

Sysmex  
Sustainability  
Report

2015

Full Version



# Contents

1	Contents/Editorial Policy	52	Involvement with Stakeholders
2	Corporate Philosophy	53	Involvement with Customers
3	Message from the Chairman and CEO	54	Ensuring Quality and Safety
5	Sysmex at a Glance	58	After-Sales Support/Scientific Activities
7	<b>Highlight 1</b> Expanding our Lineup of Immunoassay Analyzers and Reagents That Contribute to the Early Detection and Treatment of Infectious Diseases, Cancer and Other Diseases	62	Stable Supply
9	<b>Highlight 2</b> Opening of i-Square, a Core Instrument Factory Focused on Delivering High-Quality Products in a Stable Manner	63	Enhancing Customer Satisfaction and Third-Party Evaluations
11	<b>Highlight 3</b> Employee Volunteers Conduct Fund-Raising Campaign to Help Fight Cancer	65	Contributing to Resolution of Healthcare Issues
13	Global CSR Activity Highlights	67	Involvement with Shareholders
13	Japan	69	Involvement with Business Partners
15	Americas	73	Involvement with Employees
16	EMEA*	74	Respecting Human Rights and Diversity
17	China	77	Employee Evaluation, Treatment, and Human Resource Development
18	Asia Pacific	83	Ensuring a Work-Life Balance
	* Europe, the Middle East and Africa	87	Respecting Workers' Rights
		88	Considering Safety and Health
19	Sysmex's CSR Activities	92	Corporate Citizenship Activities
20	CSR Management	93	Policy on Corporate Citizenship Activities and Philanthropy
22	Mid-Term CSR Plan	94	Activities to Promote a Healthy Society
24	Results of Dialogue with Stakeholders	98	Contributing to Local Communities
26	Summary of CSR Data	103	Promoting Employees' Social Contribution Activities
30	External Evaluation	104	Environmental Conservation Activities
35	Corporate Governance	105	Environmental Policy
42	Compliance	106	Environmental Management
50	Risk Management	111	Environmentally Conscious Products and Services
		113	Environmental Consciousness at Business Offices
		117	Other Environmental Considerations
		119	Green Procurement
		122	Environmental Data
		124	Guideline Comparative Table
		136	Independent Opinion
		137	Corporate Information

## Editorial Policy

Sysmex publishes the annual "Sysmex Sustainability Report" in the hopes of communicating its approaches and activities concerning corporate social responsibility (CSR) to stakeholders and facilitating dialog with them. This report is available as a full version and in digest form, as well as on the Company's website.

### Informational content of each media

- Sysmex Sustainability Report 2015 (Full Version), CSR Site: Comprehensive information  
**Provides exhaustive coverage of the Company's CSR initiatives**
- Sysmex Sustainability Report 2015 (Digest Version): Excerpts of key information only  
**Contains excerpted content the Company wishes particularly to communicate to stakeholders**

### Inquiries about this report

CSR Promotion Department, Sysmex Corporation  
1-5-1, Wakinojima-Kaigandori, Chuo-ku, Kobe, Hyogo, 651-0073, Japan  
Tel +81-78-265-0500, Fax +81-78-265-0524

### Organizations covered

Sysmex Group (Sysmex Corporation and its subsidiaries both in Japan and abroad). In this report, "Sysmex" refers to the Sysmex Group as a whole. "Sysmex Corporation" refers to the Company on a stand-alone basis.

### Period covered

Primarily fiscal 2014 (from April 1, 2014 to March 31, 2015). Some activities conducted outside this period are also included.

### Date of publication

August 2015 (Adding pages on December 2015 [P. 137-138])  
Previous version: August 2014

### Guidelines referenced

- The Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines, Edition 3.1
- The Japanese Ministry of the Environment's Environmental Reporting Guidelines (2012 ed.)

## Corporate Philosophy

---

### Systemex Way

#### Mission

Shaping the advancement of healthcare.

#### Value

We continue to create unique and innovative values, while building trust and confidence.

#### Mind

With passion and flexibility, we demonstrate our individual competence and unsurpassed teamwork.

## Core Behaviors

---

#### To our Customers

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers. We constantly look out for our customers' true needs, and seek to generate new solutions to satisfy those needs.

#### To our Employees

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential. We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

#### To our Business Partners

We deliver commitment to our client companies through broad-ranging partnerships. We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.

#### To our Shareholders

Our shareholders can rest assured that we will continue to improve the soundness and transparency of our management policies, while promoting information disclosure and close communications. We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.

#### To Society

We carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards. As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.

# We address the shared desire of all people to remain healthy by providing products and services backed by leading-edge technologies and building trust and confidence.

### Contributing to the Advancement of Healthcare through Testing

In line with our mission of “shaping the advancement of healthcare,” which is defined in the “Sysmex Way,” the corporate philosophy for the Sysmex Group, Sysmex works to contribute to the development of healthcare and the healthy lives of people. Since our founding in 1968, we have created a wide spectrum of products and services in the *in-vitro* diagnostics field based on advanced technologies, and the Group’s products are used in more than 190 countries around the world.

In recent years, the environment surrounding the healthcare business has changed dramatically. In advanced countries, new needs are emerging as populations age and attention focuses on individually optimized healthcare (personalized medicine). Meanwhile, emerging markets—including China and countries in Southeast Asia and Central and South America—are working to expand their healthcare infrastructures and offer more sophisticated healthcare in line with their economic development.

In this environment, testing is playing an increasingly important role in illness prevention, early detection and the determination of treatment methods. We aim to swiftly address these changes in the environment and respond to people’s desire to remain healthy by meeting increasingly diverse and advanced testing needs.

In fiscal 2014, we launched the HISCL-800, a new product in the HISCL-Series of automated immunoassay analyzers that aids in the diagnosis of infectious diseases, cancers, heart diseases and autoimmune diseases and in monitoring their courses of treatment. This product inherits such series characteristics as minute samples, a high degree of sensitivity and fast measurement, and is compact, being approximately 60% the width of existing models. We also introduced the XN-L-Series, a compact automated hematology analyzer. Aimed primarily to meet demand at small and medium-sized facilities in advanced markets and expected growth in

emerging markets, with these products we expect to provide advanced testing in numerous regions and circumstances.

### Building Trust and Confidence among Stakeholders

In keeping with its corporate philosophy, Sysmex prioritizes the building of trust and confidence among its stakeholders.

In fiscal 2014, we responded to growing global demand for testing by reorganizing our instrument manufacturing structure, creating a system to ensure the stable delivery of products of even higher quality. We opened the doors of i-Square, a new factory in the city of Kakogawa, Hyogo Prefecture, and expanded the factories at two Group companies in Japan. These moves will approximately triple our future supply capacity at our four factories, including Kakogawa Factory. We also set up a logistics center within i-Square to directly link our manufacturing and distribution functions. At the same time, we revised our product packaging materials and promoted such reforms as increasing loading ratios. In addition to making logistics more efficient, these moves are helping to reduce our CO<sub>2</sub> footprint. Overseas, we augmented production capacities at our reagent factories in Singapore and Germany. As well as ensuring high levels of quality and production efficiency, we strove to make these factories even more comfortable places for employees to work.

Besides its business-related initiatives, Sysmex also undertook a variety of social contribution activities. For example, because as a healthcare company we believe in contributing to a healthy society through sports, we have supported the Kobe Marathon since its inception. We were a special sponsor of the fourth Kobe Marathon, which was held in November 2014, and our volunteers supported event operations in such ways as providing water to runners.

Overseas, we conduct a host of social contribution activities tailored to the characteristics of individual regions. To help stamp out cancer, one of the world’s most deadly



diseases, in fiscal 2014 we launched the Sysmex Against Cancer campaign in the EMEA\* region. Employee volunteers from different locations joined together in planning and conducting a variety of fund-raising events, with proceeds donated to the World Cancer Research Fund.

\* Europe, the Middle East and Africa

### **Aiming to Make Further Progress with a New Mid-Term Management Plan**

We have recently formulated a new Group mid-term management plan to guide Sysmex through fiscal 2017.

In addition to developing high-value-added products that anticipate customers' needs and rolling out a global business strategy, this plan calls for the Company to augment management soundness and transparency by revising its internal control system. These measures are intended to enhance our sustainable corporate value. We will also reinforce interactive communication with diverse stakeholders.

When formulating our mid-term management plan, we also revised our mid-term CSR plan. This plan is based on the 10 principles of the United Nations Global Compact, which the Company joined in 2011, and ISO 26000. The plan calls for further globalization of our businesses and re-establishes targets for future activities based on the increasingly diverse and sophisticated demands and expectations of our stakeholders.

Sysmex aims to continue achieving sustainable growth going forward and strives to earn the trust of all our stakeholders. As we undertake these endeavors, I ask for your further understanding and support going forward.

July 2015



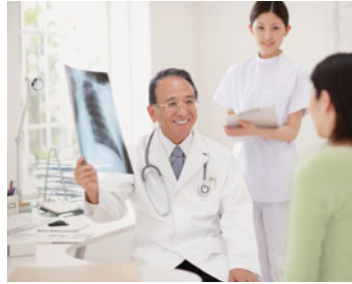
Hisashi Ietsugu  
Chairman and CEO

# Supporting the Lives and Health of People Worldwide by Providing the Instruments, Reagents and Software used in *In-Vitro* Diagnostics\*

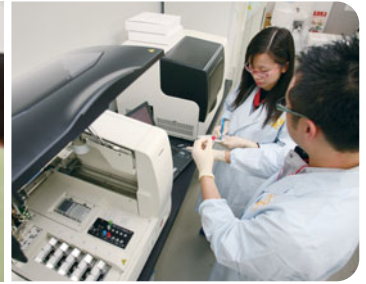
Addressing the Problems Faced by Patients and Healthcare Professionals



Reducing the Burden on Patients

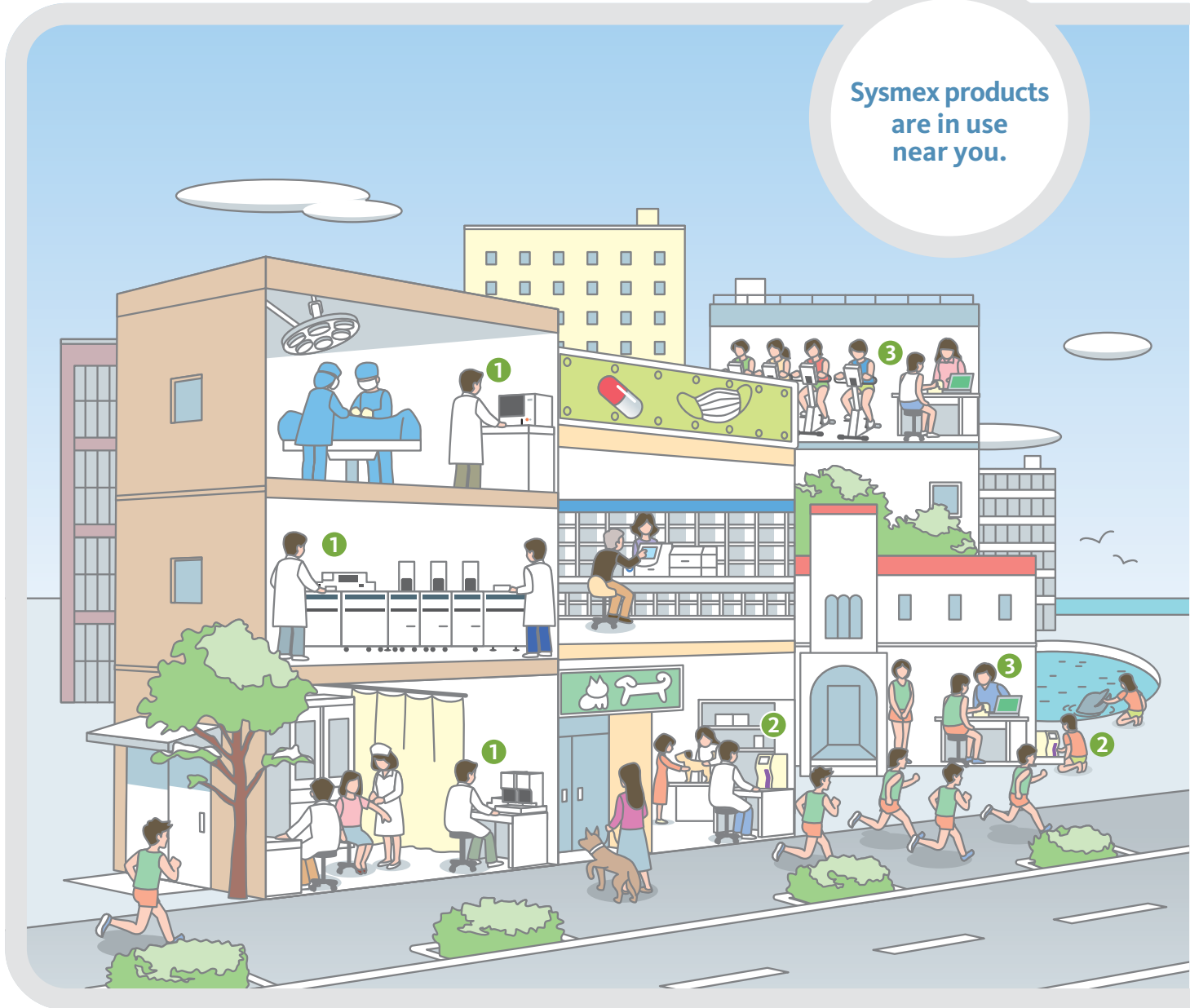


Helping Physicians Diagnose Swiftly



Reducing the Burden for Laboratory Technologists and Enhancing Efficiency

Sysmex products are in use near you.



\* *In-vitro* diagnostics are a type of laboratory testing. Whereas *In-vitro* diagnostics involves tests conducted directly on patients' bodies, such as electrocardiograms and ultrasound, with *In-vitro* diagnosis tests are performed on samples (specimens) taken from a patient's body, such as blood and urine, analyzing the shape and number of constituents and cells contained in these samples.

## Integrated System from R&D to After-Sales Support



R&D

Production

Sales

After-sales Support

### ① Hospitals

#### Hematology Field

Hematology, which involves measuring and analyzing the number, type and size of red, white and other blood cells, allows the presence of anemia or infectious disease to be determined.

XN-Series XN-2000  
Automated Hematology Analyzer



#### Urinalysis Field

Urinalysis entails testing for the presence of sugar, protein or blood in the urine, aiding in the diagnosis of a variety of diseases.

UF-1000i  
Automated Urine Particle Analyzer



#### Hemostasis Field

Hemostasis supports the diagnosis and treatment monitoring of the mechanism that prevents blood from clotting (as in hemophilia) or disorders resulting from thrombi (as with cerebral infarction).

CS-5100  
Automated Blood Coagulation Analyzer



#### Life Science Field

Leading-edge technologies are used to analyze genes and proteins, performing molecular diagnostics related to diseases, centering on cancer.

The One-Step Nucleic Acid Amplification (OSNA) method that Sysmex has developed can be used to detect target genes in lymph nodes quickly, easily and with a high degree of precision. This technology is currently eligible for insurance coverage in testing for breast cancer, colorectal cancer and stomach cancer. The technology is also a focus of R&D attention in realizing personalized medicine, including for studying the effectiveness of anti-cancer agents.

RD-100i  
Gene Amplification Detector



#### Immunochemistry Field

Immunochemistry is performed on blood serum, the supernatant fluid isolated after blood separates, to test for the presence of the hepatitis virus, measure thyroid hormone and check for cancer.

HISCL-5000  
Automated Immunoassay System



### ② Animal Hospitals

Our products for animals help manage the health of dogs and cats, as well as aquarium dolphins and zoo animals.

poch-100iV Diff  
Automated Hematology Analyzer



### ③ Sports Training Facilities

Our health monitoring analyzer measures hemoglobin levels without blood sampling and is used as a tool for monitoring athletic condition.

ASTRIM FIT  
Health Monitoring Analyzer





## Expanding our Lineup of Immunoassay Analyzers and Reagents That Contribute to the Early Detection and Treatment of Infectious Diseases, Cancer and Other Diseases

### 1 Launch of a Compact and High-Performance Immunoassay Analyzer to Meet Diverse Needs around the World

As a way of measuring proteins and other substances in the blood, immunochemistry testing has a wide range of applications, from diagnosis of infectious diseases, cancers, heart diseases and autoimmune diseases to monitoring the course of treatment. As such, immunochemistry testing plays an essential role in the early detection of diseases and determination of therapeutic effects. To meet a variety of testing needs related to immunochemistry testing, Sysmex has expanded its lineup of HISCL-Series automated immunoassay analyzers.

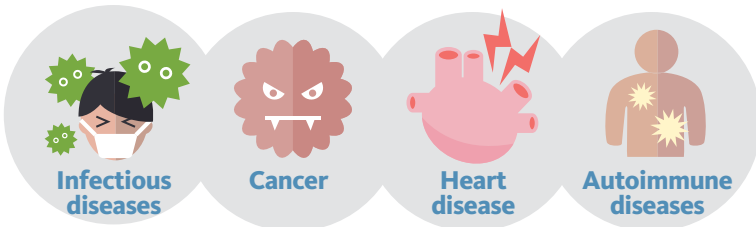
In September 2014, we launched the HISCL-800, which carries forward such HISCL-Series characteristics as minute samples, a high degree of sensitivity and fast measurement (requiring only 17 minutes). At the same time, the HISCL-800

is space-saving, with a footprint approximately 60% the width of the HISCL-5000. This instrument, which offers high functionality and performance, as well as being space-saving, is expected to contribute to high-value-added testing in emerging markets such as China and other Asian countries that are slated for future growth. Contributing to testing efficiency, the interface employs a large, 21-inch color touch-panel display and uses large icons to ensure a high level of visibility and operability.

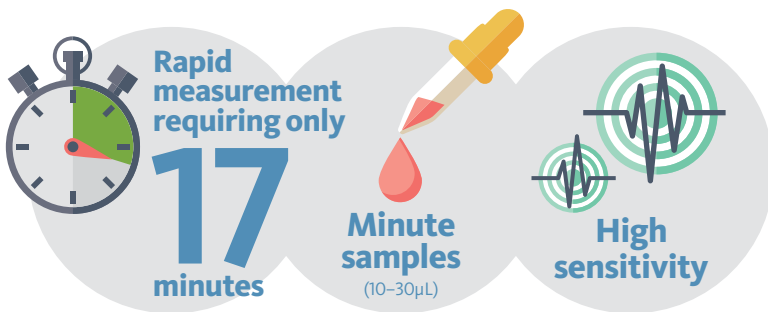
This model works with the Sysmex Network Communications Systems (SNCS)\* to determine the status of a customer's instrument and pre-empt malfunctions. This functionality helps in configuring a testing environment that is convenient and instills customer confidence.

\* A separate agreement is needed to use this service.

#### Diseases for which immunochemistry tests contribute to diagnosis and monitoring of courses of treatment



#### Principal characteristics of HISCL-Series fully automated immunoassay analyzers



- Increased testing efficiency
- Highly reliable testing results
- Reduced burden on patients



Instrument width approximately **60%** of the existing model, the HISCL-5000  
**Space-saving**



## What is viral hepatitis?

One of Japan's most prominent infectious diseases

Affecting some **3** million people

May lead to liver cirrhosis and hepatocellular carcinoma

### Characteristics of the new reagent, HISCL M2BPGi

**Reduces the burden on patients and leads to more efficient testing**  
**Quickly determines liver fibrosis progression with only a blood sample**



Degree of liver fibrosis progression

≡ Potential development into liver cirrhosis, hepatocellular carcinoma

## ② A New Reagent That Helps to Reduce the Burden on Patients When Diagnosing Hepatic Virus-Induced Diseases

In January 2015, Sysmex's new reagent for the HISCL-Series, the HISCL M2BPGi Assay Kit, received approval for health insurance coverage in Japan. This reagent is able to determine in a short period of time the degree of liver fibrosis progression (hepatic fibrosis).

Left untreated, viral hepatitis, one of Japan's leading infectious diseases, can progress from chronic hepatitis and liver cirrhosis to hepatocellular carcinoma. To treat this disease, determining the degree of hepatic fibrosis due to the hepatitis virus is key. At present, the typical testing process involves living tissue diagnosis, or taking a biopsy of the liver tissue. This method requires hospitalization, placing a substantial burden on the patient on both the physical and economic fronts.

Using the HISCL M2BPGi Assay Kit and HISCL-Series immunoassay analyzers (HISCL-5000/2000i/800) allows the degree of hepatic fibrosis progression to be quickly measured with only a blood sample. This method is expected to reduce the burden on the patient and lead to more efficient testing.

## ③ Contributing to the Automation of Testing for Atopic Dermatitis and Greatly Reducing the Time Required for Diagnosis

In April 2014, Sysmex began offering the HISCL TARC Assay Kit for diagnosing atopic dermatitis.

An objective approach to diagnosing atopic dermatitis involves measuring the amount of a substance called TARC\* produced in the blood, thereby evaluating the severity of the disease and measuring therapeutic effects. In the past, these tests have been performed manually, typically requiring more than three hours. By using a HISCL-Series instrument and the HISCL TARC Assay Kit, this testing can be automated, reducing testing time to only around 17 minutes.

By further expanding its lineup of immunoassay analyzers and reagents, Sysmex aims to contribute to enhancing the quality of testing and reducing the burden on patients.

\* An abbreviation for thymus and activation-regulated chemokine, a substance that causes cells in the blood to migrate to the skin, resulting in allergic inflammation.

Time required to measure TARC production volume

**Substantially reduces testing time**

To approximately

**1/11**

of manual method

(From approximately 3 hours, 15 minutes to around 17 minutes)

### Customer Comment



### Impressions from Using the HISCL-800: "Easy to Use and Hassle Free"

We decided to introduce the HISCL-800 because it was perfectly sized for our laboratory and because of the quick, polite and reliable responses of Sysmex's sales, support and scientific personnel. In addition to the instrument itself being compact, all the necessary reagents can be stored within the instrument, which makes the lab neat and tidy. The touch-screen monitor makes the instrument easy to use and it requires hardly any maintenance. From my perspective, the HISCL-800 is easy to use and hassle free.

**Momoyo Sakai**, Chief of Clinical Laboratory, Healthcare Corporation TOSEIKAI, Suwa Maternity Clinic

## Opening of i-Square, a Core Instrument Factory Focused on Delivering High-Quality Products in a Stable Manner

### 1 Rearranging the Group's Overall Production System to Meet Growing Demand for Testing

Sysmex leverages its advanced “made in Japan” technological capabilities to manufacture IVD instruments that are shipped to customers in more than 190 countries.

Recent years have seen increasing healthcare and testing needs in China and other emerging markets, as well as advanced countries, and demand for our instruments has grown sharply. In response to these conditions, in June 2014 Sysmex established i-Square, a new factory in the city of Kakogawa, Hyogo Prefecture, with a site area of 30,000 square meters. We took the establishment of i-Square as an opportunity to revise the Group's instrument production

system. We reorganized our structure to manufacture compact models at the Kakogawa Factory, as well as the Sysmex Medica and Sysmex RA factories. Sysmex Medica (Himeji, Hyogo Prefecture) specializes in the assembly of units for high-end models, and Sysmex RA (Shiojiri, Nagano Prefecture) focuses on the manufacture of peripheral equipment for IVD instruments.

These revisions will allow the Sysmex Group to triple its instrument manufacturing capacity, thereby meeting growing global needs.

