Under the previous Three-year Business Plan, covering FY2021 to FY2023, Nihon Kohden incorporated sustainability into its basic policy for the first time. The Company 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 Three-year Business Plan, BEACON 2030 Phase II, and moved 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.





Sustainability Policy

Material Issues and KPIs for Sustainability

The targets, results, and progress rates for each KPI are shown in the table below. Nihon Kohden has created the SDGs Matrix, which identifies the main SDGs goals and targets to which its material issues and KPIs for sustainability can contribute. The Company is promoting a strategic approach that incorporates a sustainability perspective into its management. Nihon Kohden will continue to link its business activities to solving social issues and contribute to creating a sustainable society.

For further details, please refer to our website.
Material Issues and KPIs

Medical Issues

Materiality	KPI	Targets/Actual	Results in FY2024
Expand access to AEDs	Number of AEDs unit sales	Cumulative number of unit sales of products worldwide for 3 years: 377k units	117k units Japan 64k units Overseas 53k units (Progress rate 31%)
	Number of AED training sessions and participants	・Cumulative number of AED training sessions in Japan for 3 years: 1,750 lectures ・Cumulative number of AED training participants in Japan for 3 years: 17,500 people	・613 lectures 40 public training sessions 458 on-site training sessions 115 online training sessions (Rate of progress 35%) ・6,797 people (Rate of progress 39%)
	Increase AED utilization rate	Actual utilization rate of AEDs in Japan and the U.S. for 3 years (No numerical target (follow-up item)) * 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.	Japan 4.9% U.S. 11.7%
Automatic control of medical equipment	Number of hospitals that have introduced AsisTIVA*1	Cumulative number of hospitals that have newly introduced the software in Japan for 3 years: 45 hospitals	9 hospitals (Rate of progress 20%)
	Spread robotic anesthesia systems	Cumulative number of licenses sold in Japan for 3 years: 580-month licenses	86-month licenses (Rate of progress 15%)

Sustainability Policy

Materiality	KPI	Targets/Actual	Results in FY2024
Develop and provide sensors which are gentle on the patient	Number of unit sales of products with our unique technologies (esCCO*2, synECi18*3, iNIBP*4)	Cumulative number of unit sales of products with these technologies worldwide for 3 years: 90k units	34k units Japan 22k units Overseas 12k units (Rate of progress 38%)
	Spread minimally invasive monitoring technologies (esCCO, iNIBP)	Annual market share of products with these technologies in Japan after 3 years: 45%	Scheduled for release in autumn
Advanced alarm management	Number of unit sales of products equipped with alarm reduction algorithms	Cumulative number of unit sales of products with the algorithms in Japan for 3 years: 4,500 units	1,448 units (Rate of progress 32%)
	Number of new contract hospitals that utilize alarm reports*5	Cumulative number of new contract hospitals in Japan for 3 years: 600 hospitals	177 hospitals (Rate of progress 30%)
	Reduce unnecessary alarms	Cumulative number of hospitals with improved operations in Japan for 3 years (No numerical target (follow-up item))	66 hospitals
Promote DHS vision	Number of hospitals that have introduced early warning scores*6 (Dashboard software for monitoring patient condition)	Cumulative number of hospitals that have newly introduced the software in Japan for 3 years: 50 hospitals	0 hospitals (Rate of progress 0%)
	Number of hospitals that have introduced remote ICU systems	Cumulative number of hospitals that have newly introduced the systems in Japan for 3 years: 5 hospitals	0 hospitals (Rate of progress 0%)
	Number of unit sales of products with cloud services (PrimePartner*7, LAVITA*8)	Cumulative number of unit sales of products in Japan for 3 years: 600 units	191 units (Rate of progress 32%)
	Spread medical DX (Early warning scores, remote ICU systems, products with cloud services)	Cumulative number of hospitals that have newly introduced the products in Japan for 3 years: 680 hospitals	191 hospitals (Rate of progress 28%)
Spread remote monitoring systems	Number of models and unit sales of products connected to MD Linkage*9	・Cumulative number of newly connected models worldwide for 3 years: Over 4 models ・Cumulative number of newly connected units worldwide for 3 years: Over 4,700 units	・1 model (Rate of progress 25%) ・713 units (Rate of progress 15%)
	Spread remote maintenance	Cumulative number of notifications by MD Linkage in Japan for 3 years (No numerical target (follow-up item))	4,217 cases

