

# 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

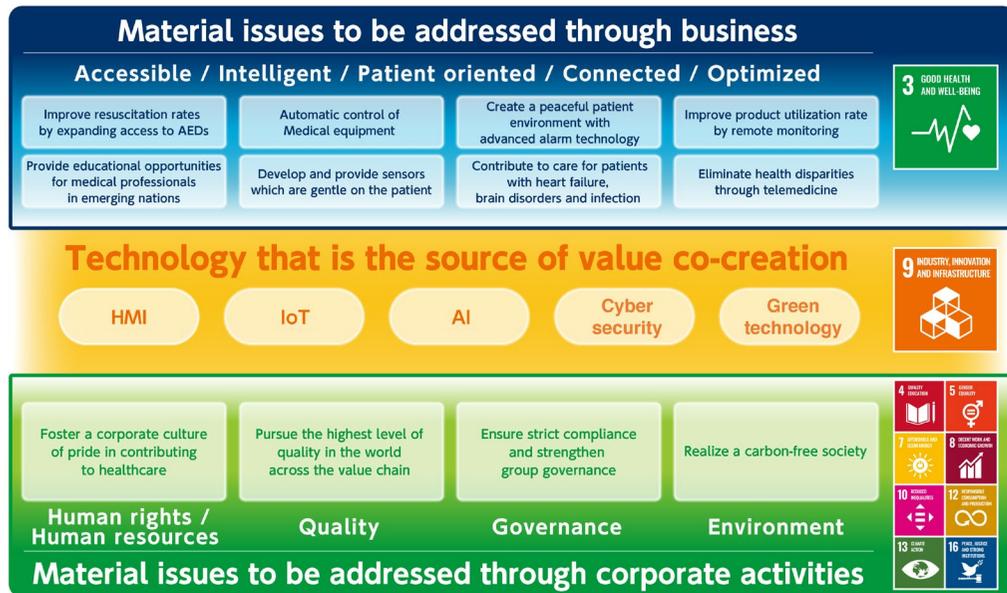
In recent years, activities aimed at achieving the UN Sustainable Development Goals (SDGs) have been promoted in order to respond to various cross-border social issues. The medical care we are involved in is becoming more and more complex due to various problems such as the aging society in developed countries, rising medical costs, lack of basic medical care in emerging countries, and widening medical disparities.

Under these circumstances, Nihon Kohden defined 12 sustainability key issues (material issues) to be addressed through business and corporate activities. The Company also incorporated these non-financial targets into its Three-year Business Plan, BEACON 2030 Phase I, in order to contribute to global social issues and SDGs.

Nihon Kohden's management has set KPIs (Key Performance Indicators) and assigned departments for each materiality. We 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.

For further details on KPIs and targets, please refer to our website.

[https://www.nihonkohden.com/sustainability/csr\\_management.html#materiality](https://www.nihonkohden.com/sustainability/csr_management.html#materiality)



Material Issues in Sustainability		KPI		
Material issues to be addressed through business	Accessible	Improve resuscitation rates by expanding access to AEDs	Number of AEDs sold in the world Utilization rate of AEDs in Japan and the US	
		Provide educational opportunities for medical professionals in emerging nations	Promote training in epilepsy diagnosis in Indonesia Number of educational seminars held, hosting countries, participants (including online programs)	
	Intelligent	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, synECI18, and iNIBP installed	
	Patient oriented	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 for improving workflow in Japan and the US	
		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	
	Connected	Improve product utilization rate by remote monitoring	Number of MD Linkage sold and number of connected models Number of advance notifications before trouble with products occurs	
		Eliminate health disparities through telemedicine	Number of network-oriented products sold like LAVITA R&D investment in realization of remote support for ICUs	
	Material issues to be addressed through corporate activities	Human rights / Human resources	Foster a corporate culture of pride in contributing to healthcare	Employee satisfaction Develop human resources who can succeed globally
		Quality	Pursue the highest level of quality in the world across the value chain	Net Promoter Scores Number of recalls
Governance		Ensure strict compliance and strengthen group governance	Establish and strengthen compliance programs of the Group Establish and promote global management policy in overseas subsidiaries Strengthen internal control over domestic sales	
Environment		Realize a carbon-free society	CO <sub>2</sub> emissions Number of models and sales ratio of environment-friendly products Amount of waste from disposal of products and parts	