#### i-Square Features

#### Manufacturing

Uncompromising pursuit of high quality

Utilization of

**ICT** (Information and Communications Technology)  
in manufacturing

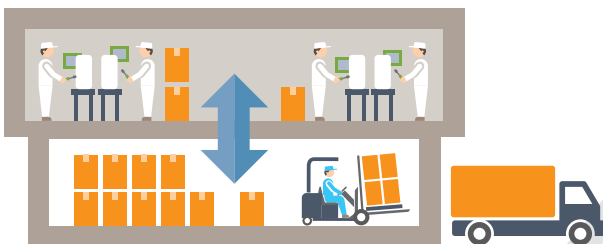


Screen from a 3D moving manual

#### i-Square Features

#### Logistics

Achieves highly efficient operations



Directly linking the manufacturing and logistics functions

### 2 Configuring a System to Manufacture and Supply High-Quality Products Efficiently

The manufacturing area at i-Square is designed around the concept of manufacturing high-quality products through a combination of people and technology, promoting the use of ICT in “digital manufacturing.” The Smart Pro manufacturing support system directs workers and testing personnel, accumulates working and testing results, and creates manufacturing and testing records. Linking with Smart Pro are 3D “moving manuals” that use displays to demonstrate operations to workers using three-dimensional animations, resulting in high-quality, highly efficient manufacturing.

i-Square also serves a central function in managing instrument logistics. Whereas in the past instruments manufactured at our factories were stored in external warehouses, i-Square houses an internal logistics center that directly links the manufacturing and logistics functions. This system allows inventories to be managed as products are manufactured. By significantly improving operational efficiency, the new arrangement enables us to provide instruments to the market more swiftly than in the past.

## Overview of Instrument Manufacturing Locations

	Sysmex, i-Square	Sysmex Kakogawa Factory	Sysmex Medica	Sysmex RA
Location	Kakogawa, Hyogo Prefecture	Kakogawa, Hyogo Prefecture	Himeji, Hyogo Prefecture	Shiojiri, Nagano Prefecture
Site area	Approx. 30,000m <sup>2</sup>	Approx. 12,000m <sup>2</sup>	Approx. 7,300m <sup>2</sup>	Approx. 6,100m <sup>2</sup>
Floor space	Approx. 20,000m <sup>2</sup>	Approx. 9,800m <sup>2</sup>	Approx. 4,400m <sup>2</sup>	Approx. 6,000m <sup>2</sup>
Main products	High-end models	Compact models	High-end units	Peripheral equipment

Eventually Approximately  
**Tripling**  
 the Group's  
**Overall Instrument  
 Manufacturing Capacity**

## Responding to Growing Global Needs for Testing

i-Square



### 3 Consideration for the Environment and the Local Community

i-Square is designed to minimize environmental impact. LED lighting and solar power modules have been introduced to conserve energy and lower CO<sub>2</sub> emissions. Furthermore, the factory is surrounded by a variety of greenery, with trees, water and light in abundance. A mound of earth near the entrance of i-Square serves as an important symbol for the factory. Made with excess soil from construction that was left in place rather than being carted away, the hillock serves as a reminder of this reduced environmental impact.

The industrial complex where the factory is situated adjoins a housing area, and numerous schools are located nearby. Sysmex has set aside a portion of its site as an access road for students commuting to school, and has received a certificate of appreciation from the city of Kakogawa for its contribution to children's safety during their commute to school.

Going forward, Sysmex plans to continue its efforts to reinforce its manufacturing and logistics structures to take the environment into consideration while ensuring the stable provision of high-quality products around the world.

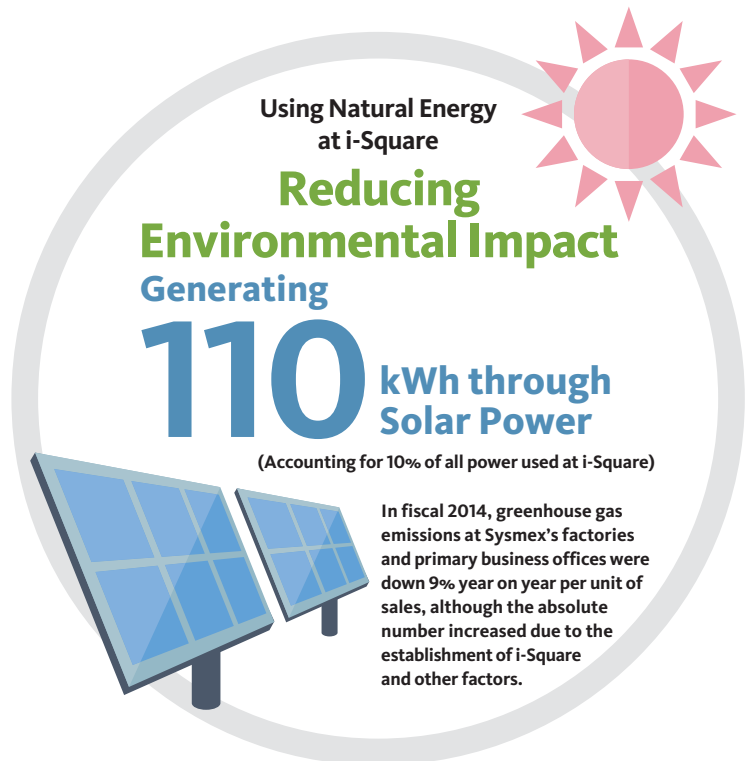
#### Employee Comment



#### An Easy Factory for Employees to Work in, and Convenient for Hosting Tour Guests

i-Square is a marriage between natural beauty and functionality. The facility is "people-friendly" in that in addition to being a comfortable place to work, it is convenient for hosting tour guests and people in the surrounding community, and features an abundance of trees, water and light. The manufacturing area is characterized by a pillarless, astylar configuration. This arrangement allows layouts to be flexibly adjusted as demands dictate.

**Wataru Kaneshika**, Production Control Department, Instrument Production Division, Sysmex Corporation



## Employee Volunteers Conduct Fund-Raising Campaign to Help Fight Cancer

### 1 “Sysmex Against Cancer” Campaign

Cancer is the world’s deadliest disease. Given that the number of deaths from cancer is forecast to continue increasing, in addition to improving treatment methods there is a growing need to address the illness through prevention and early detection. Sysmex manufactures and sells products that assist in the early detection of cancer. We also make donations\*1 to the American Cancer Society and other organizations that work to prevent and conduct

research on cancer. In these ways, the Company is working proactively to contribute to society by fighting cancer.

In fiscal 2014, employee volunteers at Group companies in the EMEA\*2 region launched the cancer-fighting campaign “Sysmex Against Cancer.”

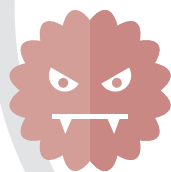
\*1 For details, please see the section on page 15 of this report, entitled “Making Ongoing Contributions to Organizations That Support Cancer Prevention and Research”

\*2 Europe, the Middle East and Africa

#### World Cancer Status

### The World’s Deadliest Disease

Deaths from Cancer **13.0 million**



**8.2 million**



2012 (Estimate)



2030 (Forecast)

Throughout the world, an estimated 14.0 million people fell ill with cancer in 2012, and around 8.2 million people died from the disease. By 2030, these figures are forecast to climb to 22.0 million and 13.0 million, respectively.

Source: World Cancer Report 2014, International Agency for Research on Cancer

### 2 Leading in a Number of Fund-Raising Activities in the EMEA\*1 Region

As part of the Sysmex Against Cancer campaign, a dedicated website has been set up to publicize the host of events employees have planned and to solicit donations. These funds are donated to the World Cancer Research Fund\*2, which raises awareness of cancer prevention and supports research.

These activities span the entire EMEA region, from Russia to South Africa, from the United Kingdom to the Middle East. Events are diverse, including sales of food, precious stones and caps, holding auctions and hosting lectures by specialists. As of April 2015, a total of 162 events had been held.

\*1 Europe, the Middle East and Africa

\*2 The World Cancer Research Fund is a non-profit organization headquartered in London, England. The fund promotes awareness of cancer-prevention measures and provides funding for scientific research on the relationship between cancer and such factors as food, exercise and obesity.

#### Employee Comment



#### A Major Project Combining the Efforts of Employees in 15 Countries

Many people in our lives are affected by cancer in one way or another. Sysmex is no exception. Sadly, two of our beloved colleagues passed away from cancer on the same day. As people involved in healthcare, this event led us to wonder what we might be able to do, and we launched the “Sysmex Against Cancer” campaign. On April 12, 2015, employees in 15 countries combined their energies to take part in a major project.

**Jos van de Ven**, IVD Division, Sysmex Nederland



### 3 Conducting Contribution Activities through the NN Marathon Rotterdam

On April 12, 2015, one of the largest projects so far in the Sysmex Against Cancer campaign was held to raise funds through the 2015 NN Marathon Rotterdam. Each year, more than 20,000 runners take part in this event, which is the largest marathon in the Netherlands. Some 96 Sysmex employees—92 from Europe, one from the Middle East and three from Africa—ran in the marathon. When participants applied to take part in the marathon, they agreed to try and raise funds for the World Cancer Research Fund.

As a result of these activities, by the end of April 2015 the Sysmex Against Cancer campaign had raised a total of €241,733 (approximately ¥31.5 million\*) which it contributed to the World Cancer Research Fund. Through this campaign, we plan to continue contributing to the fight against cancer.

Going forward, in tandem with employees and local communities Sysmex will continue working proactively on social contribution activities that address the various problems society faces.

\*Calculated at €1.00 = ¥130.32, the exchange rate on March 31, 2015

**Amassing Donations through  
Sysmex Against Cancer**

**Contributing to the World  
Cancer Research Fund**

**€241,733**

(Approximately ¥31.5 million)

**Contribution presentation ceremony**

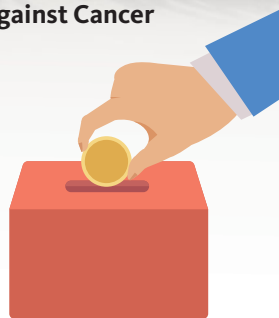


#### Overview of the Sysmex Against Cancer Campaign

**162**

**Fund-Raising Activities,**

**Including Participation in the NN Marathon Rotterdam**



Taking part in a host of fund-raising activities



# Japan

## In the Hematology Field, Launch of Compact Models in the XN Family

In December 2014, Sysmex launched the XN-L-Series (XN-550, XN-450 and XN-350) of automated multiparameter hematology analyzers. These compact models are part of the Company's flagship model in the hematology field, the XN-Series. The width of the system comprising the new series and its data processing unit have been reduced to about 70% that of current compact models\*. In addition, the new series offers high levels of performance and operability, and is aimed at small- and medium-sized healthcare facilities, as well as emergency laboratories at large-scale institutions.

\* Compared with the XN-350 and XS-800i (main instrument plus data processing unit)

Space-saving  
Approximately  
**70%**  
the width of  
current products\*



XN-550

XN-450

XN-350

## Establishment of a New Development Base for Companion Diagnostic Drugs

In the area of cancer treatment, demand is growing to realize and promote personalized medicine, which is optimized for individual patients. In line with this trend, expectations are growing for companion diagnostic drugs, which are used to predict the efficacy and side effects of drugs before using them as treatment. To accelerate R&D on companion diagnostic drugs, in December 2014 Sysmex established a new base on Kobe Port Island to develop these drugs and provide lab assay services.

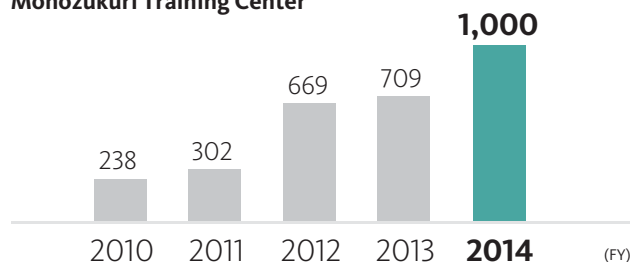


Base for companion diagnostic drug development and lab assay services

## Technical Training at the Monozukuri Training Center

Sysmex has established the Monozukuri Training Center at its Kakogawa Factory to provide technical training for new employees, as well as part-time and temporary employees. This center was expanded in fiscal 2014 as part of the renovation work conducted at Kakogawa Factory, increasing the number of training topics it handles. We have also shared this center's educational know-how with other factories to augment on-site human resource development.

### Total Number of People Undergoing Training at the Monozukuri Training Center





## Sponsorship of the Kobe Marathon 2014

Systemex Corporation has been a special sponsor of this event since its inception. With a theme of "Thanks and Friendship," the Kobe Marathon is meant to express the gratitude of the people of the Kobe area to everyone who assisted in the reconstruction of the region following the Great Hanshin-Awaji Earthquake. For the fourth marathon, held in November 2014, Systemex supplied bib numbers to runners and fielded volunteers who provided operational support. Systemex also exhibited at the Kobe Marathon EXPO.



Volunteers providing water  
(136 Group employees and their family members participated)

## Introduction of a Social Contribution Point Program to Encourage Employee Volunteer Activities

Systemex introduced a Social Contribution Point Program in April 2014. Under this program, employees earn individual points for taking part in social contribution activities, as well as for participating in social contribution events sponsored by the Company. The Company makes a donation corresponding to the number of points accumulated at the end of each fiscal year. Under this program, in fiscal 2014 Systemex donated ¥970,000 worth of measles vaccines, antimalarial mosquito nets and emergency medical kits to developing countries via UNICEF.

### The result of the Social Contribution Program in Fiscal 2014

Approximately **28%** of Group employees in Japan participated, a total of **837** people.

A total of **¥972,200** was donated, corresponding to **9,722** points.

- Measles vaccines: 10,600 doses
- Emergency medical kits: 78
- Antimalarial mosquito nets: 770

## Human Resource Development Based on Four Concepts

Based on its four concepts for human resource development, Systemex Corporation operates a training system offering selective, rank-based and elective training that seeks to nurture personnel in a planned and gradual manner. In fiscal 2014, on average each employee underwent 28.2 hours of training, and average per-employee expenditure amounted to ¥157,789\*. Furthermore, in April 2015 Systemex opened the Global Communication Center in Okuike, Ashiya, Hyogo Prefecture. This new facility aims to serve as a gathering place for people of diverse cultures and values, encouraging communication in surroundings that provide a break from everyday routines and foster broader networks.

\* This figure indicates training provided by the Human Resources Department and excludes certain types of training, such as self-development and training related to specialized work for divisions.

Average training hours per employee (fiscal 2014)

Approximately

**28** hours

Average training expenditure per employee (fiscal 2014)

Approximately

**¥160,000**



Global Communication Center (theater room)



New employee training

### Four Concepts of Human Resource Development

- 1 Link training, evaluation and work (show results)
- 2 Promote globalization of the Systemex Group
- 3 Invest in ongoing human resource development
- 4 Be a company that cultivates human resources and personal growth



# Americas

## Providing Extensive Support to Boost Customer Satisfaction

Systemex America, the regional headquarters for the Americas, has striven over many years to provide customer support to ensure that instruments operate soundly at customer sites. As one indicator of the success of such support, the company has received the top ranking among manufacturers of hematology analyzers in an IMV ServiceTrak survey (sponsored by IMV) of customer satisfaction for 15 consecutive years. Systemex America has also won the Ace-Award (sponsored by Confrimit) for four consecutive years for excellent corporate results on customer feedback. Furthermore, the company scored well in an independent survey conducted in 2014, receiving an overall rating of 9.1 out of a 10.0 scale for customer satisfaction.

## Customer Satisfaction Survey Ranks Systemex America

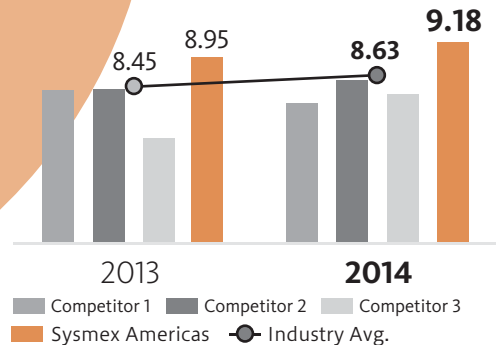
# No.1

for 15 Consecutive Years



Recording a video showing customers how to use an instrument

IMV ServiceTrak Results (Out of 10 possible satisfaction points)



## Making Ongoing Contributions to Organizations That Support Cancer Prevention and Research

To achieve its goal of contributing to a healthy society, Systemex America regularly donates to organizations that support cancer prevention and research. In fiscal 2014, the company donated a total of \$79,000\* to the American Cancer Society, the American Heart Association and the Leukemia & Lymphoma Society. The company's employees also actively participated as volunteers in events held by these societies.

\* Including donations received through fund-raising campaigns



Employees and their families who participated in fund-raising events

## Selected for the Companies That Care Honor Roll for the Seventh Consecutive Year

Recognized for its corporate citizenship activities and proactive efforts to make the workplace motivating for employees, Systemex America was selected for the Companies That Care Honor Roll, sponsored by Companies That Care, a U.S. nonprofit organization. This was the seventh year in a row the company has been selected for this honor.







Global CSR Activity Highlights

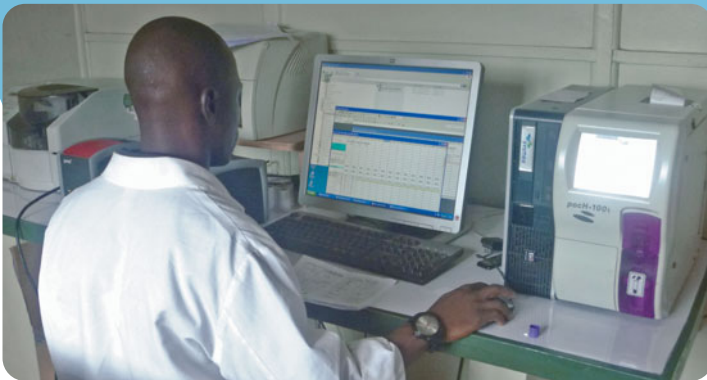
# EMEA\*

\*Europe, the Middle East and Africa

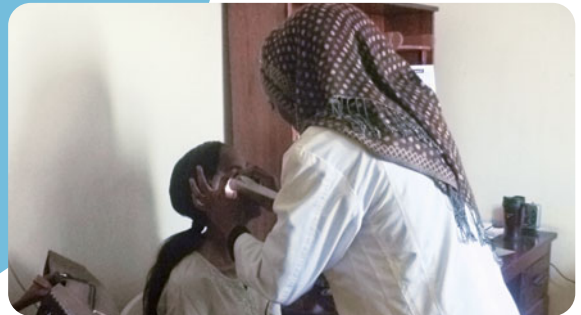
## Support for Non-profit Organization Building Medical Infrastructure in Kenya

In fiscal 2010, Sysmex donated hematology analyzers in support of ILFAR, a non-profit organization dedicated to building an HIV/AIDS treatment infrastructure in Kenya, and Sysmex has continued to provide support since then. ILFAR provides education about HIV/AIDS and conducts regular free screening in the area. In September 2014, the organization provided free screening for more than 2,300 residents of the village of Pumwani, Kenya. In fiscal 2014, Sysmex made a donation to ILFAR corresponding to the screening costs for 1,100 people.

Helping to Curb the Increase in **HIV** Infection



Hematology analyzer donated by Sysmex

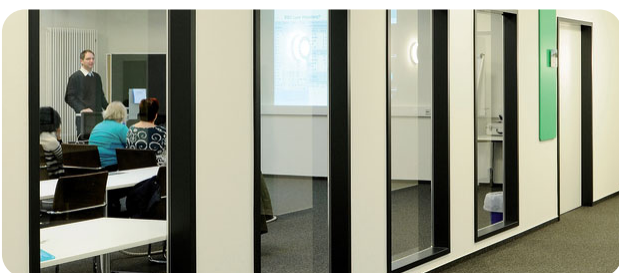


Performing treatment

## Providing Training for Distributors and Employees

Conducting highly precise testing requires an appropriate level of technological and scientific knowledge. To foster this expertise, Sysmex Europe, the regional headquarters for EMEA\*, has established the Sysmex Academy to provide training for key distributors and employees alike. The company has also set up training centers in various EMEA regions, providing an education system that offers instruction supervised by the Sysmex Academy.

\* Europe, the Middle East and Africa



Training at the Sysmex Academy

## Improving Health through Sports

In fiscal 2014, Sysmex Europe opened the Sysmex Gym, fitted out with various types of sports equipment. The gym offers training in various sports, including kick-boxing and pilates. To foster an interest in sports among numerous employees, the gym offers entry-level training by professional coaches, and specialists provide massages, creating an environment where gym-goers can enjoy maintaining their health.



Sysmex Gym



Global CSR Activity Highlights

# China

## Providing Leading-Edge Scientific Information to Healthcare Professionals

Since 1998, Sysmex has conducted scientific seminars for healthcare professionals in China, where economic development and population growth are leading to rapid growth in demand for healthcare and testing. On November 1, 2014, we held the 17th Sysmex Scientific Seminar in China in the city of Kunming. Attended by 780 people from throughout China, the seminar disseminated leading-edge information on laboratory testing.

# 780

## Participants from throughout China



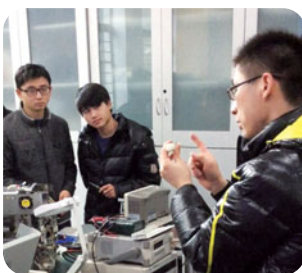
Seminar underway



Greeting by President Ietsugu

## Collaborating with a College to Cultivate Engineers

China, where testing demand is growing at a rapid pace, faces an urgent need to provide laboratory testing instrument engineers with the requisite specialized knowledge and technological skills. To address this need, Sysmex Shanghai and the Shanghai Medical Instrumentation College (SMIC) together operate a training center for engineers. In fiscal 2014, five SMIC instructors with advanced instruction credentials and three Sysmex Shanghai engineers with extensive operational and technological experience participated in this project.



Engineers in training



## Wuxi Reagent Factory Named a “Fiscal 2014 Trusted Company” by the Jiangsu Province Food & Drug Administration

In fiscal 2014, the Sysmex Wuxi Factory was named a “Fiscal 2014 Trusted Company” by the Food & Drug Administration in Jiangsu Province, where it is located. The authority selected the Wuxi Factory for this distinction from among all companies in Jiangsu Province involved in the manufacture of medical equipment, based on their legal compliance.



Sysmex Wuxi



# Asia Pacific

## Expanding Our Reagent Factory in Singapore to Ensure a Stable Supply

Systemex is augmenting its reagent production capacity to ensure a stable supply of reagents to meet a growing demand for testing, particularly in emerging markets. In fiscal 2014, Systemex renovated its factory in Singapore, prioritizing efforts to take the global environment into account, ensure high manufacturing quality and efficiency, and allow for future product additions. Production capacity at this factory will be steadily increased to approximately three times its former level.

Production Capacity to Approximately

# Triple



Building housing the new reagent factory



Production area inside the factory

## Contributing to Testing Quality Improvements in Asian Countries

Systemex is supporting efforts to put in place healthcare infrastructure and enhance the quality of healthcare in emerging markets and developing countries in Asia. For example, we work with local governments and academic societies to provide external quality control\* in an effort to standardize testing results. We continued these efforts in fiscal 2014, supporting external quality control in countries including Mongolia, Thailand

and the Philippines. Systemex also provides technological and academic expertise to local healthcare professionals.

\* External quality control: A process for confirming the accuracy of measurement data by comparing such data from the diagnostic instruments of specific institutions with those of the reference counter (an instrument that provides measurement data accepted as standard) and other institutions

### Major Support Activities in Fiscal 2014

Mongolia	<ul style="list-style-type: none"> <li>Conducted external quality control twice each in the fields of hematology and clinical chemistry</li> <li>Concluded an ongoing contract with the Mongolian Ministry of Health to provide external quality control support</li> <li>Performed lectures at a seminar attended by institutions participating in external quality control</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>Conducted external quality control four times in the hematology field</li> <li>Performed lectures at a seminar attended by institutions participating in external quality control</li> </ul>
Philippines	<ul style="list-style-type: none"> <li>Conducted external quality control three times in the hematology field</li> </ul>
Cambodia	<ul style="list-style-type: none"> <li>Concluded a contract with the Cambodian Ministry of Health to provide support for external quality control in the hematology field</li> </ul>

## Providing Free Screening for a Genetic Blood Disorder in Indonesia

In Indonesia, a large number of people are affected by thalassemia, an illness marked by symptoms such as dizziness, but people with mild cases may not even be aware that they have the

disorder. To address this situation, in May 2014 Systemex Indonesia conducted a free screening event that attracted more than 2,000 people.



