

NIPRO Bribery Prevention Guidelines

July 1, 2023

NIPRO Group

Compliance Committee

I. Background

As corporate activities become more globalized and borderless, Japanese companies are increasingly having opportunities to conduct transactions with companies located in various countries and regions, transactions subject to strict laws and regulations, and transactions involving multiple parties in a complex manner.

Along with that, the involvement of domestic and foreign public officials is unavoidable in order to obtain new business opportunities and maintain existing transactions, and there are endless cases of so-called bribes (bribes in the form of money, goods, and other favors) being offered, volunteered, or promised at the request of the other party.

Such behaviors are strictly prohibited by laws and regulations in other countries as an obstacle to fair competition, which has led to the enactment of the Penal Code (Note 1), the Unfair Competition Prevention Act (Note 2) and etc. in Japan, whereas in other countries, it has also led to the enactment of the OECD Anti-Bribery Convention (Convention on Combating Bribery of Foreign Public Officials in International Business Transactions) in 1997.

In particular, foreign governments are applying foreign regulations to Japanese corporations, such as the Foreign Corrupt Practices Act (Note 3) of the US and the Bribery Act (Note 4) of the UK, resulting in a number of allegations and serious penalties, including criminal charges and heavy fines.

(Notes) 1. Japan: Penal Code, Article 198 (Giving of Bribes), etc.

2. Japan: Unfair Competition Prevention Act, Article 18 Clause 1 (Prohibition against the Provision of Wrongful Gains to Foreign Public Officials)

3. US: The Foreign Corrupt Practices Act, “FCPA”

4. UK: The Bribery Act 2010

Based on such social background and an understanding that corporate management that only considers economic outcomes as the measure of success and seeks wrongful gain in business hinders fair competition, eventually curbing the company's own sustainable development and its increase in corporate value, the NIPRO Group, as a company involved in international transactions, has decided to establish these Guidelines in order to act with noble principles and high ethical standards in all international transactions.

II. Purpose

These Guidelines are intended as a practical approach to “self-fulfillment through social contributions,” which is one of our corporate philosophies, and as a complement to the basic policy on internal control and the NIPRO Compliance Code of Conduct, we shall prohibit illegal or inappropriate bribery or other acts against domestic or foreign Public Officials, etc., in accordance with domestic and foreign regulations, and furthermore, establish an internal system to prevent bribery, provide training on bribery risks, confirm transactions that may be applicable, establish approval procedures, reporting and consultation systems, and other necessary matters for

compliance risk management.

III. Scope of Application

These Guidelines apply to all employees, executives, fixed-term employees, temporary staff, and part-time staff of the Company or Group Companies (the "Company"), and any other person working for the Company ("Employee(s)") in the whole world, including retired employees, prospective employees, and those who the Company regulations apply in full or mutatis mutandis based on Company rules or contracts with the Company.

IV. Definitions

Definitions of terms are provided in the following items.

(1) Japanese Public Officials

[1] Government Officials: Regular service as defined in Article 2 of the National Public Service Act

Ex.) Ministries and agencies and their facilities and other agencies, and local branch offices

[2] Local Officials: Regular service as defined in Article 3 of the Local Public Service Act

[3] Deemed Public Officials, Etc.: Those who are one of the following

I. Those to which the legal stipulation "Officers and employees shall be deemed as employees working in public service under the laws and regulations for the application of the Penal Code and other penal provisions" applies as grounds for their position

Ex.) Officers and employees of the National University Corporation/Agency Managed under the Medium-term Objectives (Note 1), officers and employees of the National Research and Development Agency (Note 2)

(Notes) 1. Agency Managed under the Medium-term Objectives: Corporations such as the Pharmaceuticals and Medical Devices Agency (PMDA) and the National Hospital Organization

2. National Research and Development Agency: 31 corporations, including the National Cerebral and Cardiovascular Center and National Cancer Center Japan

II. Officers and employees of statutory juridical persons

Ex.) Officers and employees of NTT Medical Centers, Teishin Hospitals, JR Sapporo Hospital, and JR Kyushu Hospital

[4] Japanese Public Officials, etc.: Government Officials, Local Officials, Deemed Public Officials, etc. in Japan

(2) Foreign Public Officials, etc. (see Article 18 Clause 2 of the Unfair Competition Prevention Act)

[1] Any person who engages in public service for a national or local foreign government (including unrecognized states)

Ex.) Heads of state, ministers, members of parliament/congress/diet, prosecutors, judges, etc.