Sustainability Policy

Environmental Issues

Materiality	KPI	Targets/Actual	Results in FY2024
Realizing carbon neutrality	Group-wide CO_2 emissions	Obtain SBT certification in FY2026	・Third-party verification conducted for Scope 1 and 2 both in Japan and internationally, and Scope 3 only in Japan ・Compilation of Scope 3 data from overseas sites
	Number of models and sales ratio of environmentally friendly products	・Cumulative number of newly released models worldwide for 3 years: 6 models ・Cumulative sales ratio of products worldwide for 3 years: 22.5%	・2 models (Rate of progress 33%) ・20.8%
	Reduce CO_2 emissions in corporate activities	・CO_2 emission in FY2026: 44% reduction compared to FY2020 ・CO_2 emission per unit of sales in FY2026: 56% reduction compared to FY2020	・CO_2 emission: 45.6% reduction compared to FY2020 ・CO_2 emission per unit of sales: 51.8% reduction compared to FY2020
Promote circular economy	Product recycling rate	Designation and operation of recycling scheme	Continuing discussions with partner companies and related departments to establish a recycling scheme
	Amount of waste from disposal of products and parts	Retirement of products and parts in FY2026: Equal to or less than actual results in FY2023	17.3% reduction compared to FY2023
	Number of electronic operation manuals and online product updates	・Number of models with electronic operation manuals in 3 years: 9 models ・Number of models with online updates achieved in 3 years: 3 models	・Number of models with electronic operation manuals: 4 models (Rate of progress 44%) ・Number of models with online updates achieved: 1 model (Rate of progress 33%)
	Reduce raw materials and waste	・Cumulative paper reduction through electronic operation manuals over 3 years (No numerical target (follow-up item)) ・Cumulative CD-ROM reduction by online product updates over 3 years (No numerical target (follow-up item))	・1,419 pages (Total number of pages in electronic operation manuals) ・0 CD-ROMs
	Amount of water consumption and use of water cycle	Disclose target after designation	Continuing discussions with related departments to set water resource targets
	Protect water resources	Disclose target after designation	Continuing discussions with related departments to set water resource targets

Sustainability Policy

Social Issues

The results for items marked with * are not disclosed.

Materiality	KPI	Targets/Actual	Results in FY2024
Foster a corporate culture of pride in contributing to healthcare	Percentage of employees receiving human rights education	Implementation rate of human rights education for employees in Japan: 100% each fiscal year	100%
	Prevent human rights risks	Awareness of harassment consultation counter in Japan: Over 90% in FY2026	93.4%
	Learning and education hours	Cumulative hours of education in Japan for 3 years: Over 49 hours*10 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. This does not include education hours held by each R&D, sales, and service department.	28.9 hours per person (Rate of progress 59%)
	Number of mental/physical health seminars for employees	Cumulative number of seminars held in Japan for 3 years: 9 times	2 times (Rate of progress 22%)
	Strengthen employee engagement	Employee satisfaction in Japan: Improved every fiscal year	Decreased by 1.5 points
Pursue the highest level of quality in the world	Number of recalls	Number of recalls: Reduce every fiscal year	3 cases (Increased 1 case compared to FY2023)
	Improve product utilization rate*	Compliance rate of recall countermeasure periods (Non-disclosure)	—
	Number of quality control training sessions for employees	Implementation rate of training sessions according to education plan: Over 80% every fiscal year	89%
	Number of facilities with maintenance contracts*	Cumulative number of maintenance contract hospitals worldwide for 3 years (Non-disclosure)	—
	Improve NPS®	NPS® score after 3 years: -1.0 in Japan, over 65 in North America	Japan -8.3 points U.S. 62 points

Sustainability Policy

The results for items marked with * are not disclosed.