Screening event



# Sysmex's CSR Activities

---

## CSR Management >

We conduct CSR activities in accordance with the corporate philosophy for the Sysmex Group and the 10 Principles of the United Nations Global Compact.

## Mid-Term CSR Plan >

We have formulated a Mid-Term CSR Plan for the period from fiscal 2015 through fiscal 2017, and we conduct our CSR activities accordingly.

## Results of Dialogue with Stakeholders >

We consider opportunities to engage directly in dialog with our stakeholders important, and we reflect their opinions and requests in our CSR activities.

## Summary of CSR Data >

We introduce a host of data related to our stakeholder and corporate citizenship activities, as well as environmental preservation activities.

## External Evaluation >

We have been selected as a member of representative SRI indexes. We have also received a variety of awards and commendations from third-party organizations.



# CSR Management

---

## Basic Policy

---

### **Sysmex CSR Builds Trust and Confidence through Practice of the Sysmex Way**

Sysmex CSR builds trust and confidence among all its stakeholders through the practice of the Sysmex Way, the corporate philosophy of the Sysmex Group. The Sysmex Way indicates the way the most basic corporate activities ought to be conducted, consisting of three elements necessary for continued growth: Mission, Value and Mind. The mission expresses the expansion of our business from activities centered on the field of diagnostics—a focus since our establishment—to the broader healthcare domain with its even closer connection to human health. In this manner, the mission asserts our aim of contributing toward the realization of a society filled with abundance, health and joy.

The Core Behaviors clarify provision of specific value to customers, employees, business partners, shareholders, society and all our stakeholders. For example, to provide reassurance to all members of society we carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards. We also consider it important to play an active role in resolving environmental issues and other problems that impact our society today.

### **Promoting CSR Activities Based on the Global Compact's 10 Principles and ISO 26000**

Sysmex joined the United Nations Global Compact in February 2011 to become more proactive in its CSR initiatives.

We have formulated a mid-term CSR plan and are undertaking CSR activities based on these 10 principles, as well as ISO 26000, the international standard for social responsibility.

## ■ The UN Global Compact's 10 Principles

<b>Human Rights</b>	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
<b>Labour</b>	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
<b>Environment</b>	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
<b>Anti-Corruption</b>	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



## Activities to Instill the Corporate Philosophy

### A Senior Executive Officer Living in the United States Conducts Courses in Japan Themed on the Sysmex Way

A senior executive officer of Sysmex, who is also CEO of Sysmex America, held a course for various departments in Japan aimed at instilling the "Sysmex Way."

In the course, he discussed the relationships between the Company's operations and the Sysmex Way, the impact this philosophy has on customers and his experiences in the United States. The course was followed by question-and-answer session featuring a lively exchange of views.



The course underway

# Mid-Term CSR Plan

## Mid-Term CSR Plan

### Formulation of a New Mid-Term CSR Plan Responding to Increasingly Diverse and Sophisticated Social Requirements and Expectations

In May 2015, Sysmex formulated a new Mid-Term CSR Plan in response to increasingly diverse and sophisticated social requirements and expectations.

Regarding ongoing themes such as risk management and customer satisfaction, we will reinforce our structures from a global perspective. We also set new targets to increase employee satisfaction in order to maintain and enhance an attractive and pleasant working place.

For the future, we plan to incorporate the opinions of stakeholders and define material issues.

#### ■ Mid-Term CSR Plan (Fiscal 2015–2017)

Category	Mid-Term CSR Issues	Measures	Specific Developments (Fiscal 2015)
Organizational governance	Reinforcement of our global risk management structure	Deploy a global risk management system	<ul style="list-style-type: none"> <li>● Reinforce the risk management structural base</li> </ul>
		Strengthen measures to counter significant Group risks	<ul style="list-style-type: none"> <li>● Step up countermeasures against information leaks</li> <li>● Promote global fair trade</li> <li>● Roll out global business continuity measures</li> </ul>
	Reinforcement of the compliance system	Ensure thorough compliance and expand application	<ul style="list-style-type: none"> <li>● Create a complaints management system related to fair trade</li> <li>● Expand the scope of our compliance policy</li> </ul>
		Reinforce the global compliance structure	<ul style="list-style-type: none"> <li>● Draft and implement improvement measures based on evaluations by external specialists</li> </ul>

Human rights /Labor practices	Cultivation and promotion of diverse human resources	Promote an active role for women	<ul style="list-style-type: none"> <li>● Increase the ratio of female recruits</li> <li>● Conduct career advancement training for women</li> </ul>
		Recruit diverse global human resources	<ul style="list-style-type: none"> <li>● Increase hiring ratio of non-Japanese human resources</li> </ul>
		Promote global talent management	<ul style="list-style-type: none"> <li>● Implement programs to cultivate global human resources</li> </ul>
	Maintenance or improvement of an attractive and pleasant working environment	Increase employee satisfaction	<ul style="list-style-type: none"> <li>● Promote awareness activities with the aim of utilizing various programs</li> </ul>
Environment	Environmental impact reduction of products, services and operational activities	Promote environmentally friendly products and services (Including achieving the Group target values outlined in Sysmex Eco-Vision 2020)	<ul style="list-style-type: none"> <li>● Reduce greenhouse gas emissions of products and services</li> </ul>
		Reduce the environmental impact of business activities (Including achieving the Group target values outlined in Sysmex Eco-Vision 2020)	<ul style="list-style-type: none"> <li>● Curtail use of energy, waste and use of water resources</li> </ul>
Fair operating practices	Promotion of CSR procurement	Continue to promote CSR procurement	<ul style="list-style-type: none"> <li>● Select new business partners based on new procurement policies and promote awareness among existing business partners</li> </ul>
Consumer issues	Improvement of customer satisfaction	Create a global customer satisfaction evaluation system	<ul style="list-style-type: none"> <li>● Conduct a global customer satisfaction survey</li> </ul>
Community involvement and development	Promotion of corporate citizenship activities	Conduct corporate citizenship activities based on the Policy on Corporate Citizenship Activities and Philanthropy	<ul style="list-style-type: none"> <li>● Continue to conduct corporate citizenship activities</li> <li>● Increase the number of employee volunteers by promoting a social contribution points program</li> </ul>



# Results of Dialogue with Stakeholders

---

## Main Dialogue Achievements in Fiscal 2014

---

### Dialogue with Customers

- Conducted survey on degree of customer satisfaction in each region (Sysmex Corporation and overseas Group companies in each region)
- Held scientific seminars in each region (Sysmex Corporation and overseas Group companies in each region)
- Ongoing customer training program incorporating customer feedback in each region (Sysmex Corporation and overseas Group companies in each region)
- Held user group meetings to communicate accurate product knowledge (Sysmex Thailand)



37th Sysmex Scientific Seminar

### Dialogue with Employees

- Investigated desire concerning career design, including interest in working overseas or changing jobs through a voluntary reporting given to all employees, with results made use of in HR rotation (Sysmex Corporation)
- Opened the Global Communication Center in the city of Ashiya, in Japan, as a place for people of diverse cultures and values to congregate, break from everyday operations and roles, and engage in discussion and the expansion of networks (Sysmex Corporation)
- Held briefings and opinion exchange meetings related to the human resource development system at various offices (Sysmex Corporation)
- Conducted collective bargaining with the labor union and held labor-management meetings on topics such as workplace environment improvement (Sysmex Corporation)
- Held dialogues with labor unions (Sysmex Vietnam, Jinan Sysmex, Sysmex Wuxi)



Opinion exchange meeting held at the Tokyo Office

### Dialogues with Business Partners

- Held procurement policy briefings for business partners in Japan to enhance their understanding of CSR procurement (Sysmex Corporation)
- Held briefings for all assemblers, sharing important information on managing process changes on medical instrument unit assemblies (Sysmex Medica)
- Conducted meetings with distributors to explain the Sysmex business plan, among other matters (Sysmex RUS)
- Held a business partner meeting (Sysmex Asia Pacific)



Procurement policy briefing

## Dialogue with Shareholders and Investors

- Held the 47th Ordinary General Meeting of Shareholders (Sysmex Corporation)
- Held the 12th Technology Presentation for institutional investors and analysts (Sysmex Corporation)
- Held informational meetings for individual investors (Sysmex Corporation)
- Conducted two company tours during the year for shareholders (Sysmex Corporation)



Company tour for shareholders

## Dialogue with Members of the Local Community

- Held event for local community interaction at R&D core Technopark (Sysmex Corporation)
- Participated in math and science education-focused "7th Science Fair in Hyogo" event for high school students (Sysmex Corporation)
- Participated in the "Aim High Urban Mentoring Initiative" conducted by a U.S. NPO and advised local high school students (Sysmex America)



Local community interaction event at Technopark

# Summary of CSR Data

## Summary of CSR Data

### ■ Customers

Category	Fiscal 2012	Fiscal 2013	Fiscal 2014	Related Articles
People undergoing training at the Sysmex Corporation Monozukuri Training Center (cumulative)	669	709	1,000	P13
Instruments registered with the on-line quality control service (cumulative, worldwide)	23,829	28,723	31,859	P60
Inquiries received by the Sysmex Corporation Customer Support Center	95,612	97,085	95,767	P58
Customer satisfaction rating with the Sysmex Corporation Customer Support Center* (%) * Research by Sysmex Corporation.	86.7	85.3	91.6	P63
Customer satisfaction rating in the United States* (out of 10 possible points) * Research by Sysmex America	9.0	9.1	9.1	P15
Customer satisfaction rating in the United States* (out of 10 possible points) * Research by IMV ServiceTrack.	5.42* * 6 points represented full marks in this fiscal year only.	8.95	9.18	P15

### ■ Employees (All figures are results for Sysmex Corporation.)

Category	Fiscal 2012	Fiscal 2013	Fiscal 2014	Related Articles	
New-graduate recruits	Total	46	68	61	P75
	Of which, men	28	43	40	
	Of which, women	18	25	21	
	Of which, non-Japanese	5	7	12	
Mid-career recruits	Total	33	42	69	P75
	Of which, men	29	31	47	
	Of which, women	4	11	22	
	Of which, non-Japanese	2	1	1	

Turnover* * Regular employees only, excluding people who have reached the mandatory retirement age	Turnover (people)	40	29	42	P78
	Turnover (%)	3.2	1.4	1.96	
Employment of people with disabilities	Number of people	49	47	47	P76
	Percentage	2.08	1.94	1.86	
Reemployment of workers after the mandatory retirement	Applicants	9	16	20	P76
	People reemployed	8	16	20	
	Percentage reemployment	89	100	100	
Reemployment of personnel leaving for reasons of childcare or nursing care	New registrants	9	3	5	P84
	Number reemployed	1	0	1	
	Percentage reemployment	11	0	20	
Promotion to regular employees	Contract employees	12	6	15	P78
	Temporary employees	1	3	4	
	Total	13	9	19	
Industrial accidents	Work-related deaths	0	0	0	P89
	Work-related injuries	3	2	3	
	Frequency of work-related injuries	0.63	0.41	0.58	
	Severity of work-related injuries	0.01	0.00	0.00	
	Total work days lost	63	2	20	
	Total actual number of working hours	4,731,407.25	4,895,594.75	5,129,491.25	
Paid leave	Days granted	43,600	45,348	47,000	P84
	Days taken	22,727	22,335.5	22,255.5	
	Percentage of days taken	52.1	49.3	47.4	
People taking pre-and post-maternity leave	Women	23	29	48	P84
	Men	0	0	0	



People taking childcare leave	Women	25	31	41	P84
	Men	0	1	3	
People taking shorter work hours for childcare	Women	42	51	50	P84
	Men	0	0	0	
People taking nursing care leave	Women	0	2	1	P84
	Men	0	1	0	
Percentage of people returning after childcare leave	Women	100	100	100	P85
	Men	-	100	100	
People taking accumulated paid leave		33	62	26	P84
People on flex-time arrangement		1271	1618	1678	P84
Children in in-house daycare center	Total during year	40	33	34	P84
	At fiscal year-end	27	28	23	
Training results* * From fiscal 2013, excludes temporary employees, part-time employees and executives	Training expenditure per employee (yen)	100,000	122,396	157,789	P14
	Training time per employee (hours)	10	10.9	28.2	
	Number of training programs	13	12	22	
Number of interns accepted	Total	15	29	124	P101
	Of which, non-Japanese	3	6	3	

Note: Some figures have been revised from ones disclosed before, owing to changes in definition.

Category		Fiscal 2013	Fiscal 2014	Related Articles
Female managers (%) (Director level or above)	Systemex Corporation (%)	4.8	5.3	P76
	Overall Group (%)	10.6	11.6	

Category	Fiscal 2014			
Percentage of men and women in the Group*1	Japan	Men	63%	Regular employees, employees on loan, and fixed-term (part-time) employees
		Women	37%	
	Americas	Men	65%	Regular employees, employees on loan and executives
		Women	35%	
	EMEA*2	Men	58%	Regular employees, employees on loan, fixed-term employees and executives
		Women	42%	
	China	Men	61%	Regular employees, employees on loan and executives
		Women	39%	
Asia Pacific	Men	61%	Regular employees, employees on loan, fixed-term employees and executives	
	Women	39%		

\*1 Excluding HYPHEN BioMed, Sysmex Inostics and Sysmex Partec

\*2 Europe, the Middle East and Africa

### ■ Corporate Citizenship Activities

Category	Fiscal 2014
Expenditures for corporate citizenship activities (Sysmex Corporation, yen)	Approximately 324,954,000

Category	Fiscal 2014	Related Articles
Donations to the World Cancer Research Fund (Group companies in EMEA*, euros) * Europe, the Middle East and Africa	Approximately 241,700	P12

Category	Fiscal 2012	Fiscal 2013	Fiscal 2014	Related Articles
Donations to cancer-related organizations (Sysmex America, US dollars)	Approximately 78,800	Approximately 100,000	Approximately 79,000	P15

### ■ Environmental Conservation Activities (Related articles indicate the scope of range of calculation.)

Category	Fiscal 2012	Fiscal 2013	Fiscal 2014	Related Articles
CO <sub>2</sub> emissions from logistics (t-CO <sub>2</sub> /1000 ton-km)	0.12	0.15	0.14	P112
Greenhouse gas emissions at business offices Unit of sales* (t-CO <sub>2</sub> /¥100 million)	8.63	7.98	7.28	P113
Business office recycling rate (%)	89.5	88.9	90.3	P114
Water use at reagent factories Units (1,000 m <sup>3</sup> /1,000 boxes)	20.8	22.0	21.4	P115

\* Owing to revisions in the scope of data, greenhouse gas emissions per unit of sales have been revised from figures reported for the preceding fiscal year.

# External Evaluation

---

## Inclusion in Socially Responsible Investment (SRI) Indexes

---

### Selection for Representative SRI Indexes

Socially responsible investment (SRI), assessing and screening corporate performance in dimensions like environment and social fairness as well as economy for a sustainable society, is drawing attention.

Systemx Corporation has been selected as a member of the FTSE4Good Index<sup>\*1</sup>, a leading SRI index, since fiscal 2008. We have also been selected as a member of the Asia Pacific Index of the Dow Jones Sustainability Indexes<sup>\*2</sup> since fiscal 2012. In addition, since fiscal 2011 we have been designated for Ethibel Excellence<sup>\*3</sup> by Forum Ethibel, a Belgian SRI evaluation organization. Furthermore, in fiscal 2014 we were included as an Ethibel Pioneer<sup>\*3</sup>, a distinction bestowed on particularly excellent companies.

- \*1 FTSE4Good Index: SRI index developed and managed by the U.K. FTSE Group, a joint venture between the Financial Times newspaper and the London Stock Exchange.
- \*2 Dow Jones Sustainability Indexes: SRI index developed through collaboration between S&P Dow Jones Indexes of the United States and Robeco SAM, a Swiss research specialist in the area of socially responsible investment.
- \*3 Ethibel Pioneer, Ethibel Excellence: Select stocks chosen for demonstrated performance above a certain level in terms of CSR issues related to observance of human rights and environmental contributions.

MEMBER OF

# Dow Jones Sustainability Indices

In Collaboration with RobecoSAM 



## Recognition and Commendation by Third Parties

---

### 2015

- March \* Received the Award for Excellence at the 18th Environmental Communication Awards for the Sysmex Sustainability Report 2014
- March \* Ranked first in the Toyo Keizai ranking of the top 300 "Excellent Companies for New Employees"
- March \* Selected for the "Companies That Care Honor Roll 2015\*"  
\* Companies That Care Honor Roll: A corporate ranking that designates companies that contribute to the welfare of employees, their families and local community, based on a survey conducted by the Center for Companies That Care, an NPO.

### 2014

- December \* Received an overall rating of 73rd of 538 companies in the NICES ranking by Nikkei Inc.
- October \* Received the "Minister of Education, Culture, Sports, Science and Technology Encouragement Prize for Invention" for one invention and "The Encouragement Prize for Invention" for three other inventions
- October \* Ranked 30th of 439 Companies in the overall Nikkei ranking of "Companies that Motivate People"
- October \* Selected by the Securities Analysts Association of Japan for "Excellence in Disclosure to Individual Investors"
- August \* CC-1001 automated hematology analyzer certified under the "3rd Heritage Program of Legacy Analytical Instruments/Scientific Instruments"
- July \* Received an award from the city of Kobe for "efforts to promote citizens' health and contribute to an improved awareness of nutrition"
- June \* Received Fiscal 2014 Hyogo Prefecture Invention Awards for the "Direct Nucleic Acid Amplification Method" and the "Liquid Suction Supervision Method"
- April \* Received the Fiscal 2014 Commendation for Science and Technology (Development Category) by the Minister of Education, Culture, Sports, Science and Technology for the Development of a Method for Analyzing Formed Elements in Urine
- April \* Baddhi Factory wins local environmental award (Sysmex India)
- March \* Selected for the Companies That Care Honor Roll 2014 (Sysmex America)
- March \* Ranked 50 out of 100 companies as a "Great Place to Work" (Sysmex Europe)

### 2013

- December \* Received the German Design Award (sponsored by the German Design Council) for the XN-2000 automated hematology analyzer and XN reagents
- November \* Received the "Chairman's Prize from the Hyogo Institute of Invention and Innovation" for one invention and "The Encouragement Prize for Invention" for three other inventions at the Kinki Local Commendation for Invention
- November \* Selected in the Top Workplaces survey of regional organizations by the Chicago Tribune (Sysmex America)
- October \* Selected for excellence in disclosure to individual investors at the Awards for Excellence in Corporate Disclosure, sponsored by the Securities Analysts Association of Japan
- October \* Received the Good Design Award, sponsored by the Japan Institute of Design Promotion, for the ASTRIM FIT health monitoring analyzer
- July \* Our online network support service, Sysmex Network Communication Systems (SNCS), received a Grand Prix at the IT Japan Award 2013, sponsored by *Nikkei Computer* (published by Nikkei Business Publications, Inc.)



- June ▫ Received the Hyogo Prefecture Invention Award for Specimen Analyzers and White Blood Cell Classification and Counting Method/White Blood Cell Classification and Counting Kit
- April ▫ Received the Fiscal 2013 Commendation for Science and Technology(Development Category) by the Minister of Education, Culture, Sports, Science and Technology, for development of the method of classifying and counting particles by automated hematology analyzer
- March ▫ Selected to the Companies That Care Honor Roll 2013 (Sysmex America)
- January ▫ Received Germany's iF Product Design Award for the XN-2000 automated hematology analyzer and XN reagents

## 2012

- November ▫ Received "The Encouragement Prize of the President of Japan Patent Attorneys Association" for one invention, and "The Encouragement Prize for Invention" for three inventions at the Kinki Local Commendation for Invention Awards
- October ▫ Received commendation at the Securities Analysts Association of Japan Corporate Disclosure Study Group Awards
- October ▫ Selected one of the 2012 Best Places to Work in Healthcare in recognition of its high level of employee satisfaction (Sysmex America)
  - \* Best Places to Work in Healthcare: Ranking of companies selected and recognized by employees from the healthcare industry as good places to work. Based on research by industry publication *Modern Healthcare*
- August ▫ Sysmex 2011 Annual Report awarded a bronze medal in the Healthcare Technology category of the 26th Annual International ARC Awards (held by MerComm, Inc., of the United States)
- August ▫ Received Healthcare's Hottest Award\* in recognition of rapid sales growth (Sysmex America)
  - \* Healthcare's Hottest Award: Healthcare companies with continuous growth that have generated a minimum of \$20 million in annual revenue in most recent fiscal year are selected based on research by industry publication *Modern Healthcare*
- May ▫ Received the award for contribution to industrial development of Hyogo in recognition of initiatives to the Kobe Chamber of Commerce and contributions invigorating regional industry
  - Received Hyogo Prefecture Invention Award for "Hematological analyzer sampling probe cleaning composition and method of using"and "Automated hematology slide preparation unit"
- March ▫ Selected for Companies That Care Honor Roll 2012 (Sysmex America)
- March ▫ Selected as among Germany's Best Employers in 2012\* in recognition of its high level of employee satisfaction (Sysmex Europe)
  - \* An employee satisfaction survey of over 400 companies conducted by a German researcher
- February ▫ Received 2012 Achievement in Customer Excellence Award\* for high-quality service (Sysmex America)
  - \* A program recognizes outstanding achievement in customer, employee and partner satisfaction by MarketTools, USA.
- January ▫ Selected for inclusion in the 2012 Global 100 (100 most sustainable companies in the world)

## 2011

- December ▫ Selected one of the 2011 Best Places to Work in Healthcare(Sysmex America)
- November ▫ Received the Good Design Gold Award 2011 for its highly rated in vitro diagnostic system employing the Sysmex's new Silent Design®
- August ▫ Received Technology Award from the Japan Society of Clinical Chemistry for 'A Novel CK-MB Activity Assay Kit "L-System CK-MB" Using Anti-human Mitochondrial CK Antibodies'

- May   ▪ Received the "Invention Award" in the 2011 National Commendation for Invention, sponsored by the Japan Institute of Invention and Innovation, for technologies related to its white blood cell classification and counting method and associated reagents
- March   ▪ Won the Hyogo Governor's Award in the 3rd Hyogo Manufacturing Technology Awards
- March   ▪ Selected for Companies That Care Honor Roll 2011 (Sysmex America)
- February   ▪ Sysmex Technopark R&D Tower received CASBEE Architectural Award (1st City of Kobe Design Award, CASBEE Category Architectural Award)
- January   ▪ Received Nikkei Annual Report Award 2010 (presented by Nikkei Inc.) for the attractive layout, design and overall balance of our annual report

## 2010

- November   ▪ Received the Director-General of the Patent Office Encouragement Award (1 award) and Invention Encouragement Award (3 awards) in the Kansai Region Commendation for Invention
  - The OSNA method received the "Best Ideas in Healthcare 2010\*" award (hosted by Diario Médico) in Spain
    - \* From 2002, Diario Médico, the leading medical newspaper publisher in Spain, has selected the best initiatives, products or projects leading to significant improvements in healthcare. In 2010, out of 506 ideas, Sysmex's OSNA method received the "Best Ideas in Healthcare 2010" award in the research and pharmacology field
- October   ▪ Received the Minister of Economy, Trade and Industry Award in the Intellectual Property Achievement Award
  - Received the Kobe Environmental Achievement Award
- August   ▪ Sysmex Annual Report 2009 won the Gold Award in the healthcare category of the 2009 Vision Award
- July   ▪ Honored with the Invention Award in the National Commendation for Invention
- April   ▪ Received the Hyogo Prefectural Invention Award
- March   ▪ Selected for Companies That Care Honor Roll 2010 (Sysmex America)
- February   ▪ Our initiative to "turn food waste into compost" recognized as a "Hyogo Biomass eco Model\*" (organized by the Hyogo Prefectural Government)
  - \* Recognizing pioneering initiatives in the efficient utilization of biomass in Hyogo Prefecture