[2] Any person who engages in the business affairs of an entity related to a foreign

government

Ex.) Employees of an entity established under foreign special laws

[3] Any person who engages in the business affairs of a foreign public enterprise

Ex.) Employees of an enterprise in which one or more national or local governments of foreign states directly own a number of voting shares, etc. that exceeds 50 percent of that enterprise's total, such as the third sector

[4] Any person who engages in public service for an international organization

Ex.) Employees of the United Nations, ILO, WTO, etc.

[5] Any person who engages in business affairs under the authority of the national or a local government of a foreign state, etc. and is appointed by it

Ex.) Consignee of inspections, testing, etc.

(3) Public Officials, etc.: domestic and foreign public officials

(4) Bribery

To offer, promise or give any pecuniary or other form of wrongful gain in business to or for a Public Official in order that the Public Official acts or refrains from acting in relation to the performance of official duties, or the Public Official uses his/her position to influence another official to act or refrain from acting in relation to the performance of official duties, in order to obtain or retain wrongful gain in business (*see the end of the document).

However, cases excluded are when special provisions exist in applicable laws and regulations, or when such behavior can be considered as purely out of courtesy based on the period, items given, price, frequency and other objective circumstances, and without intention to seek wrongful gain in business, such as priority treatment for his/her company through the official duties of the Public Official (see the end of the document).

(5) Money and other forms of gain

Anything that the receiver benefits from, regardless of name or form, including money, cash equivalents such as cashable gift certificates, gifts, services, employment, loans, travel expenses, wining and dining, client entertainment such as invitation to sports events, political contributions, charitable donations, subsidies, daily allowances, sponsors, and honorariums.

V. Internal Control System

1. Managing body

[1] Administrative operation and supervision regarding prevention of bribery towards Public Officials, etc. will be conducted by the Compliance Committee ("Committee").

[2] The position of Supervisory Manager of bribery prevention will be assumed by the Director of the Governance Supervise Division, who will have blanket authority and responsibilities in the operation of the Committee regarding bribery prevention.

[3] The position of Operational Manager of bribery prevention will be assumed by the Chief of the Legal Department of the Governance Supervise Division, who will follow the instructions of the Supervisory Manager in making plans and proposals for specific tasks regarding bribery prevention, and will supervise other operations.

2. Promotion measures

- [1] Those in charge of each company/business division will select persons in charge for their company/business division in order to smoothly and effectively carry out tasks related to bribery prevention, and at the same time, will promote tasks to prevent bribery, coordinate with the Committee, and establish and maintain a risk management system.
- [2] Persons in charge will identify bribery risks specific to their company/business division and inform, educate and supervise employees on such risks, collect information and investigate, receive and handle scandal cases, report and explain to the Committee, coordinate with clients, conduct other measures proposed by the Committee, etc.
- [3] The secretariat will be within the Legal Department of the Governance Supervise Division. The secretariat will conduct consultations, process and handle reported cases, collect information, investigate, educate and train, hold awareness campaigns, conduct monitoring, and perform other specific tasks related to bribery prevention as instructed by the Supervisory Manager and the Operational Manager.
- [4] The Legal Department will have a service to receive anonymous whistle-blowing from within and outside the Company, and also a consultation service to assess individual cases and to support emergency case handling.

VI. Bribery Prevention Compliance

1. Restricted behavior

- (1) Employees must not, as a general rule, engage in any of the bribery behavior listed in the following items towards Public Officials, etc. or their family members.
 - [1] To gift money or real estate (calling presents, parting gifts, congratulatory money gifts, condolence money or flowers for funerals, and anything similar to these) to Public Officials, etc.
 - [2] To loan money to Public Officials, etc.
 - [3] To rent goods or real estate free of charge to Public Officials, etc.
 - [4] To offer labor free of charge to Public Officials, etc.
 - [5] To transfer private equity to Public Officials, etc.
 - [6] To treat and entertain (including wining and dining, and inviting on trips and to sporting events, movies and theater shows) Public Officials, etc.
 - [7] To engage in recreational activities or play golf with Public Officials, etc.
 - [8] To go on trips (excluding trips in the official capacity of Public Officials, etc.) with Public Officials, etc.
 - [9] To engage in prohibited behavior listed in [1] to [8] toward a third person based on a request from Public Officials, etc.
 - [10] To pay off the tabs for food, drinks, etc. consumed by Public Officials, etc.
 - [11] For Japanese Public Officials, in addition to the items above, matters prohibited by the Fair Competition Code of the Medical Devices Industry in Japan and the Promotion Code in the Medical Devices Industry.
- (2) Notwithstanding the previous Clause (1) on "Prohibited Behavior," one may engage in the following behavior towards Japanese Public Officials. However, when engaging in behavior