## Sustainability Policy

### Sustainability Promotion Structure

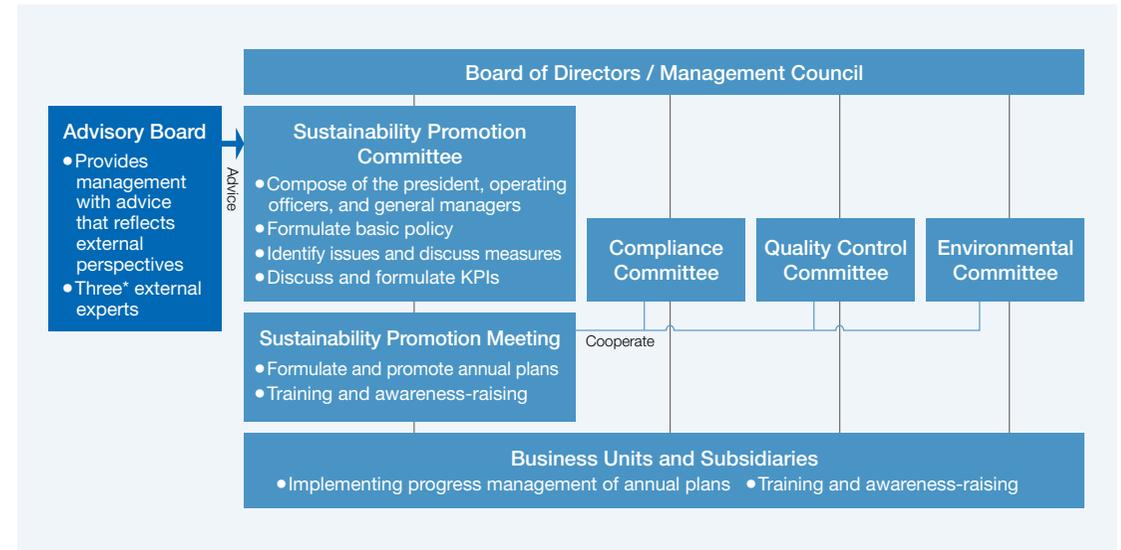
To promote sustainability, Nihon Kohden has established the Sustainability Promotion Committee, composed of the president, operating officers, and general managers, and Sustainability Promotion Meeting, composed of the representatives of 17 divisions. In July 2021, Nihon Kohden also established the Advisory Board consisting of four\* 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 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.

\* As one of the Advisory Board members was appointed as an outside director in June 2022, the Advisory Board currently consists of three members.

### Sustainability Promotion Structure Chart



### External Sustainability Advisors



Hikaru Kobayashi  
Adviser  
Research Center for Advanced  
Science and Technology  
the University of Tokyo



Hidemitsu Sasaya  
ESG/SDGs Consultant  
Appointed as Outside Director of the  
Company in June 2022



Kuniko Shoji  
Professor  
Vice-Dean  
School of Health Innovation  
Kanagawa University of Human  
Services



Mika Takaoka  
Professor  
Head of Department of Business  
College of Business  
RIKKYO UNIVERSITY

## Sustainability Policy

### Holding Advisory Board Meetings

At the first Advisory Board Meeting held in September 2021, we shared the contents of Nihon Kohden's sustainability key issues (material issues) and KPIs in relation to sustainability, and our progress in implementing them. In response, we received the advice to strengthen our efforts to address the environmental, quality and human rights issues.



Scene at the Advisory Board Meeting

### Initiatives to Promote Understanding of Sustainability among Employees

To raise internal awareness of sustainability, Nihon Kohden conducts executive training and published feature articles in the Company Newsletter, as well as providing employee education for both domestic and international employees, with 3,937 participants in webinars and 545 participants in paper-based materials in FY2021.