## 2009

- October   ▪ Our R&D hub, Technopark, received the Encouragement Award of the Urban Green Space Award\* (organized by the Urban Green Space Development Foundation)
  - \* Commends companies that have achieved outstanding results in improving the environment by using trees, flowers, and other "greenery," thus contributing to the creation of lush urban neighborhoods
- September   ▪ Our R&D hub, Technopark, received the Promotion Award of the Best of New Offices award\*
  - \* Commends offices that incorporate originality and ingenuity, are comfortable and functional, stimulate sensitivity, and enhance creativity
- September   ▪ Received Honorary Award from the Mongolian Health Minister in recognition of our investigation and support for external quality control
  - April   ▪ Selected as one of Daiwa Investor Relations' "580 companies that maintain outstanding Internet IR Site" for our IR site
  - March   ▪ Our IR site received the Gómez IR Site Ranking Excellent Award
  - March   ▪ Selected for Companies That Care Honor Roll 2009 (Sysmex America)

## 2008

- December ▫ Our R&D hub, Technopark, assessed as the first-ever CASBEE\* class S (highest class) facility in Kobe City
  - \* Comprehensive Assessment System for Built Environment Efficiency: Assesses buildings in terms of the global environment, earthquake performance, barrier-free functions, landscape, etc.
- November ▫ Received one "Commissioner of the Japan Patent Office Invention Incentive Award" and three "Invention Incentive Awards" in the 2008 Kinki Local Commendation for Invention (organized by the Japan Institute of Invention and Innovation)
- October ▫ Received the "Fiscal 2008 Kobe Men & Women Iki-iki Business Establishment Award" (organized by the Kobe City Government)
- March ▫ Our Sustainability Report 2007 received the Encouragement Award given as a part of the Environmental Communication Awards (organized by the Ministry of the Environment of Japan)

## 2007

- December ▫ The Sysmex Annual Report received the Special Award in the Nikkei Annual Report Awards 2007
- November ▫ Received a "Shibucho-award (Award from the Branch Director)" and two "Invention Incentive Awards" in the 2007 Kinki Local Commendation for Invention (organized by the Japan Institute of Invention and Innovation)
- April ▫ Our "reagent technology for measuring immature cells in the blood" received the 2007 Minister of Education, Culture, Sports, Science and Technology Award (organized by the Ministry of Education, Culture, Sports, Science and Technology of Japan)

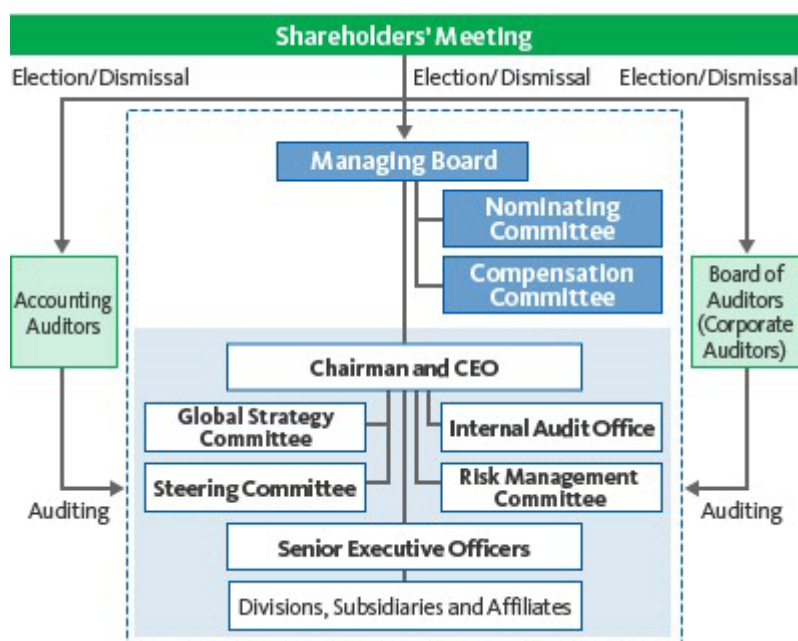
# Corporate Governance

## Corporate Governance System

### Overview of the Corporate Governance System

Sysmex has adopted the corporate auditor system since April, 2005. The current management organization consists of nine members of the Managing Board (one of whom is an outside member of the Managing Board), four corporate auditors (including two outside auditors), and 20 executive officers (seven of whom are also members of the Managing Board), and the Company has adopted the executive officer system to increase the speed of decision making in the conduct of business and respond quickly to changes in the business environment.

#### ■ Corporate Governance Structure



The Managing Board consists of nine members. The board meets regularly once a month to deliberate on important management issues and convenes extraordinary meetings as necessary.

The Global Strategy Committee consists of the chairman and CEO and senior executive officers. As a rule, this committee meets once a month to deliberate on the Group's management direction and important strategic issues.

The Steering Committee consists of the chairman and CEO and senior executive officers. The committee meets once a month, in principle, serving as a consultative body to the chairman and CEO to deliberate on important matters concerning the Group's business.

In addition, the Group Management Reporting Committee consists of the chairman and CEO and senior executive officers, directors of overseas regional headquarters, people in charge of domestic affiliated companies and division managers. The committee meets once a quarter, in principle, reporting important matters concerning the Group's operations.

Furthermore, the Operating Committee consists of managers of divisions. The committee meets once a month to find solutions to cross-functional problems.



## Reason for Adopting a Corporate Governance System

Systemex positions reinforcing corporate governance as an important management issue. We have adopted the current system in the aim of enhancing corporate soundness and transparency and boosting management speed and efficiency.

## Development Status of the Internal Control System

On April 22, 2015, the Managing Board resolved to have systems in place to ensure that the execution of duties by directors is compliant with the law and the Articles of Incorporation and systems required to be in accordance with Ministry of Justice ordinances for ensuring the appropriateness of operations for joint-stock companies. The content of this resolution is provided below.

- **System for Ensuring the Execution of Duties by Members of the Managing Board and Employees Is Compliant with the Law and the Articles of Incorporation**

Systemex and its subsidiaries (the "Systemex Group") defines compliance as "the conduct of open and aboveboard business activities on the basis of observance of laws and regulations and high ethical standards" and maintains a system to ensure compliance as described below.

Recognizing that compliance countermeasures are the first and most important way to maintain society's trust and counter risk, the Systemex Group operates a groupwide risk management system, under which the Compliance Committee is established as the umbrella organization for compliance. The Systemex Group has formulated a Global Compliance Code that applies to employees and members of the Managing Board and rigorously ensures compliance through education and training. The Systemex Group promotes the rapid detection and correction of violations of the law or the Articles of Incorporation by means of an internal compliance-related reporting system, and conducts audits of the compliance structure by means of the Internal Audit Office.

- **System for the Retention and Management of Information Related to the Execution of Duties by Members of the Managing Board**

The Systemex Group has formulated Global Document Management Regulations. In accordance with these regulations, the Group appropriately retains and manages minutes of Managing Board and other important meetings, as well as other information relating to the execution of duties by members of the Managing Board, and maintains the information in a state available for inspection as necessary.

- **Regulations Concerning the Management of Risk and Other Systems**

To maintain a structure concerning risk management, the entire Systemex Group complies with risk management regulations established by the Risk Management Committee for the integrated management of risk throughout the Group and strives to mitigate risk. The Risk Management Committee endeavors to discover foreseeable risks, select the most important of these risks, clarify the sections responsible for coping with risks, establish countermeasures and confirm the implementation status of these countermeasures.

- **Systems to Ensure That Members of the Managing Board Execute Their Duties Efficiently**

The Systemex Group has positioned the Managing Board as the institution to make important management decisions and supervise the execution of duties. The Company has introduced the executive officer system to be capable of making swifter operating decisions and reinforce management functions in order to respond quickly to changes in the business environment.

The Systemex Group clarifies decision-making procedures and ensures efficient business operations based on organization regulations, scope of authority regulations, regulations concerning the management of affiliated companies, and others. In addition, the Group formulates mid-term plans and annual management plans, periodically confirms the progress made with those plans and takes any necessary measures.

- **Systems to Ensure the Appropriateness of Business Activities in the Corporate Group, Comprising the Company and Its Subsidiaries**

Systemex ensures compliance throughout the Systemex Group in accordance with its Global Compliance Code, which applies to members of the Managing Board and employees throughout the Systemex Group. In conformance with regulations established with respect to risk management, Systemex maintains a groupwide risk management system. Internal audit offices are in place at subsidiaries, and Systemex's Internal Audit Office conducts audits of the Systemex Group as a whole from a regional and companywide perspective. Based on its regulations relating to the management of affiliated companies, Systemex respects the autonomy of the management of subsidiaries and other affiliated companies and ensures the appropriateness of business activities throughout the Systemex Group by such means as periodic reporting on the details of their business activities and advance discussion concerning important matters.

- **Assignment of Employees to Assist Corporate Auditors**

Employees in the Internal Audit Office assist Systemex's corporate auditors with their auditing activities, as necessary.

At the request of the corporate auditors, Systemex provides full-time staff to assist the Board of Auditors. To ensure that these assistants report exclusively to the corporate auditors, members of the Managing Board discuss with the Board of Auditors in advance personnel matters related to these assistants (such as appointments, transfers and disciplinary actions).

- **Policy on Handling Audit Expenses**

Systemex has in place a budget corresponding to the annual audit plan in order to defray the expenses required for the execution of duties by the corporate auditors. Procedures are handled appropriately in the event additional expenses are required for the execution of duties by the corporate auditors.

- **Systems Related to Reporting to the Corporate Auditors and Other Systems for Ensuring Effective and Efficient Auditing by the Corporate Auditors**

If a member of the Managing Board or employee of the Group discovers a violation of the law or the Articles of Incorporation or a material fact that poses risk of causing significant damage to the Systemex Group, that fact is promptly reported to the corporate auditor according to the prescribed regulations and procedures. The corporate auditors also attend Managing Board and other important meetings, read important documents such as approval requests, and request explanations from members of the Managing Board and employees of the Systemex Group as necessary.

Systemex prohibits dismissal or any other disadvantageous treatment to members of the Managing Board and employees of the Systemex Group who report information as outlined above.

## **Status of Internal Audits and Audits by Corporate Auditors**

---

The Internal Audit Office, composed of 10 members, confirms and evaluates internal controls and the status of management and execution from the perspective of sound Group development. The office submits reports based on these results and promotes operational appropriateness through its improvements, advice and proposals. In these ways, the office also performs internal audits to contribute to the sound management of the Group.

The Board of Auditors consists of four corporate auditors, two of whom are outside auditors. The corporate auditors attend the Managing Board and Steering Committee meetings and maintain systems for appropriately supervising the conduct of business on the part of the members of the Managing Board. The corporate auditors also maintain close communications with the Internal Audit Office, exchanging information and opinions as necessary, and confirm and evaluate the appropriateness of business execution. The Board of Auditors will continue to enhance management soundness by engaging in appropriate supervision of the execution of business as stipulated by law.

The Board of Auditors works closely with the accounting auditors on the audit plans report (annual) and the audit results reports (annual), exchanging information and opinions as necessary, such as when conducting internal control audits related to financial reporting. The Company has contracted with Deloitte Touche Tohmatsu LLC to perform a certified public accountants audit. In addition to conducting an audit of the entire Systemex Group, the

Company maintains an environment that makes it possible to rapidly cope with changes in the accounting system. The Company has contracts in place with several law offices and maintains a structure to solicit and obtain advice on important matters as necessary.

## **Outside Members of the Managing Board and Outside Corporate Auditors**

---

The Company has one outside member of the Managing Board and two outside corporate auditors.

Susumu Nishiura was appointed as an outside director in the hope that he would execute his duties as an outside director adequately utilizing his abundant experiences and deep insight in corporate management. Mr. Nishiura is formerly of TOA Corporation, a Sysmex business partner. He stepped down as director of TOA in June 2010. TOA has no special relationship with Sysmex. As we judge there to be no concern about any conflict interest with Mr. Nishiura and the general shareholders, we have notified the Tokyo Stock Exchange that he is an independent executive. No transactional or other interest-based relationships exist between Mr. Nishiura and Sysmex.

Kuniaki Maenaka was appointed as an outside corporate auditor in the hope that he would make use of his accounting and financial expertise as a certified public accountant to contribute to management soundness and transparency. Mr. Maenaka is formerly of Deloitte Touche Tohmatsu Limited, with which Sysmex has in place an agreement regarding public accountancy audits. However, he stepped down from Deloitte Touche Tohmatsu in September 2010, and during his employment there he had no connection with accounting audits of Sysmex. As of March 31, 2015, Mr. Maenaka owned 4,000 shares of Sysmex stock, which we do not judge to be material.

Koichi Onishi was appointed as an outside corporate auditor in the hope that he would audit the Company adequately utilizing his abundant experience and deep insight as a corporate manager. Mr. Onishi is formerly of Nippon Koshuha Steel Co., Ltd., and no special relationship exists between that company and Sysmex.

As we judge there to be no concern about any conflict interest between the two outside corporate auditors and the general shareholders, we have notified the Tokyo Stock Exchange that they are independent executives. Furthermore, no transactional or other interest-based relationships exist between these outside corporate auditors and Sysmex.

The outside members of the Managing Board and outside corporate auditors attend meetings of the Managing Board and the Board of Auditors, and they are provided with access to various internal databases that enable them to obtain necessary information. In addition to exchanging opinions at meetings of the Board of Auditors, systems are in place to exchange information with the outside corporate auditors as necessary, providing them with adequate information for conducting effective audits.

Although we have not established clear standards and policies with regard to independence in selecting outside members of the Managing Board and outside corporate auditors, during the selection process we refer to the Tokyo Stock Exchange's "Standards for Determining the Independence of Independent Executives." We also consider each candidate's work history and relationship with Sysmex to determine that they are sufficiently independent to discharge the duties of independent executives from a standpoint of independence from Sysmex's management team.

## Messages from an Outside Members of the Managing Board and Outside Corporate Auditors



### **Susumu Nishiura**

Member of the  
Managing Board  
(Outside)

Steering Committee meetings are a time of lively, forward-looking discussion, and the Managing Board takes due account of the results of Steering Committee considerations in making its decisions. During discussions, I consider it import to ensure that my viewpoint incorporates increasing sales, securing profits and ensuring the appropriateness of investments in growth for enhancing corporate value.

The positioning of our long-term management targets and the content of the mid-term management plan that went into effect in the fiscal year ending March 31, 2016, are aimed at additional business expansion. Achieving these goals may require large-scale investments in growth, but confirming the effects of these investments and their profitability are also an important part of my assignment. Also, in recent years Sysmex has globalized and rapidly expanded its fields of operation. Internal rules need to be renewed and structures reset to take these developments into account. As an outside member of the Managing Board, I intend to concentrate specifically on the internal control system, particularly compliance, as well as the risk management system.



### **Kuniaki Maenaka**

Corporate Auditor  
(Outside)

My role as an outside corporate auditor is to look objectively at the conclusions handed down through the management decision-making process from a third-party, shareholder-oriented perspective. At the same time, in filling the role I believe I invigorate the internal corporate culture and management sentiment in a novel way.

I aim to speak and act in ways that reflect my work experience, which is entirely as an accountant working in the overseas business arena, by concentrating in particular on how overseas markets and overseas stakeholders view our management, whether our actions match their expectations and whether we are properly fulfilling our social responsibilities worldwide.

I intend to continue conducting my tasks from the viewpoint of whether management is operating in an accountable manner in the scrutinizing eyes of overseas and domestic stakeholders and whether management is contributing to increases in corporate value. Also, I will work to ensure that the risk that tends to occur at quantitative and qualitative development stages is being appropriately understood and preemptively addressed and remain alert to any sign of problems relating to internal control.



**Koichi Onishi**

Corporate Auditor  
(Outside)

This was the first year of my appointment, and I spent a significant amount of time getting the lay of the land. I visited the Company's domestic branches, sales offices and Group companies, making a real effort to put aside any opinions I might have formed and consider the true state of things where they occur and look at conditions in an objective light.

At meetings of the Steering Committee and Managing Board, I make it a point to ask questions from a proactive governance- and compliance-oriented perspective; this may simply be a matter of course for people within the Company.

As one might expect in a rapidly growing company, there is a pervading and palpable sense of energy among the employees. I believe it may be necessary for the front line of business to ensure that various regulations and further measures are in place. Going forward, I intend to continue viewing the Company from an outsider's perspective, while doing my utmost to enhance corporate value via thorough corporate governance and compliance.



## Compensation Paid to the Members of the Board and Corporate Auditors

### Total Executive Compensation by Executive Category, Breakdown of Total Compensation by Category, and Number of Executives Receiving Compensation

Executive category	Total executive compensation (Millions of yen)	Compensation breakdown, by category (Millions of yen)				Number of executives
		Basic compensation	Stock options	Bonuses	Retirement benefits	
Members of the Managing Board (excluding outside members)	799	236	125	437	-	8
Corporate auditors (excluding outside corporate auditors)	36	36	-	-	-	2
Outside executives	11	11	-	-	-	4

### Total Compensation, including People Awarded Compensation in Excess of ¥100 Million

Name	Executive category	Company category	Compensation breakdown, by category (Millions of yen)				Total executive compensation (Millions of yen)
			Basic compensation	Stock options	Bonuses	Retirement benefits	
Hisashi Ietsugu	Members of the Managing Board	System Corporation	59	43	191	-	293

## Policies and Methods of Determining Executive Compensation Amounts and Calculation Methods

System determines executive compensation amounts and calculation methods by making a clear link between operating performance and responsibility for achievement. Compensation for members of the Managing Board divides broadly into fixed and variable portions. Fixed compensation is determined on the basis of a member's position, while variable compensation varies depending on performance. Compensation for corporate auditors comprises only a fixed portion. Compensation amounts are discussed and determined by the Managing Board following deliberation by the Compensation Committee.



## Sysmex Global Compliance Code

### 1. **To Ensure Safety of Our Products and Services to Customers**

In all of our corporate activities, we will make it a matter of priority to provide our customers with safety and security.

### 2. **To Promote Fair Dealing and Free Competition**

We will deal with our customers and business partners in a just and fair manner and will conduct transactions under appropriate conditions. As regards our relations with other companies in the same line of business, we will not illegally, dishonestly or unreasonably restrict their business, nor will we engage in the public defamation of those companies.

### 3. **Fair and Proper Information Disclosure and Exercise of Complete Information Control**

Our corporate information, such as our group's financial conditions and business activities, will be disclosed in a fair, prompt, correct and clear manner in accordance with applicable laws and regulations and we will exercise strict control over confidential information collected through our business activities so as not to cause any infringement to the rights of third parties.

### 4. **Implementation of Appropriate Research and Development Activities**

When carrying out our research and development, we will protect the dignity and human rights of the trial subjects and their privacy in the research of genes and other matters, and will comply with applicable laws and regulations and carry out our research activities in accordance with high ethical standards.

### 5. **To Respect Intellectual Property**

We respect both the rights of our own company's intellectual properties and the intellectual properties of others. We will not unlawfully acquire or utilize any confidential business information or the proprietary assets of others.

### 6. **To Maintain International Peace and Safety**

We will comply with export- and import-related laws and regulations, and will not be engaged in any transaction likely to impede maintenance of international peace and safety.

### 7. **To Conduct Proper Accounting and Appropriate Tax Payments**

We will always apply the appropriate accounting treatment and recognize tax obligations set forth in applicable tax laws and accounting regulations and standards.

### 8. **To Respect Human Rights and to Improve Occupational Health and Safety**

We will support the Universal Declaration of Human Rights and Core Labour Standards, and respect the fundamental human rights of each person and will not infringe thereon by such acts as discrimination, harassment, etc. We will also comply with applicable laws and regulations, endeavor to improve occupational health and safety, and will not force any unfair labor practice on the personnel of the company.

### 9. **Distinction between Public and Private Matters and No Conflicts of Interest**

We will not attempt to gain any personal profit in performance of our duties, and will not make any unauthorized use of our group's assets, goods and information, nor will we perform such personal acts that may cause harm to our group's business activities or reputation.

#### **10. To Maintain Sound Relationships with Society**

We will comply with applicable laws and regulations related to anti-bribery statutes and comply strictly with applicable laws when making political donations, if allowed under local law. We will not be intimidated by antisocial activities, behavior and groups, and will never maintain any relationship with them.

#### **11. To Preserve the Global Environment**

We will comply with environment-related laws and regulations, etc. and pay attention to the environment throughout our business activities based on international standards, etc. for the environment in an endeavor to preserve and improve the global environment.

Revised May 2014

### **Third-Party Evaluations of Group Structure to Promote Compliance and Its Operational Status**

We confirm the appropriateness of our compliance-related initiatives and regulations with respect to social conditions and various laws and regulations, revising our content as needed. To reinforce our compliance promotion structure, in fiscal 2014 we revised our Global Compliance Regulations, which form the basis for these activities. We also invited outside institutions to evaluate our Group structure to promote compliance and its operational status. We are considering improvements to issues that were identified.

We also take appropriate steps to verify that designs and other aspects of our products do not violate laws and regulations. In fiscal 2014, we created a checklist to confirm that designs of products for which we are filing pharmaceutical applications are in line with regulatory content, and completed the process of confirming their compliance.

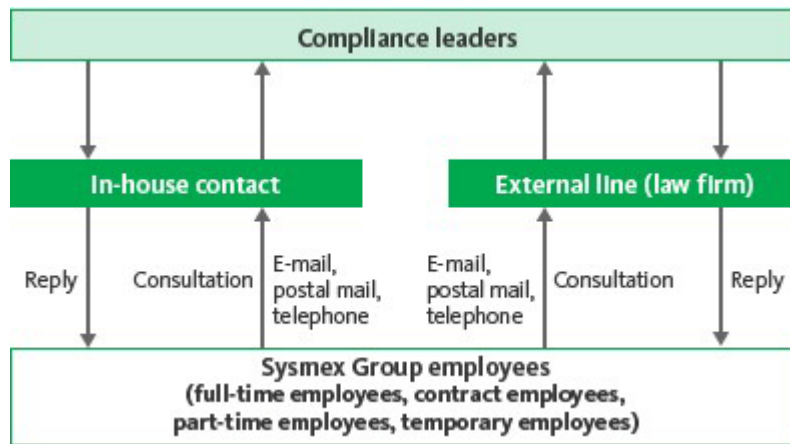
### **Establishment of an Internal Reporting System**

In principle, we aim to resolve any compliance-related issues within the organization but have established "Campanula Lines" for resolving issues that are difficult to address internally. In the interest of resolving issues at an early stage, "Campanula Lines" allow our employees to seek consultations and file reports via telephone, postal mail or e-mail through two lines (in-house and external).

Any information received is handled anonymously to protect those providing the information from any adverse reactions. Also, such internal reporting systems are in place at overseas Group companies.

In fiscal 2014, we fielded 17 consultations from Group companies in Japan. We conducted factual inquiries for consultations and dealt with each of them appropriately

## ■ "Campanula Lines" Internal Reporting System



## Compliance Education

---

### Continuously Providing Education on Compliance

Compliance managers are in place at each Group company, and Sysmex provides compliance education for all employees. We have produced a Compliance Handbook and distributed a copy to each Group company employee in Japan to ensure that all employees are thoroughly compliance-aware.

At Group companies in Japan, in addition to conducting regular compliance education each year we set key themes and conduct education at related departments according to these themes. Educational themes in fiscal 2014 were the Global Compliance Code, promoting fair trade and ensuring transparency in relationships with medical institutions. We prepared new video-based educational materials to promote understanding of the Global Compliance Code in particular.

We also conduct compliance education at Group companies overseas, in accordance with conditions in individual countries.

