

Environmental Philosophy and Policy

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

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 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 and joined the Ochiai/Tokorozawa Site in 2019 and in January 2022, respectively. The Fujioka Site was excluded from the scope of ISO 14001 certification due to the closure of the office in May 2021.

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, 2022

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 CO₂ 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*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 water usage of the entire Nihon Kohden Group.

Environmental Target for FY2023

- As a response to climate change, the following targets have been set based on material issues and KPIs for sustainability:

(1) Reduce CO₂ emissions per unit of sales by 15.2% compared to FY2020. <Target: Scope 1 and 2*2 within the scope of ISO14001 certification>

(2) Measure and disclose CO₂ emissions for the entire Group by FY2023. <Target: Scope 1, 2, and 3*2>

- As a response to water resource protection, we will work on the effective use of water resources.

*1: Science Based Targets are greenhouse gas emissions reduction targets set by each company for 5 to 15 years in the future in line with the levels sought under the Paris Agreement.

*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 Targets for FY2022 <The scope of ISO 14001 Certification Only>

Established: April 1, 2022

1. Enhance production efficiency and reduce environmental impact by improving operational efficiency

Reduce environmental impact, including energy use, CO₂ 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.

2. Reduce environmental impact and prevent pollution in our business activities

2-1. Establish calculation standards in order to achieve third-party certification of CO₂ 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 reduce CO₂ emissions in production processes. (Target values are based on environmental targets at the Tomioka and Kawamoto sites.)

2-4. Manage water usage to reduce the volume of water consumed in the production process. (Tomioka site)

3. Continuously reduce energy consumption and CO₂ emissions in our business activities to realize a carbon-free society

3-1. In consideration of the decrease in sales forecast for FY2022, limit the year-on-year increase in energy use on a per unit basis and CO₂ emissions on a per unit basis to 7.5% and 7.7%, respectively, which targets will be reviewed after the production plan is finalized.

3-2. Collect data on energy use and resource inputs by overseas Group companies and set base data for SBT certification.

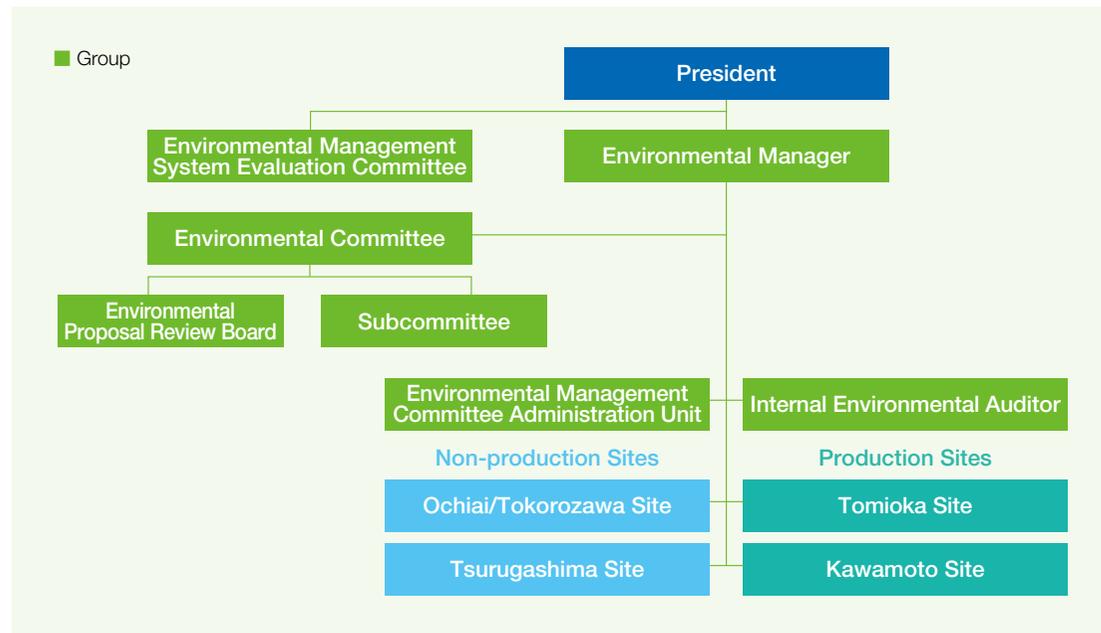
4. Contribute to creating a recycling-oriented society

Promote the 3R's of reduce/reuse/recycle and achieve the following:

In consideration of the decrease in sales forecast for FY2022 and 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 8.8% and 13.8%, respectively, and achieve a recycling rate of 97.8% or more, which targets will be reviewed after the production plan is finalized.