### 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.



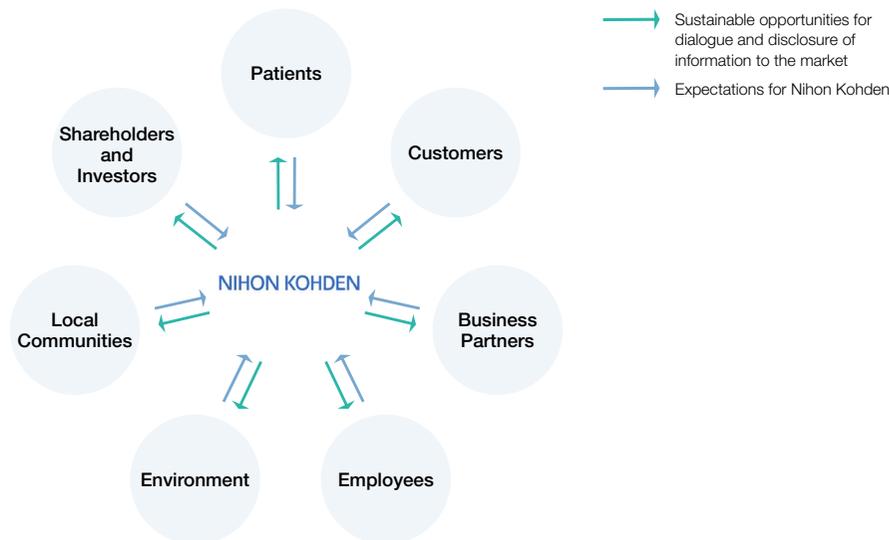
# Stakeholder Engagement

Nihon Kohden operates its business that places importance on all the Company's stakeholders. The Company also aims to maintain and develop a sound relationship with stakeholders by proactive communication.

## Growing as a Company and Establishing Trust

Nihon Kohden's planning and implementation of sustainability initiatives are predicated on harmony achieved with all of its stakeholders. Nihon Kohden is committed to establishing trust with its stakeholders and achieving growth accepted by its stakeholders in all aspects of its business, from product development, production and sales to after-sales services, the Company's financial standing, and human resource development efforts. In addition to its citizenship activities and information disclosure through its business activities, Nihon Kohden also leverages the opinions and requests of stakeholders in its future business activities as part of its efforts to be a trusted member of society.

## Mutual Understanding through Dialogue with Our Stakeholders



## Nihon Kohden's Stakeholder Engagement Initiatives

Stakeholder	Main Communication Method	Main Responsibility and Issues
Customers	<ul style="list-style-type: none"> <li>● Daily sales activities</li> <li>● Call center</li> <li>● Net promoter score survey</li> <li>● Customer satisfaction survey</li> <li>● Academic seminars</li> <li>● ME (medical electronics) workshops</li> </ul>	Offer of products and services with safety and security Quality improvement of products and services Enhancement of customer satisfaction Response to customer complaints Disclosure and offer of adequate information of products and services
Business Partners	<ul style="list-style-type: none"> <li>● Daily procurement activities</li> <li>● Human rights due diligence</li> <li>● Questionnaire of sustainable procurement</li> </ul>	Open and fair trade Identification of human rights risks in business transactions Promotion of sustainable procurement
Shareholders and Investors	<ul style="list-style-type: none"> <li>● General shareholders meetings</li> <li>● Earnings presentations</li> <li>● Company briefings</li> <li>● Events for individual investors</li> <li>● Website for investors</li> </ul>	Enhancement of corporate value Appropriate shareholder returns Timely and appropriate disclosure Response to Social Responsible Investment
Employees	<ul style="list-style-type: none"> <li>● Self-enumeration system</li> <li>● Level-specific training sessions</li> <li>● Labor-management council meetings</li> <li>● Consultation counter</li> <li>● Employee satisfaction survey</li> <li>● Company newsletters and intranet</li> </ul>	Respect for human rights and promotion of proper labor practices Development and utilization of human resources Securement of occupational health and safety Increase in job satisfaction Respect for diversity of human resources and work style
Local Communities	<ul style="list-style-type: none"> <li>● Volunteer activities in local communities</li> <li>● Participation in local events</li> </ul>	Participation and contribution to local communities