### ■ Main Compliance Education in Fiscal 2014 (Japan)

- (1) Global Compliance Code
  - Conducted e-learning
  - Prepared video-based educational materials to promote understanding
- (2) Promoting fair trade
  - Conducted e-learning related to anti-bribery legislation
  - Explained revisions of the Sysmex Promotion Code to Sysmex TMC and Sysmex CNA
- (3) Ensuring transparency in relationships with medical institutions
  - International Business Management Division's members are trained about Sunshine laws\* and transparency guidelines

\* Sunshine laws: A vernacular term for laws such as those that have been put into place in the United States, France and other countries that make it a legal obligation for healthcare companies to disclose information about payments to doctors and doctor-education hospitals.



## ■ Main Compliance Education in Fiscal 2014 (Overseas)

- Jinan Sysmex (China): Conducted compliance education as part of training related to work improvements
- Sysmex Wuxi (China): Conducted compliance education for all employees
- Sysmex Asia Pacific: Conducted training on work improvements
- Sysmex Indonesia: In addition to occasions when new employees joined the company, provided opportunities for compliance education throughout the year

## Holding a Lecture Presentation on Laws and Regulatory Systems Related to Medical Instruments

An awareness of the laws and regulations in the countries where our products are sold is an important part of promoting global compliance.

In December 2014, we held a lecture presentation by members of the Beijing Institute of Metrology and Testing (BIMT), which conducts field trials for regulatory applications in China, when they came to Japan for training. More than 80 people attended, including members of our Regulatory Affairs and Research departments. Participants listened to lectures about recent revisions, particularly to China's Pharmaceutical Affairs Law. The lectures were followed by a question-and-answer session involving a lively exchange of views.



Lecture presentation underway

## Security Export Control

---

### Establishing a Security Export Control Structure

Sysmex formulates internal control regulations in this regard, and registers for approval with the regulatory authorities at the Ministry of Economy, Trade and Industry.

Under the Compliance Committee we have established a Security Export Control Committee. Based on our internal control regulations, this committee strives to reinforce our security export control system and thoroughly verify the destinations and purposes of our export of commodity and technology.

We conduct workshops and e-learning to raise awareness of security export controls and export administration regulations in the United States, as well as performing audits to ensure thorough controls. Furthermore, to strengthen the security export control system for the Group as a whole, we are introducing management systems that link with enterprise resource planning (ERP) systems at regional headquarters overseas in an effort to ensure management thoroughness and increase efficiency.

## Intellectual Property Management

---

### To Respect Intellectual Property

Sysmex accords third-party intellectual property rights the same level of respect as it does its own.

Each new product development project involves a patent review to decide what patents to apply for to protect our own intellectual property and review third parties' intellectual property information. As a part of this review, a patent application study committee is convened, where Intellectual Property members and R&D engineers draw up patent application policies and plans for technologies under development. At the same time, the committee investigates the status of third-party intellectual property rights, thereby minimizing any risks associated with intellectual property.

## Research Ethics

---

### Conducting Appropriate R&D Activities

Being involved in clinical research and development and human genome and genetic analysis research, Sysmex has adopted the Ethics Regulations on Clinical Research and Development and Human Genome and Genetic Analysis Research, whose basic policies include respect of human dignity and thorough protection of personal information. Sysmex has also established a Research Ethics Examination Committee, which includes outside members such as legal and science experts, in order to review research content. The list of committee members and examination results are disclosed on our website, thus ensuring transparency.

In relation to animal testing and recombinant genetic testing, we have also set up the Testing Control Committee to deliberate on whether testing plans satisfy related legislation.

## Bribery Prevention

---

### Promoting Compliance with Applicable Laws in Japan and Overseas

Sysmex is striving to prevent corruption based on the 10th principle of the Global Compact, that "Businesses should work against corruption in all its forms, including extortion and bribery."

We have prepared a practical guide that covers applicable laws not only in Japan, but also in the United States, the United Kingdom, China and other major countries, and use this guide in universal awareness activities.

### Appropriate Tax Payments and Disclosure

Item 7 of the Global Compliance Code for Sysmex Corporation provides for "conducting proper accounting and appropriate tax payments." Furthermore, in line with the international consensus we employ OECD guidelines when pricing internal transactions among Group companies overseas.

We disclose Group payments of corporate and other taxes in financial and other reports, as well as the reasons for differences with effective statutory tax rates.

#### **Sysmex Group Compliance Code (Excerpt)**

##### **7. To Conduct Proper Accounting and Appropriate Tax Payments**

We will always apply the appropriate accounting treatment and recognize tax obligations set forth in applicable tax laws and accounting regulations and standards.

##### **7-1 Appropriate tax return procedures**

We will adhere to tax laws and regulations applicable to jurisdictions both domestic and foreign, following appropriate and compliant tax return procedures.

##### **7-2 Proper accounting procedures**

We will fully comply with tax laws, external accounting standards and internal accounting procedures, including global, regional and local, related to accounting entries of transactions such as sales and expenditures. Also, we will maintain accurate and complete records of all slips invoices, receipts, books, records and other documents material to financial transactions and will not make false or misleading entries.

##### **7-3 Preparation of fair and transparent financial statements**

We will prepare and distribute financial statements that fairly and accurately reflect the financial performance of the company and fully comply with applicable laws, regulations and accepted accounting standards, and will not conduct illegal acts such as deliberate the misstatement of accounts.

# Principles for Transparency in Relationships with Medical Institutions

---

## Introduction

Systemex, with its Group corporate mission of "Shaping the advancement of healthcare," conducts business activities with the aim of providing reassurance to its various stakeholders, including customers. As part of this objective, at every stage of our operations—from research and development to manufacturing, sales and after-sales support—we are increasing the number of opportunities for collaboration with medical institutions and medical professionals. We believe that maintaining a strong sense of ethics as we go about these activities is important in securing broader society's understanding of us as a company.

In 2012, the Japan Association of Clinical Reagents Industries formulated guidelines for ensuring the transparency of relationships between corporate activities and medical institutions. Concurring with the gist of these guidelines, Systemex Corporation and Systemex International Reagents make public information about funding they provide to medical institutions.

## Disclosure Method

We disclose relevant information for the previous fiscal year on our website.

## Start of Disclosure

Information concerning the start of fiscal 2013 is disclosed in fiscal 2014.

## Target of Disclosure

This information is based on the "Guidelines on Transparency of Relationships between Corporate Activities and Medical Institutions" established by the Japan Association of Clinical Reagents Industries.

# Risk Management

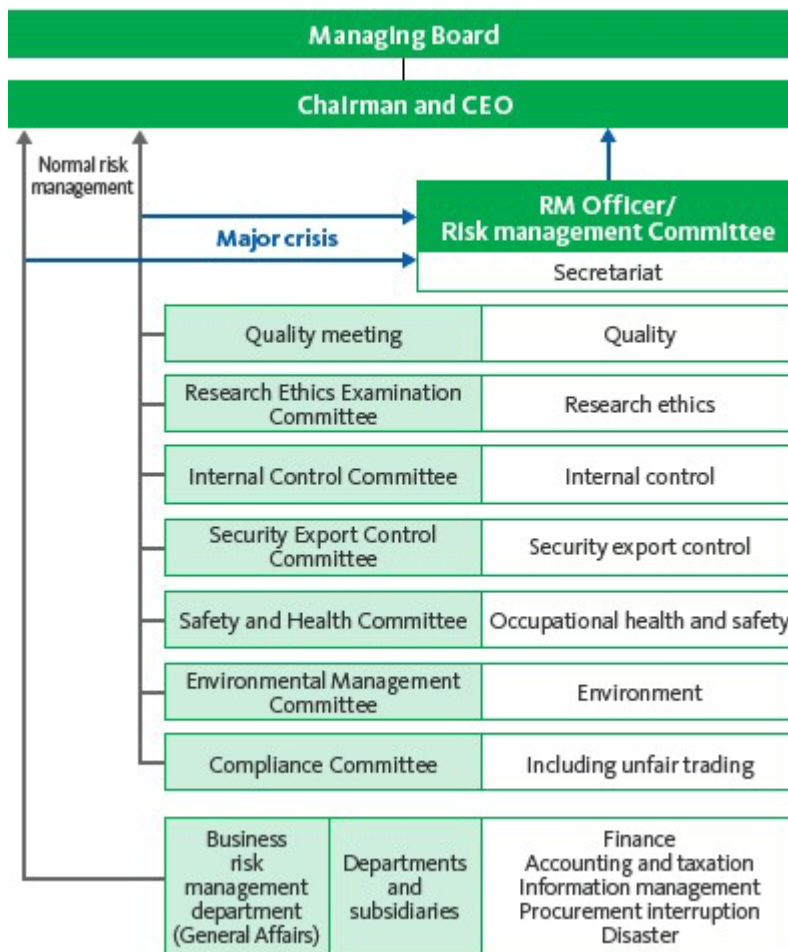
## Risk Management Structure

### Promoting Risk Management by Establishing a Dedicated Committee

To control groupwide risk management activities, Sysmex established a Risk Management Committee, which is chaired by a risk management officer, the Group's chief executive in charge of risk management. The risk management officer is a senior executive officer of Sysmex Corporation who, as chair of the Risk Management Committee, identifies major risks having the potential to significantly impact the Group's business and consistently observes the results of risk response and monitoring by individual divisions and affiliated companies.

For everyday risk management, committees other than the Risk Management Committee, as well as departments and affiliated companies, respond independently to operational risks. We clarify the responsibilities and roles of the Risk Management Committee for responding to significant risks to the Group, and have in place a risk management structure for responding to these risks swiftly and decisively.

#### ■ Risk Management Structure





## Disaster Response

---

### Creation of a Structure for Responding Swiftly in Times of Emergency

Sysmex has formulated a business continuity plan and regulations on disaster response, putting in place systems to ensure a rapid response in times of emergency. In addition, we have introduced at affiliated companies in Japan the safety confirmation tools Sysmex Corporation employs as a means of emergency communication. This system allows us to quickly determine the safety of members across the Group. We regularly conduct disaster drills at the Group's business offices, including those of affiliated companies in Japan, to instill an understanding of actions required in times of disaster.

The groupwide backbone IT system that Sysmex Corporation operates is located at external, disaster-resistant data centers. In addition, we created a backup structure so that we can quickly switch to a backup system in the event that disaster renders our regular system inoperable.

## Information Security

---

### Conducting Ongoing Training to Increase Awareness and Ensure Rules Are Entrenched

Sysmex handles data about its customers, as well as on the entities with which it collaborates on R&D and other testing. We recognize the importance of upholding information such as this, as well as of other important corporate secrets, and view the leak of such corporate secrets as an important risk for the Group. Accordingly, we have in place structures to prevent this risk from materializing.

For this reason, Sysmex Corporation and its affiliated companies in Japan conducts ongoing training for all employees at the divisional manager level and below to impress upon them the importance of and increase awareness of information management and entrench our rules on managing corporate secrecy.

In fiscal 2014, we conducted e-learning related to managing corporate information secrecy. In addition, in the Sales & Marketing East / Japan and Sales & Marketing West /Japan divisions, we conducted training on personal information protection for managers and directors.

# Involvement with Stakeholders

---



## **Involvement with Customers**

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers. We constantly look out for our customers' true needs, and seek to generate new solutions to satisfy those needs.



## **Involvement with Shareholders**

Our shareholders can rest assured that we will continue to improve the soundness and transparency of our management policies, while promoting information disclosure and close communications. We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.



## **Involvement with Business Partners**

We deliver commitment to our client companies through broad-ranging partnerships. We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.



## **Involvement with Employees**

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential. We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

# Involvement with Customers

---

## — Core Behaviors —

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers. We constantly look out for our customers' true needs, and seek to generate new solutions to satisfy those needs.



### **Ensuring Quality and Safety** >

We have created a global management structure and are working to ensure the quality and safety of our products and services.

### **After-Sales Support / Scientific Activities** >

We help to improve the efficiency of our customers' operations by providing meticulous after-sales support and disseminating extensive scientific information.

### **Stable Supply** >

In response to growing global needs for testing, we are reinforcing our structure for supplying instruments and reagents.

### **Enhancing Customer Satisfaction and Third-Party Evaluations** >

We conduct customer satisfaction surveys and take to heart the resulting opinions and requests as we develop and improve products and services.

### **Contributing to Resolution of Healthcare Issues** >

We contribute to the resolution of a host of healthcare issues by using advanced technologies to create innovating products and services.

# Ensuring Quality and Safety

## Quality Assurance

### Quality Policy

By shaping the advancement of healthcare, our global business activities contribute to the creation of a fulfilling and healthy society.

### Core behavior

1. We understand our customer's needs, and provide products and solutions that meet or exceed their expectations.
2. We act based on our customer's viewpoints by realizing that "Quality is customer satisfaction".
3. We seek to reassure our customers by establishing the highest quality assurance standards and using them to enhance the quality of all aspects of our business.
4. We continually create innovative value for our stakeholders by developing and applying new and unique technologies and knowledge.
5. We comply with all relevant national or regional regulations and standards to provide safe products.
6. We maintain and continually improve the effectiveness of our quality management system.
7. We establish quality objectives consistent with this quality policy, and measure our performance against them.

Revised in May 2007

## Building a Global Quality Management System

Sysmex has constructed a system to ensure compliance with laws and regulations around the world based on "Quality Policy" and "Sysmex Corporation Quality Compliance Policy," and we act accordingly.

With regard to our quality management system, nearly all Group companies handling development or manufacturing functions have constructed management systems in line with and obtained certification under the ISO 9001 or ISO 13485\*<sup>1</sup> international standards. Of our 57 Group companies, 31 have received ISO 9001 certification and 18 have obtained ISO 13485 certification. Sysmex also conducts management reviews and audits of quality activities at its principal Group companies to confirm that the management system is operating properly. In addition to quality policy training for all employees, we conduct specialized quality education targeting specific departments and job types. In fiscal 2014, we performed training on



Quality education



Session in the Global RAQA Meeting

quality complaint processing and product recall. We also conducted training related to laws and regulations applied in China.

To share quality-related information throughout the Group and reinforce our systems, once a year we hold the Global RAQA (regulatory affairs/quality assurance) Meeting, at which Quality Assurance Department managers from Sysmex Corporation, the regional headquarters in the Americas, EMEA<sup>\*2</sup>, China and the Asia Pacific region, and affiliates gather. In fiscal 2014, this meeting took place in Japan in October and was attended by members of the regulatory affairs and quality control departments of our various regional headquarters and overseas affiliated companies. Participants took part in departmental discussions and factory tours, confirming and sharing the newest information about quality assurance.

<sup>\*1</sup> Quality management system for the design and manufacture of medical devices

<sup>\*2</sup> Europe, the Middle East, Africa

## Reinforcing Structures to Maintain and Improve Product Quality

Used in laboratory testing, Sysmex's products play a vital role in protecting people's lives and good health. Being fully aware of this responsibility, Sysmex is making constant efforts to maintain and improve product quality by building various systems, not to mention complying with safety standards around the world at the design and development stages. In addition to creating and revising operational standards for instrument manufacturing with the aim of reinforcing quality control, in fiscal 2014 we set up the QMS Enhancement Project to augment quality improvement activities on production lines. Also, Sysmex Europe's reagent factory completed compliance with good manufacturing practice (GMP) as defined by pharmaceutical legislation in Germany.

In the product development stage, we verify product quality by setting five "quality gates" in the process leading up to market launch. Also, when we market products that are manufactured by others, we verify their quality by conducting periodic audits of the manufacturers and meticulously inspecting the products. As well as these efforts, in the unlikely event of a defective product we have systems in place to quickly identify and respond to the problem.

The Sysmex global quality complaint processing system, which was implemented in April 2011, allows us to gather quality information in a timely way from markets around the world. When we receive information about a bug or malfunction, we immediately look into the cause and cease distribution of the product. We also share information globally about bugs and malfunctions, as well as corrective and preventive actions.



## Focusing on Quality Training in the ICH Business Unit (ICH-BU)

Of Sysmex's three business units, the products handled by the ICH\* Business Unit (ICH-BU) are particularly important to advanced diagnosis and medical judgments about treatment methods. To continue supplying highly reliable products, Sysmex ensures that the employees and specifically the engineers in this business unit undergo thorough quality training.

In fiscal 2014, we conducted group training for beginning engineers at the ICH-BU on the theme of "quality-aware design." The program consisted of five basic levels and four applied levels and encouraged an accurate understanding of product evaluations (adequacy evaluations) and quality-characteristic design. Furthermore, in January 2015 we conducted group training for all ICH-BU employees to communicate the importance of enhancing the quality of healthcare-related products and product design considerations based on risk management.



Group training

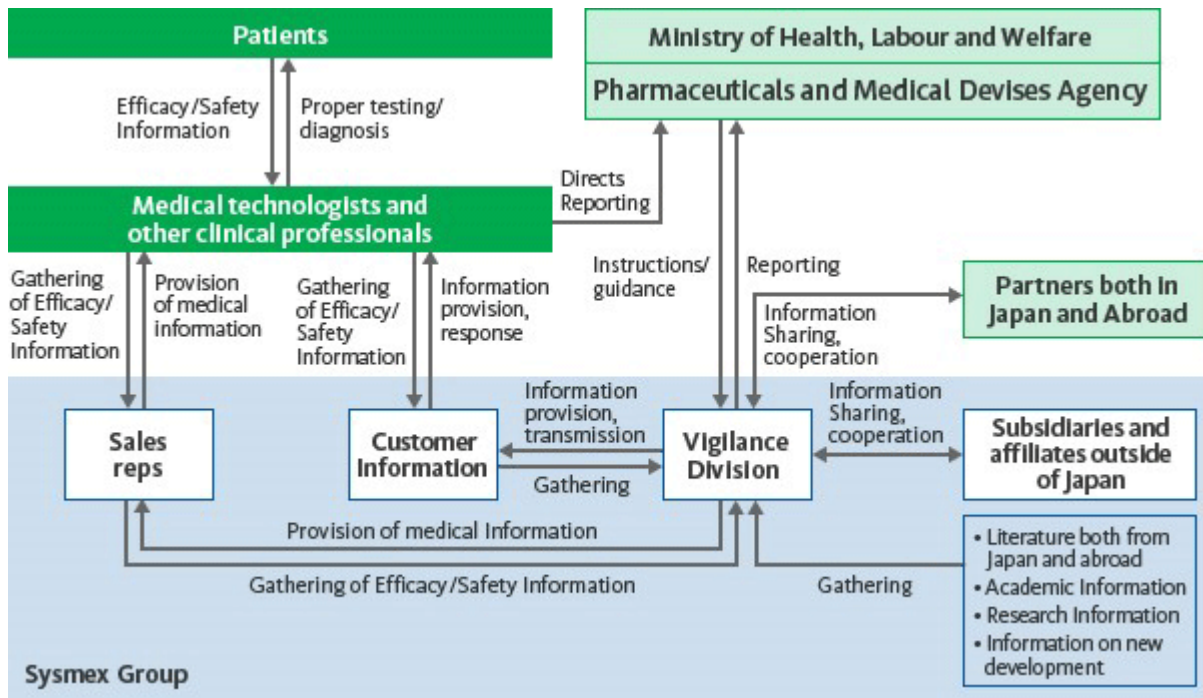
\* An acronym taken from the initial letters of "immunochemistry testing," "clinical chemistry testing" and "hemostasis testing."

# Quality and Safety Information

## Sharing Customer Feedback on Product Quality and Safety within the Company

At Sysmex, information on product quality and safety is centrally controlled at the Vigilance Division. This division investigates and analyzes such information from customers, and feeds their analysis results to relevant customers while also sharing them with design, manufacturing and other related functions, so that these findings may be applied to quality improvement and product development.

### Product Quality and Vigilance Control System



## Collection and Repair Information Posted on Our Website

Sysmex posts information about product collection and repair on its website under "Important Product Notices."

## Working Aggressively to Stamp out Counterfeit Reagents

To assure accurate testing results, Sysmex asks its customers at healthcare facilities to use Sysmex-branded instruments and reagents together. In recent years, however, reagents disguised as Sysmex reagents have been found in circulation in some areas. The use of such counterfeit reagents cannot guarantee the reliability of testing results and, in some cases, can be harmful to patients' health.

Sysmex continuously monitors markets for counterfeit reagents. When they are discovered, we work with local government institutions and judicial organs to ensure thorough enforcement. We also caution medical institutions against the use of counterfeit reagents by placing advertisements in newspapers.

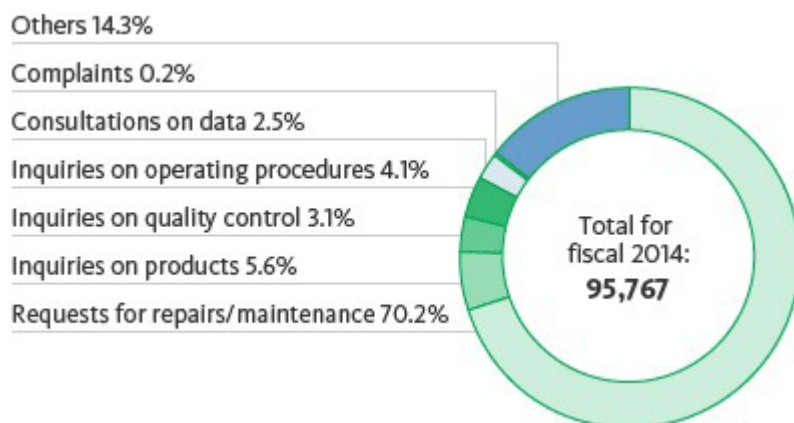
# After-Sales Support / Scientific Activities

## After-Sales Support

### Responding to Inquiries Rapidly and Responsibly

In Japan, Sysmex Corporation maintains a Customer Support Center, where experienced staff members with expert knowledge cater to customers 24 hours a day, 365 days a year (separate agreement required). By creating a database containing maintenance histories and the details of past inquiries from customers to ensure quick reference, the center responds to inquiries and requests both quickly and carefully. In fiscal 2014, the VOC (Voice of Customer) Group that we set up in fiscal 2013 collected and analyzed some 12,000 customer comments received in the Japanese market. We fed back the results to related departments for use in new product development and operational improvement activities. Going forward, we intend to extend the scope of these activities globally.

#### ■ Inquiries to Customer Support Center



Responding to inquiries at the Customer Support Center

### Supporting Customers' Quality Control on a Daily Basis

At hospitals and other healthcare institutions, instrument and reagent precision is controlled to maintain consistent testing data reliability. In most cases, the condition of instruments and reagents is checked by comparing the measurement results of materials known as "control blood" with reference values and results on a daily basis.

Sysmex supports quality control by providing control blood. Customer instruments are connected to the Customer Support Center via our online Sysmex Network Communication Systems (SNCS). Measured values of control blood sent via the SNCS from customer instruments are received by the Customer Support Center, which tallies and compares these values with its other data results on the same instruments, detects signs of abnormalities and returns the analysis results to the customer.

This service also helps to prevent trouble by using information from the sensors placed on various instruments, the number of operations and maintenance periods.

## Holding a Global Meeting on After-Sales Support

In October 2014, we held a Global Meeting on After-Sales Support to share after-sales support issues and perspectives on a global basis.

The meeting was attended by 44 people responsible for practical operations in eight regions, including regional headquarters overseas. Through workshops themed on "customer support associated with the sales launch of XN-Series automated hematology analyzers" and "providing SNCS service", information was shared about the issues faced in various regions and value to be provided to customers in those areas, leading to animated discussions.

We also decided to step up our overall SNCS service enhancement initiatives through the Global SNCS Team, whose objective is to share information globally, and by launching working groups to jointly address priority issues that have recently arisen. Going forward, we will continue to enhance groupwide after-sales support quality through close communications beyond regional boundaries.