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/csr_environment.html#green_procurement



Environmental Management

Initiatives for Using Water Resources in Water-stressed Areas

Nihon Kohden has identified water-stressed areas in each region in which the Company operates and evaluated risks accordingly. We utilized the Aqueduct Water Risk Atlas published by the World Resources Institute (WRI) and have confirmed that the following regions are relatively water-stressed areas compared to other regions: The U.S. and Mexico in the Americas, Germany and Italy in Europe, and India, UAE, and South Korea in Asia. Although no water-related issues have occurred in water-stressed areas at this time, we will continue to work on proper and efficient use and safe supply of water.

We are currently collecting data at some overseas subsidiaries where we have not been able to obtain actual values.

Providing Products with Lower Impact on Water Resources

Since the launch of its first hematology product in 1972, Nihon Kohden has developed and marketed hematology analyzers that are compact and easy to use. The latest models currently available provide improved safety, speed, convenience, and accuracy in blood testing. The product maintenance systems have also been improved. In addition, the amount of reagents used for diluting blood during testing and for cleaning the inside of the device has been reduced by approx. 20%* per year, resulting in a reduction in waste fluid discharge.

* Results of comparison between our latest models; the MEK-1300 series automated hematology analyzers and the MEK-1303 automated hematology analyzer and clinical chemistry analyzer, and conventional models; the MEK-6500 series automated hematology analyzers, with 10 tests performed using each model per day.



The MEK-1303
Automated hematology
analyzer and clinical
chemistry analyzer

Topics

Nihon Kohden has set the realization of a carbon-free society as one of material issues for sustainability in its Three-year Business Plan and strengthened its efforts to achieve this goal. We are working to improve productivity in each business process, promote energy conservation measures, and expand the introduction of renewable energy. To foster environmental awareness within the Company, we also plan to replace all company vehicles in Japan with hybrid vehicles by 2026. We aim to achieve a sales ratio of 20% or more for environmentally friendly products, and we achieved 19.9% in FY2021. By providing environmentally friendly products and cooperating with our business partners in the supply chain, we will continue to reduce CO₂ emissions over the entire life cycle of our products. We will also further promote measures to solve environmental issues such as climate change and resource recycling.

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	FY2021 Targets	Attainment Rate	Result
1. Enhance production efficiency and reduce environmental impact by improving operational efficiency	Reduce environmental impact including energy use, CO ₂ 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 business activities	<p>2-1. Establish calculation standards in order to achieve third-party certification of CO₂ emissions from the provision of environmentally friendly products (Scope 3).</p> <p>2-2. Promote the development of environmentally friendly products and reduce the environmental impact of all newly developed products by an average of 5% compared to earlier products.</p> <p>2-3. Reduce defect rates and CO₂ emissions in production processes.</p>	✓	<p>We achieved the targets in two of the three themes.</p> <p>2-1. We established a new CO₂ Reduction Measures Standard and calculation criteria are being finalized for third-party certification. We have also reviewed the evaluation criteria for environmentally friendly products based on life cycle assessment, which will be continued in FY2022.</p> <p>2-2. We achieved the target of reducing environmental impact by 11.5% compared to earlier products through our efforts to develop new environmentally friendly products that conserve resources, save energy, and recycle resources.</p> <p>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.</p>
3. Continuously reduce energy consumption and CO ₂ emissions in our business activities to realize a carbon-free society	<p>3-1. In consideration of higher production volumes, limit the increase in energy use on a per unit basis to 11.2% compared to the previous fiscal year and improve CO₂ emissions on a per unit basis by 14.5% compared to the previous fiscal year.</p> <p>3-2. Collect data on energy use and resource inputs by overseas Group companies and set base data for SBT certification.</p>	✓ ✓	<p>3-1. In order to respond to the increased consumption of energy, mainly electricity due to increased production, we promoted the expanded use of renewable energy sources, to reduce CO₂ emissions, mainly at production sites. 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 renovating facilities in accordance with our medium- to long-term plan. We achieved the targets, reflecting a 4.0% reduction in energy use on a per unit basis and a 34.1% reduction in CO₂ emissions on a per unit basis compared to the previous fiscal year.</p> <p>3-2. In order to set science-based targets, we have proceeded to collect data from overseas Group companies. We have also worked to establish a system to centrally manage data across the entire Group.</p>
4. Contribute to a recycling-oriented society	Promote the 3R's of reduce/reuse/recycle and achieve the following: In consideration of higher production and shipment volumes, limit the year-on-year increase in total waste emissions to 11.9%, limit the year-on-year increase in waste emissions on a per unit basis to 20.5%, and achieve a recycling rate of 96.0% or more.	✓ ✓ ✓	The total waste emissions increased by only 6.9% and the waste emissions on a per unit basis increased by only 4.1% compared to the previous fiscal year due to improved production efficiency and reuse of resources, while the recycling rate was 97.3%.