listed in [2] to [5] of this Clause, procedures set forth in "2. Prior Procedures (2) Approval procedure" must be taken, and at the same time, prior confirmation with the pertinent Public Official that the behavior will not conflict with any laws or bylaws applicable to the said Public Official is necessary.

- [1] To offer light refreshments at meetings and other gatherings where a Japanese Public Official is attending in his/her official capacity.
- [2] To offer light food and drink (packed lunches generally provided in meeting rooms ranging from 2,000 to 3,000 yen) to a Japanese Public Official who is attending a meeting (including medical office visits as long as it is confirmed each time that it does not conflict with any regulations of the pertinent hospital/facility) in his/her official capacity.
- [3] To offer a non-extravagant, commemorative gift as well as food and drinks (however, the maximum total cost for the party and the gift is 5,000 yen) to a Japanese Public Official during a buffet party (in general, a gathering of approximately 20 people where food and drinks are offered in buffet style, with a variety of participants in addition to the pertinent Public Official, and transparency and openness of the gathering is ensured) participated by many.
- [4] To dine together with a Japanese Public Official where the Japanese Public Official pays for him/herself (however, limited to a maximum of 10,000 yen per person).
- [5] To dine together with a Japanese Public Official with no interests (refers to those engaged in approval and licensing of matters related to this Company's businesses, services concerning contracts to which this Company is party, and duties listed in each of the items in Article 2 Clause 1 of the National Public Service Ethics Code) at the expense of the business, and such dining is considered to be within the scope of normal socializing.
- [6] To offer Japanese Public Officials promotional items or commemorative items intended for wide and general distribution.
- [7] To offer goods for use to Japanese Public Officials who are visiting this Company in their official capacity.
- [8] To allow Japanese Public Officials who are visiting this Company in their official capacity to ride (limited to when the use of such company vehicle is appropriate due to transportation circumstances of the Company office or other reasons) in company vehicles (limited to those the Company uses on a daily basis for businesses, etc.).
- [9] To send a commercially supplied telegram to Japanese Public Officials.
- [10] When all the procedures set forth below are taken, Japanese Public Officials may be consigned with pay to speak, debate, impart their knowledge in courses or training, write, oversee, or compile.
 - i. Conduct procedures stipulated in "2. Prior Procedures (2) Approval procedure."
 - ii. Conclude a written contract on the content of consignment with the pertinent Public Official.
 - iii. Obtain concurrent work permission or approval from the affiliated organization of the pertinent Public Official (may be substituted with receipt of a letter confirming that

such consignment does not conflict with any rules of the affiliated organization of the pertinent Public Official)

- (3) In [1] to [9] of the previous Clause, if a Japanese Public Official offers to pay for him/herself, one must accept such an offer, receive the payment, and when requested by the pertinent Public Official hand over a receipt.
- (4) Employees must not instruct, solicit, or otherwise encourage distributors, advisers, consultants or any other third party, whether with or without compensation, to bribe Public Officials, etc., in order to obtain wrongful gain in business.
- (5) Employees who have received blanket authority from Company executives and the Company must not provide, receive, promise, demand or request, or approve the provision, receipt, promise, demand or request of improper money and other forms of gain for the purpose of inappropriately influencing the management/business judgments or execution of duties.(Companies Act Article 976)
- (6) Employees must not engage in any behavior towards Public Officials, etc. without obtaining an objective judgment from an external expert, such as a lawyer or the Committee, except when such behavior can be reasonably concluded to not constitute bribery.
- (7) Behavior prohibited in this Article shall be handled in the same manner even when such behavior is requested, whether expressed or implied, by the other party, and even when the Public Officials, etc. threaten or solicit such behavior, and one must respectfully decline based on laws and regulations and these Guidelines.