Meeting underway

## Utilizing ISO to Raise the Level of Quality Control

In fiscal 2013, Sysmex Corporation obtained ISO/IEC 17025<sup>\*1</sup> certification for the calibration service it provides for hematology analyzers. Sysmex provides SNCS<sup>\*2</sup> and eQAPi<sup>\*3</sup> external quality control programs for general testing, hematology, clinical chemistry, immunology and other testing. We are the first organization in Japan to receive this ISO/IEC 17043<sup>\*4</sup> accreditation, not only in the laboratory testing field but also across all industries. These certifications enable Sysmex to provide customers with high-quality services as an ISO accredited Calibration Laboratory and Proficiency Testing Provider.

In fiscal 2014, we calibrated around 640 hematology instruments according to ISO/IEC17025, issuing calibration certificates bearing the certification symbol to guarantee the instruments traceable<sup>\*5</sup> according to internationally standard measurement methods. We also expanded our ISO/IEC 17043 certification region to include, in addition to Japan, Europe, Africa, the Middle East and Taiwan, enabling us to issue ISO/IEC 17043 certifications in these areas, as well. We plan to continue expanding areas.

<sup>\*1</sup> ISO/IEC 17025: International standard on general requirements for the competence of testing and calibration laboratories.

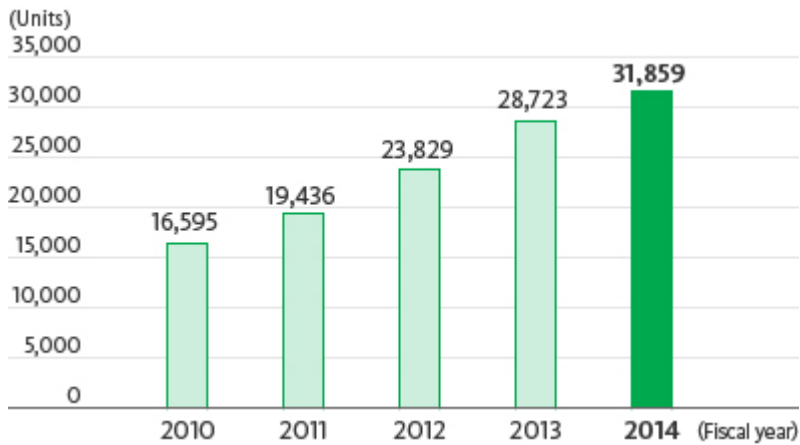
<sup>\*2</sup> ISO/IEC 17043: International standard on conformity assessment—general requirements for proficiency testing.

<sup>\*3</sup> SNCS: Refer to the above section entitled "Supporting Customers' Quality Control on a Daily Basis."

<sup>\*4</sup> eQAPi: A large-scale real-time external quality assessment program. This service involves analyzing the results of measurement data in real time, which contributes to improving the accuracy of everyday testing.

<sup>\*5</sup> Traceable: Assuming that measuring instrument calibration is conducted on the basis of higher measurement standards, the calibration history can be traced back clearly to primary standards, which are national and international standards.

## ■ Instruments Registered with the On-Line Quality Control Services (SNCS, eQAPi) (Worldwide, Cumulative)



## Overseas Example (Europe): Training Center in Belgium Receives ISO 29990 Certification

In fiscal 2014, Sysmex Belgium's training center received certification under the international ISO 29990 standard. This international standard, which is related to learning services in non-formal education and training, verifies that the center's programs and trainers meet certain quality levels. Sysmex Nederland has also received this certification.

## Scientific Activities

---

### Holding Scientific Seminars for Clinical Professionals

Sysmex keeps clinical professionals updated on scientific information by sponsoring seminars and study sessions for doctors and medical technologists.

In June 2014, venues in Sapporo, Tokyo, Kobe and Fukuoka were linked by satellite relay to hold the 37th Sysmex Scientific Seminar. Themed on "Ongoing Advances in Disease Biomarkers—Changing Cancer Treatment through Biomarkers at the Front Line of Disease Biomarker Research," the seminar was attended by 825 people.



37th Sysmex Scientific Seminar

### Publishing Scholarly Magazines

We distribute the Sysmex Journal International (Japanese, English and Chinese editions) to medical institutions and university libraries in more than 100 countries throughout the world, thus keeping many clinical professionals updated on current clinical medicine and healthcare testing.

## Overseas Example (Asia): Holding Scientific Seminars in South Korea, Malaysia and Vietnam

Sysmex holds scientific seminars in various other Asian countries in addition to China. In fiscal 2014, we held these seminars in three countries: South Korea, Malaysia and Vietnam.

The seminars in South Korea took place in Seoul in December 2014 and February 2015. The second seminar attracted 100 physicians specializing in laboratory testing from throughout the country and featured lectures on hematology and other breaking topics. Participants commented that the content and atmosphere of the seminar had improved compared to a seminar held in the previous fiscal year.



Scientific seminar in Malaysia

## Overseas Example (Vietnam): Supporting Customers' Academic Events

Sysmex Vietnam holds seminars to help customers learn how to use Sysmex products accurately. The company also supports a number of academic events aimed at cultivating a deeper understanding of hematology and other fields in which Sysmex has expertise.



# Stable Supply

---

## Stable Supply of Diagnostic Instruments

---

### Establishing New Factories and Expanding Facilities to Meet Growing Global Demand

Sysmex maintains the right number of the correct types of products in the right locations in its inventories to ensure its ability to provide a stable supply of testing instruments. We have also constructed a new factory and are expanding our facilities to meet growing global demand.

We have established the new i-Square instrument factory in the city of Kakogawa, Hyogo Prefecture. Construction on this facility was completed in June 2014. i-Square employs a seismically isolated structure to protect its production infrastructure and warehouse even in the event of an earthquake and allow stable supply to continue. In addition, in fiscal 2014 we completed construction to expand production facilities at affiliated instrument manufacturers in Japan.

## Stable Supply of Reagents

---

### Setting Appropriate Inventory Levels and Promoting Alternatives to Materials Subject to Procurement Risks

With regard to reagents, in addition to setting appropriate inventory levels we are working from several angles to ensure supply stability. As disaster-preparedness measures, we diffuse risk through overseas manufacture and address procurement risk by promoting alternative materials.

In fiscal 2014, we augmented our reagent production capabilities in Asia and Europe by increasing reagent production capacities in Singapore and Germany. At our Seishin Factory, we revised our reagent manufacturing processes to meet rising demand in China, shorting production lead times. At the same time, we conducted a risk assessment on reagent material supply.



Reagent factory in Germany

# Enhancing Customer Satisfaction and Third-Party Evaluations

---

## Enhancing Customer Satisfaction

---

### Conducting Customer Satisfaction Surveys in Japan and Overseas

Sysmex Corporation conducts surveys of customers who attend its national seminars and exhibitions, asking them to evaluate Sysmex's sales and service activities. We also conduct questionnaire surveys related to the Customer Support Center of people who take part in customer training held by the Solution Center. In 2014, 274 people responded to this survey. Their satisfaction level was 91.6%, up 6.3 percentage points from the preceding year.

We respond swiftly and make improvements in response to the requests and opinions we receive in this way, as part of our effort to enhance customer satisfaction. We visit in person customers who have purchase new products so that we can hear firsthand their opinions and impressions about product functions and operability, and feed this information back to the product development departments. In addition to these initiatives, we are creating a customer relationship management (CRM) system to comprehensively manage various customer-related information. In fiscal 2014, we added customer-input collection functionality to our CRM system and began feeding the information collected back to design and development departments. We are utilizing this system to develop products and make operational improvements in response to customers' wishes.

When customers visit us from overseas and tour our offices and factories, we take this as an opportunity to solicit their opinions. Group companies overseas also conduct their own customer satisfaction surveys.

### Overseas Example (All Countries): Reinforcing Global Sales and Support Networks

Sysmex established new subsidiaries in Colombia in May 2014 and Australia in November. Also, in April 2014 we began conducting direct product sales and support in India in the fields of hemostasis and clinical chemistry, adding such activities to those already taking place in the field of urinalysis.

Healthcare needs in these regions are growing in line with economic expansion, aging populations and rising healthcare spending. Accordingly, we are reinforcing our sales and support systems to meet customer needs more accurately and swiftly.

# Evaluation of Social Contributions through Business Activities

---

## CC-1001 Certified under "3rd Heritage Program of Legacy Analytical Instruments/Scientific Instruments"

In the 3rd Heritage Program of Legacy Analytical Instruments/Scientific Instruments, Sysmex received certification for its CC-1001 automated hematology analyzer. The Heritage Program of Legacy Analytical Instruments/Scientific Instruments, established in 2012 by the Japan Analytical Instruments Manufacturers' Association and the Japan Scientific Instruments Association, is the only heritage program in Japan in the category of analytical and scientific instruments. The program's aim is to recognize the heritage of analytical instruments and scientific instruments that have contributed in an important way to the lives, economy, education and culture of the Japanese populace.

The CC-1001 was recognized as being the first automated hematology analyzer developed in Japan, and the world's first to employ the conductance method. The instrument was also evaluated highly for demonstrating Japan's unique developments in technology and instruments on a world scale and its substantial contribution to the establishment and operations of healthcare diagnostic systems in Japan.



Award ceremony



CC-1001 automated hematology analyzer

# Contributing to Resolution of Healthcare Issues

---

## Developing Products and Technologies That Help to Resolve Healthcare Issues

---

### Working to Popularize Simple and Inexpensive Testing for HIV/AIDS

We welcomed Partec into the Sysmex Group in 2013. Partec has a strong presence in research domains and in the market for detecting infectious diseases such as HIV and malaria. Partec is a pioneer in the flow cytometry (FCM) method, in 1968 becoming the first company in the world to commercialize research equipment employing this method. Products that Partec has developed for emerging markets and developing countries using this technology have contributed to the treatment and monitoring of patients suffering from the world's three leading infectious diseases: HIV/AIDS, tuberculosis and malaria. Compact and portable, its instruments can be used in environments where medical treatment facilities are lacking, and the reagents they use cost only a fraction of those offered by competitors. To provide easy access to testing, the company is rolling out mobile laboratories in various regions. Particularly in Africa, Partec accounts for a major share of the market in testing for HIV/AIDS.

Going forward, Sysmex will leverage its global network to increase recognition and adoption of Partec's products in Asia and Central and South America as well as Africa. In this manner, we are working to help improve healthcare environments in various emerging markets and developing countries.



Compact and portable instruments to test for infectious diseases



Deployment of mobile laboratories in areas lacking infrastructure

## Receiving Manufacturing and Marketing Approval for a Reagent to Monitor therapeutic Gains on Chronic Myelogenous Leukemia (CML)

CML is a disease that occurs as a result of chromosomal abnormalities in the blood cells. Using molecularly targeted drugs is an effective method of treatment, and treatment guidelines in Japan and other countries recommend the use of genetic testing\* to monitor therapeutic gains. However, in Japan the reagent that has received manufacturing and sales approval from the Ministry of Health, Labour and Welfare for use in genetic testing based on Japan's guidelines has not been sold.



ipsogen BCR-ABL1 MbcR IS-MMR DX reagent

Sysmex Corporation therefore began working toward the manufacture and sale of a reagent that was effective for monitoring based on the guidelines. In August 2014, Sysmex became the first organization in Japan to receive approval to manufacture and market the ipsogen BCR ABL1 MbcR IS-MMR DX reagent, and insurance coverage was approved in April 2014. Hereafter we plan to introduce the product into the Japanese market.

\* The practice guideline on hematopoietic malignancies (2013 edition) created by the Japanese Society of Hematology recommends using the BC R-ABL1 mRNA test for monitoring accuracy and reporting results according to international standards

## Other New Products and Services (Fiscal 2014)

- Launch of new ASTRIM FIT product for non-sampling measurement of estimated hemoglobin levels
- Introduction of the HISCL TARC Assay Kit to help evaluate the severity of atopic dermatitis through simple blood testing
- Sales launch of the LC-1000 exfoliative cell analyzer, aimed at contributing to efficiency improvements in cervical cancer screening tests

# Involvement with Shareholders

## — Core Behaviors —

Our shareholders can rest assured that we will continue to improve the robustness and transparency of our management policies, while promoting information disclosure and close communications. We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.



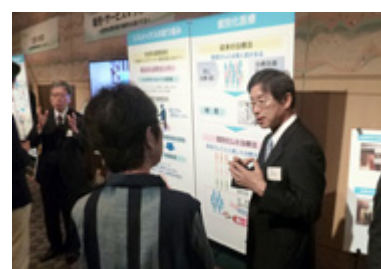
## Information Disclosure

### General Meeting and Informal Meetings for Shareholders

Valuing opportunities for direct dialogue with our shareholders, we make an effort to encourage the participation of as many shareholders as possible at the General Meeting of Shareholders.

After the general meeting, we hold informal meetings to promote interaction with shareholders. As in the previous year, in fiscal 2014 the theme of the meeting was "Sysmex, instilling confidence." After using panels and video to provide explanations about our business and IR activities, personnel measures and global social contribution activities, as well as third-party evaluations of Sysmex, we opened the floor for comments and questions.

We accommodate shareholders who are unable to attend on the day by enabling them to exercise their voting rights in writing or over the Internet. Furthermore, we contribute to the readability of convocation and resolution notices. We also prepare English-language versions for overseas shareholders, print color convocation notices and post the same information on our corporate website.



Informal meeting for shareholders

### Further Enhancing Information Disclosure

We make it a rule to disclose any information that we believe will affect investment decisions in light of our own standards, as well as to observe applicable laws and regulations concerning securities trading and the Rules on Timely Disclosure of Corporate Information by the Issuer of Listed Security and the Like established by stock exchanges.

In addition to biannual briefings on financial results (after year-end and after the second quarter), Sysmex has held a conference call following the announcement of business results in the first and third quarters in an effort to further enhance information disclosure.



## External Evaluation

---

### Chosen for Excellence in Disclosure to Individual Shareholders for Third Consecutive Year

In fiscal 2014, Sysmex received an award for the third consecutive year. In the 2014 Awards for Excellence in Corporate Disclosure, sponsored by the Securities Analysts Association of Japan, we were selected for excellence in disclosure to individual investors. Out of the more than 251 companies evaluated, we were ranked second. As a distinction for having received this high evaluation for the three most recent consecutive years, we received a letter of commendation citing the Company's ongoing commitment to maintaining a high level of disclosure.

We were given high marks for our explanations at briefing meetings for individual investors, including our chairman and CEO's explanations in his own words, as well as video distribution of the content of these meetings and easy-to-understand materials incorporating photos and figures. We were evaluated highly for the construction of our website for individual investors that allows for easy searches of our business content and strengths. Our shareholder newsletter also scored highly for its extensive content.



Awards for Excellence in Corporate Disclosure award ceremony

# Involvement with Business Partners

---

## — Core Behaviors —

We deliver commitment to our client companies through broad-ranging partnerships. We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.



## CSR Promotion throughout the Value Chain

---

### Putting in Place a Procurement Policy that Takes CSR into Account

Sysmex Corporation has formulated a procurement policy that expresses its basic considerations on selecting suppliers and conducting procurement transactions, and is promoting its deployment across the value chain. In fiscal 2013, we revised the policy to promote CSR through procurement. We also added a clause about formulating business continuity plans (BCP) as befits a company that is developing its business globally in the healthcare field, and another on promoting business activities and CSR in compliance with the laws, regulations and social conventions of host countries.

When confirming our business partners' CSR activities, we conduct CSR surveys containing such topics as occupational health and safety, handling human rights issues and preventing bribery of officials in Japan and overseas. In fiscal 2014, we received survey responses from 225 of our 269 business partners. We also conducted CSR surveys of seven new potential business partners and interviewed their managers to check the status of their CSR activities.

## Procurement Policy

In "shaping the advancement of healthcare," the Mission set forth in the Sysmex Way corporate philosophy, we deliver commitment to our business partners through equitable and fair procurement activities. We also strive to be a company that can grow in step with our trading partners in a spirit of mutual trust and encouragement. Operating in strict compliance with laws, regulations, and contracts, and adhering to high ethical standards, we carry out consistent procurement of components and raw materials that meet the levels of quality required by healthcare providers. We closely follow these policies in our endeavors to supply products that customers worldwide can use with confidence. Similarly, we hope that our business partners will cooperate with us in the following seven areas as we continue to create and enhance unique and creative values.

### **We ask our valued business partners to:**

1. Assure quality to the requisite degree for healthcare products
2. Build a system for reliable supply
3. Refine technological capabilities that contribute to the development of healthcare
4. Create stable business foundations and formulate business continuity plans (BCP)
5. Promote business activities and CSR in compliance with the laws, regulations and social conventions of host countries
6. Carry out environmental management to help conserve the global natural environment
7. Supply products at reasonable prices and engage in aggressive cost-reduction programs

Revised in March 2014

## Reinforcing Relations with Business Partners

We strive to enhance relations with our business partners so we can conduct business together based on their understanding our business directions and procurement policy.

In fiscal 2014, we held procurement policy briefings for our business partners in Japan. We emphasized the importance of CSR to Sysmex and explained the content of responses we like to see from our business partners.



Procurement policy briefing

## Aiming to Improve the Quality of Supplied Parts and Raw Materials

Our ability to provide high-quality products to customers in a stable manner depends on maintaining or improving the quality of the raw materials and parts we procure. We prepared a Quality Assurance Agreement that defines the quality requirements in 2009, and after also preparing a handbook to improve understanding of the content we have since been concluding this agreement with suppliers.

We conduct quality audits without fail on new procurement partners to ensure that quality management systems are operating appropriately. For existing procurement partners, we inspect products for quality when they are delivered, conducting quality audits if deemed necessary as a corrective or precautionary measure.

## Holding Briefings to Share the Importance of Managing Process Changes

When manufacturing medical instruments, "process change management" is extremely important for identifying manufacturing processes to be changed and managing those changes to ensure against any impact on quality.

Sysmex Medica, a Group company that manufactures high-end units for testing instruments, held a briefing in December 2014 for business partners that handle unit assembly. Sysmex Medica called for all assemblers to attend the briefing, which explained the impact medical instrument quality defects could have on the Company and the importance of process change management. Attendees were enthusiastic with their questions, leading to an animated discussion.



Briefing for assemblers

## Ensuring Thorough Compliance in Transactions

---

### Conducting Internal Awareness Activities to Ensure Compliance with Procurement-Related Legislation

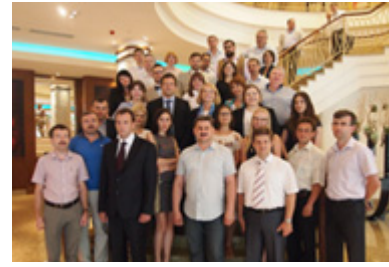
We have in place an electronic procurement system (Sysmex Trade Mission, or STM). In addition to preventing the reduction of payments to inappropriate levels, as well as avoiding product returns, each year we conduct training on this system.

In fiscal 2014, we provided explanations to employees newly assigned to departments that place orders for R&D materials, as well as new employees, about how to use STM, points of caution from the receipt of ordered materials through to payment, and compliance with all laws, including the Act Against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors (Subcontract Act). We also conducted education for employees newly assigned to the Procurement Department about the Subcontract Law, our procurement policy and CSR.

## Explaining Policies on Compliance to Distributors

Sysmex rigorously ensures compliance to build sustainable and fruitful partnerships with its distributors. We prohibit employees from abusing any dominant bargaining position, offering excessive entertainment, presents or the like when dealing with distributors. At the same time, we take advantage of opportunities presented by product briefings, which are held on occasions such as new launches, to share our policies and activities with our distributors, helping them to deepen their understanding of the importance of compliance. We engage in continuous communications with our overseas distributors through regular meetings at their locations as well as teleconferencing and meetings.

In fiscal 2014, Sysmex RUS held its first distributor conference in Moscow. Also during the year, Sysmex Asia Pacific conducted its biennial business partner meeting, this time in Sri Lanka.



Distributor meeting (Russia)

# Involvement with Employees

---

## — Core Behaviors —

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential. We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.



### Respecting Human Rights and Diversity >

We support the Universal Declaration on Human Rights and ILO's Core Labour Standards, work to prevent human rights abuses and strive to ensure and utilize diverse human resources.

### Employee Evaluation, Treatment, and Human Resource Development >

We endeavor to treat employees fairly. Also, we have in place a host of human resource development programs, providing opportunities for self-fulfillment and growth.

### Ensuring a Work-Life Balance >

We have in place a childrearing support and a variety of other programs to support a work-life balance among our employees.

### Respecting Workers' Rights >

Based on the principles of Global Compact and ILO's Core Labour Standards, we uphold the freedom of labor association and recognize the right to collective bargaining.

### Considering Safety and Health >

To foster a safe and good working environment, we have established a Safety and Health Committee at each of our offices, chaired by the executive at the head of that office.



# Respecting Human Rights and Diversity

---

## Respecting Human Rights

---

### Adhering to the Universal Declaration of Human Rights and ILO's Core Labour Standards

Sysmex has formulated guidelines describing particularly important rules and behaviors for compliance with basic respect for human rights as indicated in "8. To Respect Human Rights and to Improve Occupational Health and Safety" of Sysmex's Global Compliance Code. This code clarifies a variety of discriminatory actions that are not tolerated; prohibits sexual harassment, power harassment and other acts that ignore human rights; underscores prohibitions on child labor and forced or compulsory labor; and seeks to ensure a safe and comfortable workplace environment. We also conduct training programs as needed to ensure the code is put into practice.

In May 2014, we updated our compliance code, addressing global human rights issues as a global company. We set forth clearly our adherence to the Universal Declaration of Human Rights and ILO's Core Labour Standards.

#### **Sysmex Group Compliance Code (Excerpt)**

##### **8. To Respect Human Rights and to Improve Occupational Health and Safety**

We will support the Universal Declaration of Human Rights and Core Labour Standards, and respect the fundamental human rights of each person and will not infringe thereon by such acts as discrimination, harassment, etc. We will also comply with applicable laws and regulations, endeavor to improve occupational health and safety, and will not force any unfair labor practice on the personnel of the company.

##### **8-1 Prohibition of discrimination and harassments**

We must not discriminate with regard to a person's sex, age, nationality, race, origin, belief, religion, social status, lineage, illness or physical disability, nor must we behave in a manner that ignores the dignity of other people, including such acts as sexual harassment, power harassment, etc.

##### **8-2 Privacy protection**

We must acknowledge the diverse values of people as individuals, and must respect privacy of each and every person. We must not unnecessarily disclose private information we acquire in the course of work to any other third person and must not seek to obtain private information unnecessarily.

##### **8-3 Elimination of forced labor and child labor**

We must not engage in unjust labor practices by detaining someone against his or her will. We must not hire children below the minimum age of employment set forth by applicable laws or regulations.

#### **8-4 Assurance of safety and health at workplaces**

We must adhere to laws and regulations related to safety and health practices so that every employee may work with peace of mind, and must maintain and enhance the mental as well as physical health of every employee so that a safe and comfortable working environment can be established.

## **Consultation and Reporting Systems Related to Human Rights**

Sysmex has set up "Campanula Lines" as an internal reporting system for Group companies in Japan to enable consultation related to sexual harassment and power harassment, among other topics. We also have internal reporting systems in place at Group companies overseas.

## **Conducting Training to Prevent Human Rights Abuses**

Sysmex Corporation strives to prevent human rights abuses by conducting training to prevent harassment and impart a proper understanding of working. We also strive to prevent human rights abuses.

In fiscal 2014, we conducted training for newly appointed managers on such topics as harassment, personnel administration and the Workers Dispatch Act. We also held harassment training for all employees at the Kakogawa Factory, including managers.

## **Ensuring Diversity**

---

### **Embracing Diverse Personnel through Diversity and Inclusion**

Sysmex Corporation has evolved from the practice of "diversity," which simply welcomes diverse human resources, to the more extensive practice of "diversity and inclusion." This approach involves creating a working environment that is amenable to a wide variety of human resources, recruiting and stationing them without regard for nationality, race, gender or physical disability.

### **Aiming to Equalize Employment Opportunities**

Sysmex Corporation recruits new employees based the evaluation of individuals, without regard for gender, nationality, race, age, employment history or disability status. Specifically, we instituted year-round hiring to offer equal opportunities to people who had already graduated or had studied overseas and therefore might be at a disadvantage.