Materiality	KPI	Targets/Actual	Results in FY2024
Strengthen Group governance	Number of management education sessions at overseas subsidiaries	Cumulative number of education sessions for 3 years: 4 times	1 time (Rate of progress 25%)
	Rate of participation in risk management education	Rate of participation in risk management education: 100% every fiscal year	100%
	Raise awareness of governance	Number of internal surveys conducted: Once per year	1 time
	Number of findings from internal audits of overseas subsidiaries*	Cumulative number of findings from internal audits for 3 years (Non-disclosure)	_
	Strengthen compliance systems at Group companies	Number of major compliance incidents: 0 cases	0 cases

*1 AsisTIVA (syringe pump control software for assisting total intravenous anesthesia): This software, a part of a robotic anesthesia system, administers a controlled dose of anesthetics (sedatives, analgesics, muscle relaxants) by syringe pump using the patient's vital signs (BIS, TOF) obtained from patient monitors during total intravenous anesthesia operations.
*2 esCCO (estimated Continuous Cardiac Output): Nihon Kohden's unique technology which can estimate cardiac output continuously and painlessly 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. With our advanced technology and routinely monitored parameters, we can provide non-invasive and continuous estimates without causing any pain or strain to the patient.
*3 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.
*4 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 to lessen the burden and stress on patients and medical personnel involved in blood pressure measurement. 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.
*5 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.
*6 Early warning score: This is an indicator that quantifies a patient's vital signs and contributes to early detection of sudden deterioration risks.
*7 PrimePartner (Clinical Assistant Service): This is a service that aggregates and stores data such as blood tests and ECG tests at clinics on a cloud server, making it accessible via electronic medical records.
*8 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.
*9 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.
*10 Based on the actual results for FY2024, the target has been revised upward.

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 19 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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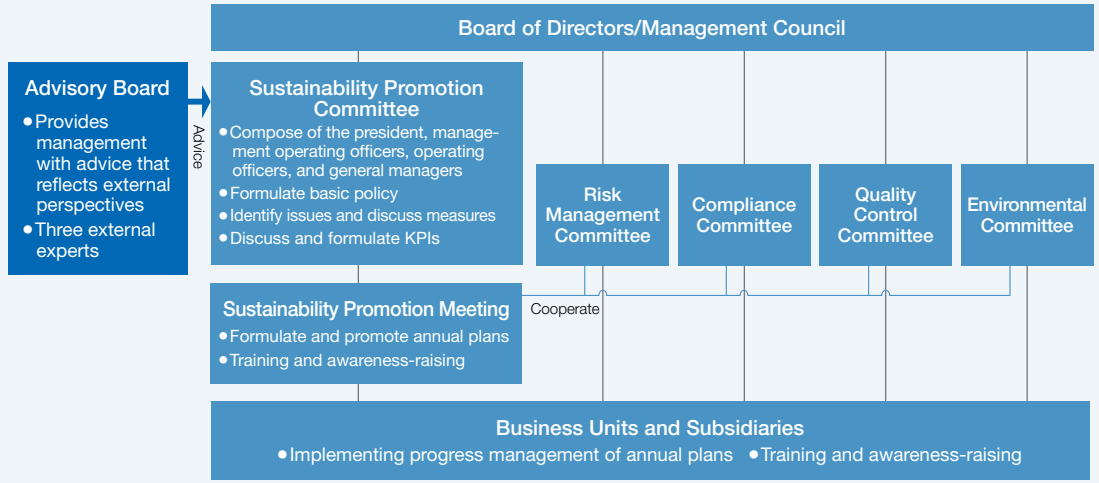


Kuniko Shoji
Senior Fellow
Kanagawa University of Human Services



Mika Takaoka
Professor
College of Business
RIKKYO UNIVERSITY

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.