2. Prior Procedures

(1) Confirmation procedure

[1] If it is uncertain whether or not the planned (*) behavior constitutes bribery, use one of the following methods to check about the possibility of bribery.

- Check with the Committee following the XI. Reporting/Consultation System
- Confirm with an external expert such as a lawyer who has knowledge in applicable laws and regulations.

*Country/region of the Public Officials, etc. (if different, the country/region in which the behavior will take place) as well as affiliated divisions and departments, position, scope of authority, period, form of behavior, when involving money the distinction between Japanese or foreign currency, approximate amount, method of payment, business characteristics, frequency or a history of similar behavior in the past,

[2] Obtain confirmation from the pertinent Public Officials, etc. that the planned behavior will not violate any laws and regulations applicable to or in the organization/country/region of the pertinent Public Official, including the National Public Service Ethics Act and any internal regulations.

(2) Approval Procedures

[1] When engaging in behavior set forth in [2] to [5] of Clause 2 of the previous Article, one must conduct prior approval procedures predetermined by the Compliance Committee.

[2] Aside from [1] above, if the Company has an extra decision-making procedure using approval request forms, application forms, etc., one must obtain approval following such procedure.

3. Follow-up procedures, etc.

- (1) When engaging in behavior approved by the procedures set forth in the previous Item, such behavior must remain within the scope of approval.
- (2) After the confirmation and the approval procedures are completed and before engaging in the approved behavior, if the content for which the approval was given is expected to greatly change, another set of approval procedures must be taken.
- (3) When providing money or other form of gain to Public Officials, etc. and/or their family members, a record of the form of such behavior (list in 2. (1)[1] * above) must be kept and stored along with relevant documents for eight years. However, this is not the case when the behavior is purely out of courtesy and can be reasonably concluded to not constitute bribery.

4. Other

- (1) If an employee learns of another employee's act of bribery, suspected bribery, or these indications, the employee shall immediately notify the details either directly to the Committee or through the Reporting Desk.
- (2) Employees and their involved parties who engaged in (or are alleged of) bribery must cooperate with the investigation conducted by the Committee and must not discard or hide any relevant evidence.
- (3) If Employees who engaged in (or are alleged of) bribery are arrested/detained, the Committee and involved parties must cooperate with the investigations conducted by law enforcement.

VII. Prior measures

1. Due diligence

- (1) When starting business with a new client, or when conducting an M&A, screening of compliance status (due diligence, see Note) of the other corporation or the individual (the "Other Party") is necessary, such as investigating whether or not there was/is evidence of bribery or accusations of bribery, or whether or not there are bribery prevention guidelines and other rules in place, through material from external credit-report agencies, self-reported information, etc.

(Note) DD items: Researching past and present evidence of violations of the Other Party and its major clients and details of violations if any, checking the Other Party's awareness towards bribery prevention (whether or not policies and internal rules are in place, etc.), understanding the level of compliance promotion of the Other Party, etc.

- (2) For Other Parties with which the Company has already begun business, check for existence and the content of bribery prevention guidelines and other rules through obtainable media, such as websites, and questionnaire surveys and interviews, and if it is discovered that the Other Party does not have bribery prevention guidelines in place, or that the existing guidelines are insufficient, the Company shall request submission of a Certificate Regarding Representations and Warranties, or discuss the concluding of a contract, as stipulated in the following Clause.

2. Representations and Warranties/Contract

Upon concluding a business contract, the Other Party shall submit a certificate of representations and warranties to or conclude a contract with the Company stating that the Other Party has no history of bribery (or alleged bribery) (if there has been history of bribery, description of such case(s), corrective measures taken, current status, etc.); the Other Party will not engage in bribery in the future; the Other Party will thoroughly familiarize its employees, subcontractors, etc. with the general content of its or this Company's bribery prevention guidelines and thoroughly enforce traceability with all affiliated clients; when concluding contracts with major affiliated clients, the Other Party will cooperate with conducting education and training at the pertinent affiliated client and receiving the certificate regarding representations and warranties, etc. in compliance with these Guidelines; these declarations are true; and if these declarations turn out to be false in spite of such representations, or if the Other Party engages in or is accused of bribery in the future, the Other Party must fulfill its obligations in promptly providing reports and explanations of the matter at hand, and will not object to suspension of business, termination of an agreement, and partial or full liability for penalties, including compensatory damages.