To ensure our ability to recruit personnel around the world, we conduct Company briefings and interviews overseas, as well as conducting Web-based briefings and interviews. In fiscal 2014, foreign personnel made up 19.7% of new recruits, including mid-term hires.

## Promoting Employment of People with Disabilities

Sysmex Corporation encourages the employment of people with disabilities. Targeting long-term employment, we design working conditions to maximize individuals' aptitudes and skills. In fiscal 2014, employment of people with disabilities amounted to 1.86%.

In addition to focusing on the hiring of people with disabilities, we are introducing Ostomates (toilets for people who have had colostomies or urostomies) and other barrier-free facilities, each month a Safety and Health Committee member visits workplaces to confirm that facilities are easily navigable by wheelchair. These are examples of our ongoing efforts to create a working environment that is amenable to people with disabilities.

## Employing Seniors—System for Reemploying Post- Mandatory Retirement Age Workers

Sysmex Corporation's mandatory retirement age is 60, but we have in place a system for rehiring until age 65 people who have retired at the mandatory retirement age and still wish to work. In fiscal 2014, 20 people who had reached the mandatory retirement age were rehired according to internal rules, up from the previous year's 16.

## Cultivating Female Leaders

One aspect of our efforts to support the success of women is an initiative to cultivate female leaders. In fiscal 2014, two female employees participated in a program run by Japan Women's Innovative Network (J-Win), an NPO that supports diversity management.

This program gathers women in the interest of career development, irrespective of business type or category, aiming to forge mutual support networks.

Providing opportunities for mutual training has proven successful at cultivating leaders. In fiscal 2014, our percentage of female managers\* increased by 0.46 percentage point, to 7.29% from 6.83%.

※ "Managers" indicate people who have subordinates or who are of a rank equivalent to those with subordinates.

## Overseas Example (United States): Formulation and Enactment of an Affirmative Action Program

Sysmex America has designed and put in place an affirmative action program aimed at encouraging diversity. The company also operates a variety of systems to support work-life balance among its employees.

# Employee Evaluation, Treatment, and Human Resource Development

---

## Employee Evaluation and Treatment

---

### Equitably Evaluating Personnel Based on Abilities and Accomplishments

Sysmex Corporation values the spirit of independence and challenge, provides employees with opportunities for self-fulfillment and growth, and rewards them for their accomplishments.

Based on the principle of fair treatment, Sysmex's basic approach toward evaluation is to "reward employees for capabilities that contribute to the enhancement of corporate value as well as for producing accomplishments." In addition to evaluating employees for their successes, we evaluate the processes leading to employee growth (competency evaluations). To achieve fairness and ensure that employees understand their evaluations, we show employees their evaluation results and their superiors' comments.

#### Basic Principles of the Personnel Management System

- 1. Ensuring long-term employment**
  - Establishing a double-linear-type competence-based rating frame that enables a diversity of employees to maximize their skills, and providing opportunities for self-realization and growth
- 2. Promoting the development and cultivation of diverse human resources**
  - Establishing competence-based rating standards and promoting cultivation of human resources and normalization of career advancement through clarification of promotion criteria
  - Evaluating not only accomplishments but also the processes of producing achievements (realization capability) in order to promote human resource development and the reform of corporate culture
- 3. Rewarding employees for capabilities that contribute to the enhancement of corporate value as well as for producing accomplishments**
  - Simplifying the relationship between evaluation and reward.
  - Creating a remuneration structure that is easy for everyone to understand and that rewards employees in accordance with their contribution, role, competency and accomplishments

### Supporting Employee Career Design

Sysmex Corporation employs a voluntary reporting system for all employees. The system affords each employee with the opportunity to consider their own career directions and life plan, as well as to affect their own skills development and placement according to the content of their reports.

## **Employment Figures (Status of Hiring and Turnover)**

Sysmex Corporation recruited 130 new hires in fiscal 2014, 42 people left the Company, and the turnover rate was 1.96%. As a result, the total number of employees (non-consolidated basis) as of March 31, 2015 was 2,323. Citing our high rate of retention for people three years after being hired, we tied for first in the Toyo Keizai ranking of "Excellent Companies for New Employees."

## **Hiring Contract and Temporary Employees to Regular Positions**

Sysmex Corporation actively hires contract employees and temporary employees as regular personnel. We have clarified our internal regulations for hiring people working on limited, fixed-term contracts, offering them fair opportunities for promotion. We put this information on our intranet to encourage thorough understanding of these rules. When renewing temporary employees' contracts, for employees that meet certain conditions we notify temporary placement agencies of the possibility of employing such personnel directly.

Through the ongoing application of these systems, 19 contract and temporary employees were promoted to regular positions in fiscal 2014.

## **Introducing Internal Awards Systems to Motivate Employees**

In fiscal 2011, Sysmex introduced the Group CEO Award system for recognizing individuals, organizations or groups that contribute most significantly to the realization of the Sysmex Way, our Group corporate philosophy, sharing these achievements throughout the Company each year. We provide awards for one individual and one group.

To motivate R&D engineers and heighten awareness of intellectual property, Sysmex Corporation has also introduced three patent award systems: the Patent Grand Prize/Patent Prize of Distinction, the Patent Meister and the Filing Commemoration Prize. We also present a Quality Award for success in quality improvements.

## **Overseas Example: Personnel Systems at Regional Headquarters**

Our regional headquarters for the Americas, EMEA\*, China and Asia Pacific have in place personnel systems in line with the legal frameworks and cultures of these regions.

In general, we use management by objectives approaches to evaluate personnel. To some degree, we also employ competency evaluations in the Americas, EMEA\* and Asia Pacific. We use talent management education for cultivating personnel and conduct level-based training. In addition, these headquarters have in place an employee exchange program with Sysmex Corporation in Japan to promote global personnel intercourse and training.

\* EMEA: Europe, the Middle East and Africa

# Human Resource Development

## Human Resource Development Based on Four Concepts

Based on its four concepts for human resource development, Sysmex Corporation operates a training system offering selective, rank-based and elective training that seeks to nurture personnel in a planned and gradual manner. In fiscal 2014, on average each employee underwent 28.2 hours of training, and average per-employee expenditure amounted to ¥157,789\*. Furthermore, in April 2015 Sysmex opened the Global Communication Center in Okuike, Ashiya, Hyogo Prefecture. This new facility aims to serve as a gathering place for people of diverse cultures and values, encouraging communication in surroundings that provide a break from everyday routines and foster broader networks.

\* This figure indicates training provided by the Human Resources Department and excludes certain types of training, such as self-development and training related to specialized work for divisions.



New employee training

### ■ Four Concepts of Human Resource Development

1. Link training, evaluation and work (show results)
2. Promote globalization of the Sysmex Group
3. Invest in ongoing human resource development
4. Be a company that cultivates human resources and personal growth

### ■ Three Core Training Systems

Training Type	Objective
Selective training	<ul style="list-style-type: none"> <li>● Cultivate global leaders</li> <li>● Cultivate future management personnel</li> </ul>
Rank-based training	<ul style="list-style-type: none"> <li>● Acquire the minimum level of understanding and expertise in management and issue resolution required at each level</li> <li>● Promote communication between departments</li> </ul>
Elective training (Sysmex College)	<ul style="list-style-type: none"> <li>● Obtain practical expertise, knowledge and skills on business execution</li> <li>● Gain various types of business management expertise</li> </ul>

### ■ Outline of the Global Communication Center

Location :	Ashiya, Hyogo Prefecture
Site area :	33,399m <sup>2</sup>
Floor space :	2,914m <sup>2</sup>
Facilities :	Training room, conference room, collaboration space, theater room, lodging facilities, cafeteria, etc.



Global Communication Center (theater room)



## Focusing on the Cultivation of Global Human Resources

Systemex focuses on developing global human resources, which are core to its global business. We introduced the Global Apprentice Program targeting younger employees in fiscal 2011. We solicit participants internally for this program, which offers employees the opportunity to work at overseas subsidiaries and is open to employees who aim to develop global careers. The objective of the program is to foster a core of global personnel within the Company.

Upon their return, the employees participate in debriefing meetings, where they report on their experience working in overseas market environments. This approach helps to convey information about overseas conditions to Systemex in Japan. By the end of fiscal 2014, a total of 25 employees had been dispatched overseas through this program.



Employees strengthening ties through the Global Apprentice Program

## Promoting a Global Personnel Exchange Program

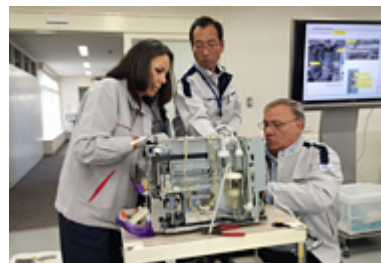
Systemex introduced the Global Personnel Exchange Program in fiscal 2012 to promote mutual exchange between employees in Japan and at Group companies overseas. The program aims to strengthen ties through deeper mutual understanding.

In fiscal 2014, a total of 20 employees from the Americas, EMEA\*, Asia Pacific, China and Japan regions underwent training under this program in November. They experienced operations at headquarters in Kobe and participated in discussion and forums, as well as deepening relations through customer visits. In December 2014, Japanese employees visited Systemex Europe in Germany, fostering mutual understanding by experiencing operations there and participating in opinion exchanges.

\* EMEA: Europe, the Middle East and Africa



Discussion forum



Interacting with employees in other regions through operational experiences

## Enhancing the Skills of Employees in Manufacturing Workplaces

Enhancing the technical skills of employees who are involved in manufacturing is important for Systemex, which produces medical equipment. Accordingly, Systemex Corporation has established the Monozukuri Training Center to provide hands-on training throughout the year in the knowledge and skills needed to manufacture Systemex products.



Training at the Monozukuri Training Center

## Training to Generate New Innovation

During a one-year period from September 2013, Sysmex Corporation's Central Research Laboratories undertook an initiative known as "Developing an Organization for Radical Innovation."

The Central Research Laboratories has three primary roles: generating innovations, tracking leading technology trends and resolving issues raised by business departments. In its role as the Group's intellectual powerhouse, it is important for the laboratories to generate innovations that deliver technology transformations and create value—in short, "radical innovations."

The activity involved dividing the laboratories up into seven technology teams, each of which took on the challenge of boosting innovation in their respective areas. At the results presentation in September 2014, members described the objectives their teams had set, their activities over the past year and what their thoughts were on these themes going forward. We plan to continue this initiative.



Activity logo



Results presentation

## Overseas Example (France): Conducting Language Training to Enhance Communications within the Group

As numerous languages are used throughout Europe, communicating with other regions is an important task. In addition to English, employees need to be proficient in many countries' official languages.

HYPHEN BioMed, a Sysmex Group company in France, brought in English- and French-language instructors in fiscal 2014 and set up a new language training program. This program divides students into groups, providing instruction depending on their proficiencies and needs. The courses work to raise language skills through coursework using DVDs and other materials, as well as role plays and discussions, and tests are conducted to evaluate progress. A number of students of this program commented on how it has improved their communications within the Group.

## Overseas Example (Germany): Actively Supporting Employees' Personal Growth

In addition to specialized skill development and personal development courses for employees, Sysmex Europe has in place a language training programs (English and Japanese), and all employees undergo training on a regular basis.

For example, Sysmex Europe conducts "Sysmex Academy" providing product-related training and "HR Academy" to enhance "soft skills" like team-building, leadership and language proficiency through face-to-face lectures or e-learning. It also has "On-Boarding Training\*" to support employee growth.

\* On-Boarding Training: An internal training method used to help newly hired employees to fit in organization's environment quickly

## **Overseas Example (Asia Pacific): Concentrating on Boosting Employees' Skills**

Systemex Asia Pacific collaborates with outside institutions to give all employees access to online training via Systemex University and has set up a monthly e-learning program. By introducing employee skill development programs and cross-training to encourage mutual skill-building, the company works to help its employees develop their capabilities.

Alongside systems such as these, each employee's plan for individual growth is set and the progress is checked every year.

# Ensuring a Work-Life Balance

---

## Systems to Support Both Work and Child-Rearing

---

### Providing a Host of Leave Systems and Supporting Child-Rearing with an In-House Daycare Center

Sysmex Corporation has created diverse programs to provide support, from pre-natal to child-rearing. In addition to leave systems for fertility treatments and morning sickness, we offer child nursing leave until a child reaches two years of age, a system for shorter working hours until a child reaches junior high school age and a flex-time system that differs by type of work. When an employee needs to take time off work to nurse a child, they can do so under a program that allows them to use accumulated paid leave in addition to statutory leave.

In line with the growing demand for male employees to participate in childcare, we are considering a system that would allow men to take special leave prior to their spouse giving birth, offering two additional days to be taken within one month of the birth to make any necessary preparations. Employees are also eligible for "nurturing leave," under which they can take special leave of three consecutive days to care for children up to one year of age.

We have set up Sysmex Kids Park, an in-house daycare center that accepts babies and toddlers, at Technopark, our core R&D base. The center offers short-term as well as full-time daycare, so that employees whose spouses work on a part-time basis or who find it difficult to take care of their children due to caretakers' illness, bereavement or other circumstances may also temporarily utilize the service.

Furthermore, we provide a reemployment system to enable employees who were forced to suspend their career paths due to child-raising with opportunities to resume their work. In recognition of its planned implementation of such systems, Sysmex Corporation received the next-generation support certification logo (nicknamed "Kurumin") from the Ministry of Health, Labour and Welfare.



In-house daycare center, Sysmex Kids Park



Next-generation support certification logo (nicknamed "Kurumin")

## ■ Use of Principal Support Systems (Fiscal 2014)

System	Description	Users
Shorter work hour system for child rearing	Until a child completes the sixth year of elementary school (Statutory requirement: Until the child reaches three years of age)	50
Leave of absence system (childcare leave, childbearing leave)	Childcare leave: until the child turns two (Statutory requirement: In principle, until the child reaches one year of age)	92
Accumulated paid leave system	Accumulated paid leave for up to 10 days of annual paid vacation from previous years can be taken for child nursing or short-term nursing purposes (Statutory requirement: Five days per fiscal year, 10 if two or more children or subject family members)	26
Reemployment system	System to reemploy people who previously left the Company for childcare or nursing-related reasons	5 enrollment
In-house daycare system	Daycare center provides care for infants and children up to entry into elementary school, which is available for full-time or temporary childcare.	23 children

## Other Programs to Support a Work-Life Balance

---

### Supporting Nursing Care, Corporate Citizenship Activities and Others

One of Sysmex Corporation's systems to realize a work-life balance among its employees offers short-term nursing care leave if seven or more consecutive days are required for the recovery of a family member undergoing medical consultations or to accompany family during hospital stays. This time can be deducted from accumulated paid leave. In April 2014, we introduced a unique "income indemnity system" to provide a nursing care leave stipend, aiming to help offset the loss of income from taking leave, as well as unexpected expenses, for people taking one month or more of nursing care leave. Furthermore, we have a system for rehiring employees whose careers have been interrupted due to nursing care.

In addition to these, we have introduced a volunteer leave system. This program enables employees participating in social contribution activities to take up to 10 days of leave in a year, two of which are accounted for as paid leave. Other programs include donor leave, whereby bone marrow and other donors receive up to five days of paid leave each time. Through diverse systems of this nature, Sysmex works to support a work-life balance.

## **Supporting a Return to the Workplace Following Leave**

In February 2013, Sysmex Corporation introduced a new support system to facilitate the smooth return to work of employees who have taken childrearing or nursing care leave, and the employee is loaned a tablet or notebook PC that he or she can use to connect to the Sysmex email system and intranet. Three months prior to returning to work the employee on leave can begin viewing "in-house only" company information. We require employees to consult with their superiors before commencing use of this system. This provides an opportunity to communicate about working styles after returning to work before that time is actually reached.

Being cut off from the workplace can be an obstacle to a later smooth return. However, this set-up allows the employee to access Company information at home in real-time, and enables better communications with colleagues through email. This IT-based system helps the employee get through the leave period without experiencing the torment of feelings of alienation and loneliness, and also allows the employee to play an active role at the workplace upon his or her return.

## **Promoting the Use of Systems that Support a Work-Life Balance**

Sysmex Corporation provides a dedicated site on the Internet to provide easy-to-understand explanations of its programs for supporting a work-life balance. We also hold briefings to promote awareness. Employees receive individual e-mail notifications about programs that we particularly wish to encourage.

In fiscal 2014, we conducted briefing sessions at headquarters to raise awareness of work-life balance and encourage the use of new leave systems.

## **Efforts to Enhance Employee Satisfaction**

We conduct employee satisfaction surveys targeting all employees of the Sysmex Group in Japan. Survey results are fed back to individual departments, where they serve as a basis for enhancing satisfaction levels further. Departments whose survey scores are flat receive visits from human resources department members, who offer advice on improvements. Going forward, we will accelerate these initiatives with a view to meeting the employee satisfaction targets in our Mid-Term Management Plan and Mid-Term CSR Plan.

Overseas Group companies are also conducting employee satisfaction surveys and undertaking initiatives to raise satisfaction levels.



## **Overseas Example (United States): Operating Numerous Systems to Help Manage Work-Life Balance**

Sysmex America caters to diverse working styles by allowing employees to work at home and provide them with equipment necessary to do so. Employees who wish to may also opt for part-time or flex-time working arrangements.

To make every day work more comfortable, Sysmex America has a casual dress code. The company also has in place a number of leave programs in addition to paid leave, such as congratulatory and condolence leave, family leave and healthcare leave. To encourage employees to make full use of their vacation time, Sysmex America works with outside purveyors of travel, shopping and other leisure services to offer employee discounts. If a family member should suddenly fall ill, employee can receive support from third party making contracts with Sysmex America in order to facilitate a balance between childcare, nursing care and work.

# Respecting Workers' Rights

---

## **Upholding the Freedom of Labor Association and Recognizing the Right to Collective Bargaining**

---

### **Participating in the Global Compact and Supporting Core Labour Standards**

Sysmex is a member of the Global Compact and provides clear notice that it respects the ILO's Core Labour Standards of the Global Compliance Code. In addition, we uphold the freedom of association and recognize the right to collective bargaining.

All full-time employees of Sysmex Corporation, except those holding managerial posts and some in back-office operations, are members of the Sysmex Union, the in-house labor union. In fiscal 2014, membership accounted for 62.3% of employees. Sysmex Vietnam, as well as Jinan Sysmex and Sysmex Wuxi in China, have formed labor unions that regularly conduct collective bargaining.

## **Labor–Management Dialogue**

---

### **Engaging in Dialogue with Labor Unions at Group Companies**

Sysmex Corporation engaged in collective bargaining with the Sysmex Union in May 2014, agreeing to raise base salaries through weighted allocations based on evaluations and job grades.

We held 11 council meetings between labor and management in fiscal 2014, discussing such topics as personnel evaluations, wage optimization and management of working hours. Group companies overseas also take part in labor–management dialogue according to conditions in each region.

### **Employee Opinions Reflected in Management**

Sysmex conducts a Corporate Culture Survey of all Group employees every two years, and we analyze replies to questions on over 100 categories to gain an understanding of unspoken rules and values within the organization, as well as of the degree of effectiveness of various measures. This is useful in discovering and resolving the issues surrounding the Group.

# Considering Safety and Health

---

## Assurance of Safety and Health at Workplaces

---

### Explicitly Ensuring Occupational Health and Safety in the Global Compliance Code

System's Global Compliance Code clearly states the Company's goal of "ensuring occupational health and safety," and we are conducting a number of activities in this vein.

#### **System Group Compliance Code (Excerpt)**

##### **8-4 Assurance of safety and health at workplaces**

We must adhere to laws and regulations related to safety and health practices so that every employee may work with peace of mind, and must maintain and enhance the mental as well as physical health of every employee so that a safe and comfortable working environment can be established.

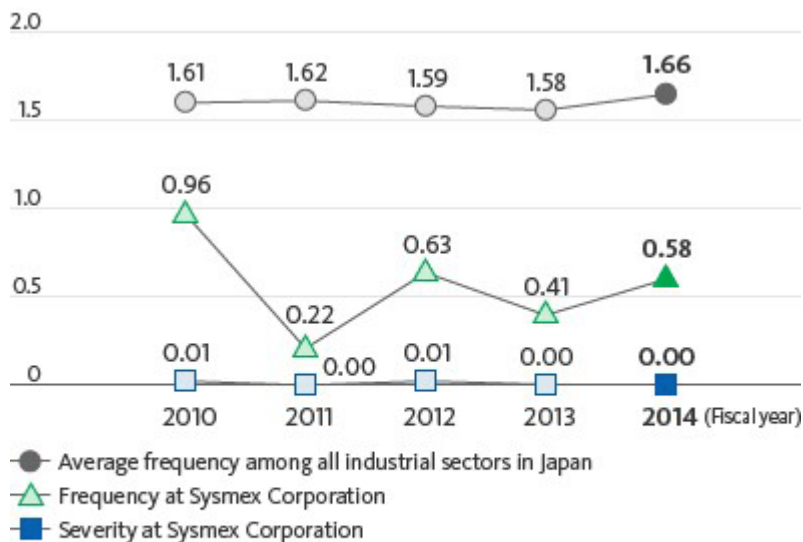
### Promoting Cooperation between Executives and Employees on Occupational Safety and Health

To ensure the health and safety of its workers, System Corporation has formulated Safety and Health Regulations. At each business site, we hold regular meetings of the Safety and Health Committee, which is chaired by the executive at the head of that office, and are attended by employee representatives. These meetings are held in the interest of creating a safe working environment. In addition to examples of near misses and occupational accidents, the committee tours workplaces to identify risks and, from a risk management perspective, determine causes and deliberate short- and long-term countermeasures. Health and safety topics are also discussed at council meetings between labor and management. A system is in place for reporting to the executive officer in charge of human resources, thereby ensuring management awareness regarding health and safety risks and dealing with those risks.

As preparation for an accident or sudden illness, employees are given training on emergency measures, how to evacuate when an accident occurs and how to handle machinery and raw materials that are potentially dangerous. We conduct AED training and regular courses to train citizen emergency response personnel. We also conduct disaster-preparedness training, and in fiscal 2014 we conducted disaster drills at all locations, including the newly established i-Square.

In fiscal 2014, the frequency of work-related injuries was 0.58 (3 injuries, 0 deaths) and the severity rate was 0.00.

## ■ Frequency and Severity of Work-Related Injuries (Sysmex Corporation)



Notes: Frequency of work-related injuries: the number of employee deaths or injuries resulting from work-related accidents per million hours.  
 Severity of work-related injuries: the ratio of the number of days absent from work due to work-related injuries per thousand hours worked.

## Preventing Overwork

Sysmex Corporation focuses on reducing long working hours, which can impair physical and mental health. In addition to complying with related legislation, we have in place internal standards for working outside regular hours or on holidays that are stricter than the guidelines set by the Ministry of Health, Labour and Welfare. Employees who exceed these standards are required to communicate this fact to their superiors, submit a voluntary check form and, if necessary, meet with an industrial physician.

## Overseas Example (Brazil): Obtaining Certification under OHSAS 18001\*

Sysmex Brazil has acquired OHSAS 18001 certification, an international standard for occupational health and safety management systems.

\* OHSAS 18001: This standard, issued in 1999 based on BS 8800, which was developed by the British Standards Institute (BSI) in 1996, consists of some 30 certification bodies and standardization organizations in various countries.

## Overseas Example (China): Making Factory Workplaces Safe and Comfortable

At our factory in Wuxi, one of two reagent factories in China, we have introduced personnel management based on OHSAS 18001. We have established a Safety and Health Committee, work to determine the status of any work-related injuries and are promoting numerous initiatives, such as operational improvement and disaster training.

At our other Chinese reagent factory, in Jinan, we have sought to create an environment where employees can work in safety and comfort by ensuring that the workplace is both safe and clean. For example, we have mechanized the conveyance of heavy products in the aim of reducing workplace accidents. We also use natural lighting in workplaces, which has a refreshing effect, to create bright and healthy-feeling spaces. We have expanded our employee welfare facilities, such as the dining hall and recreation areas, and made a biotope and walkways that impart a refreshing natural feeling.