VIII. Follow-up

1. Traceability

- (1) Employees must ask the Other Party to thoroughly enforce traceability of the products of this Company, and in addition, request submission of paper trails and make efforts to investigate any existence of abnormal transactions, signs of possible bribery accusations, etc.
- (2) Employees will conduct questionnaire surveys or interviews regarding the Other Party's compliance status of the bribery prevention guidelines on a regular or as-needed basis.

2. Alleged facts

- (1) When the Other Party or its affiliated clients are alleged of bribery, Employees must ask the Other Party to explain the content, countermeasures to be taken, measures to prevent recurrence, etc., consider the degree of influence on businesses with this Company, and deliberate on taking appropriate measures, including suspension of business.
- (2) If alleged facts of bribery are discovered of the Other Party or its affiliated clients whose compliance status regarding bribery prevention is not sufficiently being improved, the Committee will cooperate with the Other Party in ensuring thorough compliance with these Guidelines, including conducting training and instructions as necessary and supporting the establishment of internal systems.

IX. Reporting/Consultation System

1. Reporting System

(1) Internal Reporting System

- [1] Employees may report the alleged facts or relative facts using the Complaints and Consultation Service (*meyasubako*) on the internal network ("NIPRO Portal Site"), or via e-mail to the company internet user address "Governance Supervisory Department."
- [2] Employees may report the alleged facts or relative facts to the Committee in written or

another form of choice.

(2) External Reporting System

External parties that are not Employees may report the alleged facts or relative facts to the Committee using the main address available on this Company's website or using another method of choice.

2. Consultation System

(1) Internal Consultation System

When an Employee is uncertain whether or not an individual's specific behavior towards Public Officials, etc. constitutes bribery, when he/she engages in or alleged of bribery, or when he/she has questions regarding the enforcement, interpretation, etc. of these Guidelines, the said Employee may consult with the Committee.

(2) External Consultation System

[1] When Employees find it difficult to respond appropriately to bribery demands from Public Officials, etc., such Employees shall consult the Committee or an external expert.

[2] If expert knowledge is required in handling bribery demands from Foreign Public Officials, etc., Japanese corporation support services of the local embassies and consulates, Japan External Trade Organization (JETRO), local chambers of commerce and other agencies must be consulted, and also, requests can be made through such agencies to the local government to stop bribery demands, whether expressed or implied, from specified or unspecified Foreign Public Officials, etc. before or after the fact. Also, regarding development cooperation projects, the Ministry of Foreign Affairs of Japan and the Consultation Desk on Anti-Corruption of the Japan International Cooperation Agency (JICA) are available for consultation.

3. Prohibition of Disadvantageous Treatment, etc.

(1) Confidentiality Obligation

[1] The existence of a report or consultation and matters related to investigation of such reports or consultations are strictly confidential.

[2] Employees who were interviewed by the Committee, the Supervisory Manager, the Operational Manager or personnel in charge ("Committee Affiliates") must take care to maintain confidentiality, and behave discreetly and appropriately.

[3] Employees who are investigated by or received a cooperation request from Committee Affiliates must cooperate with them, and unless there are exceptional circumstances, give priority to adhering to measures taken by them.

[4] Targets of investigation by Committee Affiliates may not, except when prior permission is obtained from the Committee, record or film the interview content.

(2) Investigation method: Investigation regarding reported facts will be conducted in secrecy and promptly on a priority basis.

(3) Disadvantageous treatment

[1] No one may give disadvantageous treatment to the reporting person based on the fact that the report was made.

[2] Employees may not give disadvantageous treatment to or harass those who engaged in

or alleged of bribery, excluding sanctions stipulated by laws and regulations or internal regulations.

X. Education/Training System

1. Employees

Employees shall collect knowledge and information on and continue learning about bribery prevention on a daily basis, and strive on their own to cultivate high ethical standards and for self-improvement.

2. Head of each company/business division and persons in charge

(1) The head of each company/business division and persons in charge shall cooperate with the Committee in order to thoroughly familiarize the Employees of the intent and general content of these Guidelines, and to strive to provide opportunities for Employees to actively learn.

(2) The head of each company/business division and persons in charge shall cooperate with the Committee in order to prepare and establish a bribery prevention system at its subsidiaries.

3. Committee

The Committee, based on the intent of these Guidelines, shall plan scheduled, continuous education and training for Employees of this Company and its subsidiaries, and upon receiving requests from Employees, the Company or business divisions, provide information and conduct education and training sessions on an as-needed basis.

XI. Monitoring

1. Monitoring

The Committee shall monitor on a regular or as-needed basis the compliance status of these Guidelines by the Company and each of the business divisions, whether or not the bribery prevention system is effectively functioning, whether or not the Employees are being thoroughly familiarized, the status of treatment toward Public Officials, etc., storage status of records, etc.

2. Obligation to cooperate

The head of each division/Company and Employees must cooperate with the monitoring by the Committee, and prioritize such monitoring unless there are exceptional circumstances.

XII. Sanctions

When Employees violate the bribery prevention obligations stipulated in these Guidelines, they will receive, in addition to criminal and civil punishments stipulated in applicable laws and regulations, disciplinary sanctions stipulated in the employment regulations and other company regulations, and they will also be held liable for damage to the Company.

XV. Revision/Review

These Guidelines shall be reviewed as necessary based on investigation of the bribery prevention compliance status of Employees, analysis and verification of violation cases, revision trends of applicable laws and regulations, and other factors.

["Wrongful gain in business] Citation source: Guidelines for the Prevention of Bribery of Foreign Public Officials (Ministry of Economy, Trade and Industry)

1. Concept of "gain in business"

Judicial precedents have, in light of the legislative intent to secure fair competition among enterprises, defined the term "business (eigyo)" to mean not only activities conducted simply for profit but also any activities that involve economic calculations of income/expenditure more broadly (such as hospital management, etc.).

Therefore, it is understood that the term "gain in business" refers to a tangible or intangible economic value or any other gain in a general sense that an enterprise can gain in carrying out such "business."

2. Concept of "wrongful gain"

The term "wrongful gain" means any gain obtained in a manner running counter to public policy or principle of good faith. Specifically, it is interpreted as referring to:

(1) any gain obtained for oneself through the giving, etc. of an improper benefit to a foreign public official, etc., and having the said foreign public official, etc. exert his/her discretion in a manner favorable to oneself, or

(2) any gain obtained for oneself through the giving, etc. of an improper benefit to a foreign public official, etc., and having the said foreign public official, etc. commit an illegal act.

Being compelled to give, etc. a benefit for the purpose of avoiding danger to one's own life or body may, in some cases, be determined as not given with the intention to obtain a "wrongful gain."

<The following are highly likely to be considered payments to obtain a "wrongful gain in business">

- (1) providing a sports car to a foreign public official, etc.
- (2) providing gifts, even those of low cost, frequently to a foreign public official, etc.
- (3) giving a merchandise coupon that is cash convertible to a foreign public official, etc.
- (4) a group company preferentially employing the family member or relative of a foreign public official, etc.
- (5) inviting the family members of a foreign public official to a resort that has little relationship with the company's products or services
- (6) engaging a company associated with a foreign public official, etc. as agent or consultant
- (7) paying money or providing goods immediately before public bidding regardless of the amount or economic value thereof

<The following may not be necessarily always considered payments to obtain a "wrongful gain in business">

- (1) giving promotional giveaways or commemorative gifts for general distribution, such as publicity calendars
- (2) providing appropriate refreshments or simple food and drink at a business meeting
- (3) riding with a foreign public official in a company car when it is necessary to visit the company's office due to transportation conditions
- (4) providing an appropriate seasonal gift of low cost in accordance with legally accepted case law

- (5) in cases where presenting of the company's products or services at an exhibition only is inadequate to understand the company's products or services, and a visit to the company's factory/laboratory (including any local one and those in Japan or a third country) is required, paying the cost of travel expenses of foreign public officials, etc. who are selected under certain internal standards (actual cost based on the company's internal standards formulated in accordance with the local laws and regulations)
- (6) providing reasonable and appropriate meals (if any anti-corruption laws exist in the country of visit or the country of the relevant foreign public officials that stipulates standards regarding the amount, then with reference to the cost stipulated in such standards) and sightseeing during spare time in connection with the foregoing visit

<Revision History>

Established: January 1, 2018

Revised: July 1, 2023