## Maintaining and Improving Health

---

### Maintaining and Improving Employees' Health

Symex Corporation encourages employees to undergo thorough physical examinations and cancer tests for women, in addition to regular health checkups, for the early detection of illness. Annual Kokoro no Health Checks are also performed annually to confirm mental health and to uncover any harassment-related situations. We provide channels for health consultations throughout the Company, and have in place systems where employees can meet with industrial physicians and public health nurses. We also have established an employee assistance program (EAP), enabling employees to seek help easily.

Should long-term leave become necessary, we provide economic compensation and have introduced a system to ease employees back into the workplace when they recover, providing an environment where they can work with confidence.

As welfare facilities to encourage health maintenance, on the grounds of the Solution Center—the Company's customer service headquarters—Symex Corporation provides sports grounds and tennis courts, as well as a gymnasium with training equipment. We hold events and seminars as needed to raise employee awareness of physical health maintenance. Employee cafeterias also offer healthy menu options.

### Holding Health Events

Symex has introduced a campaign that takes advantage of opportunities to heighten employee awareness of health.

In fiscal 2014, we held "wellness fairs" in June and February, erecting panel displays and offering consultations with managerial dietitians. In addition, we conducted a "clean blood experience" event, where employees could measure the status of their blood flow. This event was instrumental in raising awareness of blood from a health perspective.

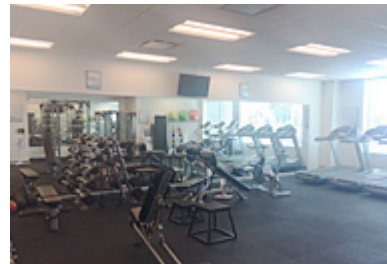


Wellness fair

## Overseas Example (United States): Placing a Fitness Room That Is Free to Employees

To encourage health awareness, Sysmex America provides a fitness room that employees are free to use.

Each year, the company pays health and fitness allowances to help employees purchase any equipment they may need. Furthermore, Sysmex America subsidizes health checks and influenza vaccines.



Fitness room



# Corporate Citizenship Activities

---

## — Core Behaviors —

As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.



### **Policy on Corporate Citizenship Activities and Philanthropy** >

Systemex contributes actively to society's health and local communities. We also support the voluntary efforts of our employees.

### **Activities to Promote a Healthy Society** >

Through activities such as participation in a medical industry development project, we take part in a variety of activities to contribute to the advancement of healthcare and the creation of a healthy society.

### **Contributing to Local Communities** >

Having operations in locations around the world, Systemex takes part in numerous activities aimed to help resolve the issues local communities face.

### **Promoting Employees' Social Contribution Activities** >

We have formulated a Social Contribution Point Program to encourage employees' active participation in volunteer activities.

# Policy on Corporate Citizenship Activities and Philanthropy

---

## Policy on Corporate Citizenship Activities and Philanthropy

---

### Formulation of a Policy Indicating Our Directions on Corporate Citizenship Activities

#### Policy on Corporate Citizenship Activities and Philanthropy

Systemex actively carries out corporate philanthropic activities to promote a healthy society and vibrant community, and also facilitates our employees' personal participation in volunteer efforts.

- **Contribution to a healthy society**

Systemex actively utilizes its resources in the healthcare field to carry out philanthropic activities and promote the building of a healthy society.

- **Cooperation toward a vibrant local community**

Systemex acts as a responsible and socially-conscious corporate citizen by cooperating with the local community through donations, sponsorships and involvement in philanthropic programs.

- **Facilitation of employees' volunteer efforts**

Systemex will facilitate employees' participation in volunteer efforts as citizens of the world, members of Systemex group that contribute to healthcare in the world, and emphasize community involvement and development.

Established May 2012

# Activities to Promote a Healthy Society

---

## Activities in Japan

---

### Participation in the Kobe Medical Industry Development Project

The Kobe Medical Industry Development Project aims to create a focal point among healthcare industries in Kobe through industry–government–academia cooperation.

In March 2014, Sysmex Corporation opened Sysmex IBRI within the Translational Research Informatics Center, one of the project’s core facilities. Sysmex IBRI is an open lab that promotes collaborative research between various medical institutions and companies and aims to further expand our scope of research.

### Funding of University Courses

Since fiscal 2004, Sysmex Corporation has contributed funds to a course at the Kobe University Graduate School of Medicine. Personalized medicine is a challenge that has arisen in recent years, and this course is aimed at promoting advances in developing and verifying the utility of new laboratory testing methods, thereby contributing to its realization. In addition to achieving accuracy in diagnoses, this research also contributes to the establishment of methodologies that can provide patients with efficient treatment with few side effects, and we expect the research to make significant contributions to society.

The Nakatani Foundation of Electronic Measuring Technology Advancement, established to promote the development of electronic measuring instruments, became a public interest incorporated foundation in 2012 and changed its name to the Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering. This foundation provides the Nakatani Award and grants for research in the field of biomedical measurements and related technologies. Fiscal 2014 marks the foundation’s 30th anniversary of establishment. In commemoration, the foundation expanded its research grants and extended its grant-giving activities to include grants for overseas study and to promote science education at the junior and senior high school level.

From the time of its launch through fiscal 2014, the foundation has provided 347 grants amounting to a cumulative\* ¥745.67 million.

\* The cumulative amount of grant money includes Special Research Grants, which are for two-year.

## Participating in the Global Health Innovative Technology Fund

Sysmex is working on development of testing technologies targeting malaria, dengue fever, HIV and other diseases, as well as developing products to contribute to the diagnosis of infectious diseases in emerging markets and developing countries.

In June 2015, Sysmex decided to participate in the Global Health Innovative Technology (GHIT) Fund\*, which states its vision as "one in which the crushing burden of infectious disease no longer prevents billions of people in the developing world from seeking the level of prosperity and longevity now common in the industrialized world," and aims to contribute to healthcare in developing countries by applying technological innovations developed in Japan. In addition to supporting the fund through contributions, we will look for ways to utilize our diagnostic reagents technologies for infectious diseases and thus contribute to global healthcare standardization and quality improvements.

\* The Global Health Innovative Technology Fund (GHIT Fund) is an international non-profit organization that promotes Japanese drug discovery and development with the aim of controlling infectious diseases that are particularly widespread in developing countries, including AIDS, tuberculosis, malaria and neglected tropical diseases (NTDs). The organization is the first Japanese public-private partnership, with members including representatives from the Japanese government, the United Nations Development Programme (UNDP), the pharmaceutical industry, and the Bill & Melinda Gates Foundation. By promoting collaboration among Japanese and overseas research institutions and providing grant funding, the GHIT Fund encourages drug discovery and the development of diagnostic reagents.

## Continuing to Support Blood Donations

Sysmex, which provides the testing instruments used for blood donations, is also an active participant in blood donations. Several times each year, employees at Technopark, the Kakogawa Factory, the Ono Factory, the Seishin Factory and other facilities cooperate with the blood donation activities of our local Red Cross center in Hyogo Prefecture.

In fiscal 2014, we conducted blood drives at all our business offices in Japan, including twice at our new location, i-Square. In total, 247 employees participated in these activities. To increase our support for the Japanese Red Cross Society as a healthcare company, in fiscal 2014 we registered as a "blood donation supporting company."



Employees participating in a blood donation



## Conducting a Training Course for Citizen Emergency Life-Saving Technicians

Each year, Sysmex Corporation holds a training course for citizen emergency life-saving technicians at Technopark or the Solution Center. Certified by the fire department and the city of Kobe First Aid Support Team (FAST), this course is designed to train people in appropriate responses in the event of illness or injury.

In addition, each year since 2008 we have conducted Basic Life-Saving Certification for Sysmex Corporation employees. In fiscal 2014, 11 employees at the Tokyo Office underwent this training. By encouraging as many people as possible to gain life-saving knowledge and skills, we contribute to a confident society.



Training course for citizen emergency life-saving technicians

## Participating in International Cooperation Efforts

Sysmex takes part in international cooperation efforts by Japan's Ministry of Foreign Affairs and the Japan International Cooperation Agency (JICA) by providing materials and instruments (either by extending yen credit or through outright donation) aimed at raising the level of healthcare in emerging and developing countries.

Every year, Sysmex hosts trainees visiting Japan through JICA programs at its research facilities. In fiscal 2014, we conducted training four times at i-Square and other facilities for participants from Africa, Asia Pacific and Central Asia. As a new initiative, in February 2015 we conducted a training seminar for JICA personnel. Trainees learned first about the Company's personnel systems and then took part in an exchange of opinions.



JICA trainees

## Participating in and Exhibiting at MIRAI EXPO'15

Sysmex participated in and exhibited at MIRAI EXPO'15, an exhibition for the general citizenry held in Kobe as part of the General Assembly of the Japan Medical Congress 2015 Kansai during a nine-day period from March 28, 2015. Operated under the concept of an "exhibition about your life and medicine," this participatory event aimed to introduce recent medical, healthcare and health-related technologies to people of all ages, from children through adults.

To set the mood for this event, as a local company Sysmex took part by exhibiting at a joint booth with Kawasaki Heavy Industries, Ltd., and Mediaroid Corporation. Through quizzes and various experiential activities at the Sysmex booth, we prepared a variety of content to help numerous participants to learn about blood in an enjoyable manner.



Children enjoying learning about blood

## Producing Illustrated Books to Promote Education and Awareness

We produce an illustrated book to promote education and awareness of illness and testing. We distribute this book to hospitals and clinics, which place it in waiting rooms and other locations. Because the book features easy-to-understand explanations in narrative form of the characteristics of illnesses, as well as their testing and treatment, it draws the interest of children and others who have little knowledge about medicine.

## Overseas Activities

---

### Supporting a Program to Commend Excellent Healthcare Institutions (Indonesia)

In November 2014, Indonesia's Ministry of Health awarded particularly excellent healthcare institutions, or "*puskesmas*," handling regional primary healthcare and conducting health preservation activities. Commendations were awarded in two categories, "urban" and "rural," with three *puskesmas* receiving awards in the former category and six in the latter.

Through this award program, the Indonesian government is working to improve the functions of healthcare institutions within the country. Sysmex Indonesia supported the program, along with other healthcare companies.



Award ceremony



# Contributing to Local Communities

---

## Contributing to Community Development

---

### Holding events for communication with local community

Every year, Sysmex Corporation invites community residents to its offices to strengthen its relationship with the local community. In May 2014, we opened the gardens at Technopark for an event in which some 600 members of the local community joined and strolled about the grounds. On the day of the event, lectures were held on such topics as "the state of breast cancer treatment and personalized medicine" and "cervical cancer screening." Participants also took part in a health check using ASTRIM FIT, our product for checking estimated blood hemoglobin levels without sampling. Through activities such as these, we sought to spark interest in healthcare and testing. In July, Technopark received an award from the city of Kobe for its efforts to promote citizens' health and contribute to an improved awareness of nutrition.



Open gardens at Technopark

In addition, as in the previous year, in October we opened the Minato Ijinkan to the general public. A historical edifice constructed in 1906, the structure had become decrepit and was closed to the public in 2008. In September 2012, Sysmex rented the building, performed renovations and now uses it as a guest house. In addition to making the building open to the public, we held a photo exhibit introducing the history of Kobe and arranged for other enjoyable events. Some 200 people visited. We plan to open Minato Ijinkan to the public on a regular basis going forward.



Minato Ijinkan

### Supporting Various Events and Organizations to Stimulate the Local Community and Contribute to Cultural Development

Sysmex Corporation supports local development through donations and sponsorship.

For example, Sysmex is a regular sponsor of Kobe Luminarie, an annual illumination event that originated as a memorial for the victims of the 1995 Great Hanshin–Awaji Earthquake and which is held in the hopes of reconstructing/restoring Kobe and all of Hyogo Prefecture. We also cooperate with the Kobe Oji Zoo's Animal Sponsor Program. The program invites individuals and businesses to support the zoo by sponsoring particular species of animal at the institution. We elected to support the giant pandas. In addition, we support the following organizations and events.

### **Stimulating the Local Community**

- 44th Kobe Festival
- Kobe Seaside Bon Odori
- 87th Hyogo Prefectural Elementary, Junior High and High School Art Show
- Third Hyogo Concert by the Japan Virtuoso Symphony Orchestra
- Others

### **Supporting Culture-Related Programs**

- C.A.P. Umi no Ue Project
- Hyogo Prefectural Museum of Art
- Et al.

### **Others**

- Global Health Innovative Technology Fund (GHIT Fund)
- "Global Human Resource Development Community" Japan Public-Private Partnership Student Study Abroad Program
- Japan Association for the United Nations World Food Programme
- Foundation for Computational Science
- Save the Children
- Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering
- Kobe Biomedical Innovation Cluster
- Hiroshige Kagawa Project for Connection with Huge Paintings Tohoku and Kobe 2015
- Et al.

## **Sponsoring Local Sports Team**

To energize local Kobe sports teams, Sysmex Corporation sponsors Vissel Kobe, a Japanese professional J. League soccer club.

In addition to promoting the local community, through such initiatives Sysmex aims to contribute to a healthy community through sports.

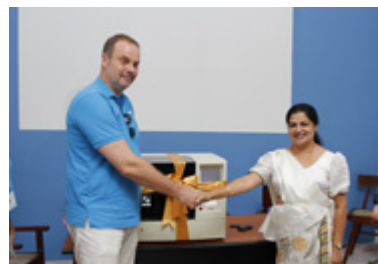
## **Overseas Example (Asia Pacific): Conducting Various Activities to Address Problems in Local Communities**

Sysmex Group companies in the Asia Pacific region take part in various local community contribution activities under the Greener Sysmex Project, seeking to help resolve the issues faced by local communities.

In fiscal 2014, regional headquarters Sysmex Asia Pacific conducted New Year Helping, a fund-raising activity. The total of US\$7,650 raised through employee donations and company contributions went to provide food, powdered milk and kerosene to 306 destitute households at the start of the new year.

We also take part in such community activities as those described below.

- At a Business Partner Meeting held in Sri Lanka, we donated our testing instruments to local hospitals and provided items for a first aid room to school. (Sysmex Asia Pacific)



Donating testing instruments to hospitals (Sri Lanka)

- To support the local Orang Asli ("local aborigines") a team of employees contributed by constructing housing and through endowments. (Sysmex Malaysia)
- We held a dinner party after Ramadan for single mothers and orphans in the local community. All employees participated in providing traditional foods and a magic show. (Sysmex Malaysia)
- We provided contributions and conducted fund-raising activities for an organization supporting children with cancer, heart disease and auditory abnormalities. (Sysmex New Zealand)

## Overseas Example (Germany): Contracting out Some Work to Organizations Supporting People with Disabilities

Sysmex Europe supports initiatives to promote the autonomy of people with disabilities by outsourcing activities such as sorting materials at its reagent factory to supporting organizations and welcoming people with disabilities to work on its production lines.

## Support for Disaster-Affected Areas

---

### Support for Disaster-Affected Areas in Indonesia and Malaysia

On December 12, 2014, a major landslide occurred in Indonesia's Banjarnegara region. Some 108 people lost their lives in the disaster, and 600 people in 105 households required evacuation. Given this situation, Sysmex Indonesia conducted a fund-raising event from December 15, contributing the collected funds to purchase diapers, towels, toothpaste and other everyday items to send to the affected area. On December 20, the company and its local distributor made a contribution to assist people in the disaster-affected area. Going forward, we plan to continue providing long-term support.

Also, in December 2014 Sysmex Malaysia collaborated with local medical institutions to provide food, drinks and other emergency items to 100 families affected by flooding on Malaysia's eastern seaboard.



Providing everyday items to a disaster-affected area in Indonesia

# Contributing to the Education of the Next Generation

---

## Supporting the Education of Youth

Sysmex Corporation cooperates in the Try-yaru Week workplace experience program held for Hyogo Prefecture junior high school students. We also take part in the Science Fair in Hyogo, an event participated in by companies, universities and research institutions, at which math and science high school students in Hyogo Prefecture annually present their research results.

At the 7th Science Fair in Hyogo, held in February 2015, we provided a health check experience that involved ASTRIM FIT, our product that measures estimated hemoglobin levels without the need for blood sampling. We also put up posters explaining our business. The ASTRIM FIT proved popular, being tried by nearly 200 people.

## Hosting Internships and Company Tours

Sysmex Corporation accepts ambitious students on internship programs. In fiscal 2014, we hosted 75 students from three universities in Hyogo Prefecture, providing an opportunity to learn about the role public health nurses play at companies. In addition, we hosted a tour of i-Square, our new instrument factory, and the Solution Center for 63 junior college students studying laboratory testing. We also actively host students from overseas. In fiscal 2014, we accepted three students from the Indian Institute of Technology to teach them about Sysmex's unique technologies. In addition, 25 students from Cranfield University in the United Kingdom joined Kobe University students in a tour of the Sysmex Corporation Solution Center. This tour was part of a one-week Japanese company experience program in which students visited multiple companies.

Sysmex Asia Pacific also conducts company tours for students of local technical schools.



Student interns from India

# Nature Preservation and Clean-up Activities

---

## Forest Conservation Activities

Systemex, which uses water in its core reagent production activities, recognizes that contributing to local watershed protection is an important social responsibility. The Company also aims to contribute to the preservation of biodiversity.

For these reasons, in fiscal 2013 we began taking part in forest maintenance activities based on the "Enlist the Participation of All Citizens in Creating Woodland" project being promoted by the Hyogo Prefectural Government. To this end, we took responsibility for a two-hectare portion of the 17-hectare Kawai Kaiteki Forest near our reagent factory in the city of Ono, Hyogo Prefecture. We dubbed this portion the "Systemex Forest" and set about making the *Satoyama* (a human-influenced natural environment) a place of tranquility for people and wildlife.



Thinning the forest



Systemex Forest

## Clean-up Activities

Employee volunteers from Systemex's business offices around Japan take part in efforts to clean areas around their business offices. In fiscal 2014, some 700 employees took part in these activities.

At Systemex New Zealand, employees conduct a clean-up activity on Motutapu Island on the company's Volunteer Day. Located in New Zealand's north, Motutapu Island is known for its abundant nature.



Employees taking part in clean-up activities (Systemex New Zealand)



Employees participating in clean-up activities (Systemex Medica)

# Promoting Employees' Social Contribution Activities

---

## Systems to Facilitate Employees' Efforts toward Social Contribution

---

### Introduction of a Social Contribution Point Program to Encourage Employee Volunteer Activities

Systemex introduced a Social Contribution Point Program in April 2014. Under this program, employees earn individual points for taking part in social contribution activities, as well as for participating in social contribution events sponsored by the Company. The Company makes a donation corresponding to the number of points accumulated at the end of each fiscal year. Under this program, in fiscal 2014 Systemex donated ¥970,000 worth of measles vaccines, antimalarial mosquito nets and emergency medical kits to developing countries via UNICEF.

#### ■ The result of the Social Contribution Program in Fiscal 2014

Approximately 28% of Group employees in Japan participated, a total of 837 people.

A total of ¥972,200 was donated, corresponding to 9,722 points.

- Measles vaccines: 10,600 doses
- Emergency medical kits: 78
- Antimalarial mosquito nets: 770





# Environmental Conservation Activities

---

## — Core Behaviors —

We carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards. As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.



### Environmental Policy >

We have formulated an environmental policy and core behaviors for the creation of a fulfilling and healthy society through environmental conservation activities.

### Environmental Management >

We have obtained international ISO 14001 certification at our major business offices in Japan and overseas, and we undertake other activities in a planned manner.

### Environmentally Conscious Products and Services >

Our products and services comply with laws and regulations, and we pursue initiatives to reduce environmental impact.

### Environmental Consciousness at Business Offices >

We endeavor to identify and reduce environmental impact at our business offices, including direct and indirect greenhouse gas emissions, waste discharge and water use.

### Other Environmental Considerations >

We examine the impact of our businesses on the environment from various angles and introduce countermeasures as necessary.

### Green Procurement >

Systemex promotes green procurement to reduce the environmental impact of its products.

### Environmental Data >

Systemex quantitatively monitors environmental burden to efficiently promote environmental conservation activities.

# Environmental Policy

---

## **Environmental Policy**

By shaping the advancement of healthcare, our global environmental conservation activities contribute to the creation of a fulfilling and healthy society.

### **Core behavior**

1. We deliver reassurance to all people by carrying out business activities in an environmentally conscious manner.
2. We strive to provide eco-friendly products and services while giving careful thought of environmental issues throughout their life cycles.
3. We strive to conserve energy and resources, reduce wastes, promote recycle and properly control chemical substances in all business activities.
4. We comply with all applicable national or regional environmental regulations, standards and agreements.
5. We continually improve our environmental conservation activities and work diligently prevent pollution and minimize the impact our products have on the environment.
6. We contribute to society through environmental conservation activities as a member of the community, while educating and raising the environmental consciousness.
7. We establish environmental objectives and targets consistent with this environmental policy, and measure our performance against them.

Revised May 2009

# Environmental Management

---

## Environmental Management System

---

### Promoting Environmental Activities

Sysmex is pursuing groupwide to achieve the targets set in the Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020), which was set in fiscal 2010 and revised in fiscal 2015.

We have also formulated a new Mid-Term Environmental Action Plan for the fiscal years 2015 to 2017. The plan sets target values for reducing CO<sub>2</sub> emissions in Japan domestic and inter-regional transportation. To reflect the effects of improved loading efficiency, we have revised the measurement units from "per unit of freight ton-km" to "per unit of parent-only sales."

In fiscal 2013, we established Global Environmental Management Regulations to reinforce Group environmental management by clarifying the roles and responsibilities of Group companies. We have assigned a senior executive officer and senior managing director of Sysmex Corporation as environmental management officer to oversee and control Group environmental management. We have in place a global environmental management system under which we promote environmental activities in individual regions and fields of operation under his instruction.

#### ■ Mid-term environmental targets (fiscal 2015–2017)

- Provide eco-friendly products and services
- Reduce CO<sub>2</sub> emissions from Japan domestic and inter-regional transportation by 45% (per unit of parent-only sales)
- Reduce greenhouse gas emissions at business offices by 40% (per unit of consolidated sales)
- Achieve a recycle rate of 92% or higher at all business offices
- Reduce water usage at reagent factories by 7% (per unit of amount of production)

### Acquiring ISO 14001 Certification

Sysmex is working toward the acquisition of ISO 14001, the international standard for environmental management, for the Group's principal affiliated companies. As of April 30, 2015, 22 companies had obtained this certification.

In fiscal 2013, we integrated our certifications for ISO 14001 in Japan, adding Sysmex RA and Sysmex Medica certifications to those for Sysmex Corporation and Sysmex International Reagents. In fiscal 2014, we also added i-Square, our newly operational factory. By centralizing the environmental activities of Group companies in Japan and seeing the state of progress and issues as a Group, we aim to enhance our management.

## ■ Acquiring ISO 14001 Certification

Company Name	Site	Acquired in
Sysmex Europe	Neumunster Factory	November 1999
	Head office	October 2011
Sysmex Corporation	Kakogawa Factory	April 2000
	Technopark	February 2002
	Head office	February 2002
	Solution Center	November 2005
	i-Square	February 2015
Sysmex International Reagents	Ono Factory	March 2001
	Seishin Factory	June 2007
Sysmex Medica	-	March 2001
Sysmex RA	-	June 2008
Sysmex Brazil	-	May 2006
Sysmex America	-	December 2009
Sysmex Reagents America	-	December 2009
Sysmex New Zealand	-	May 2011
Sysmex Deutschland	-	October 2011
Sysmex France	-	February 2012
Sysmex India	-	March 2012
Sysmex Asia Pacific	-	April 2012
Sysmex Spain	-	April 2012
Sysmex Middle East	-	March 2013
Sysmex Wuxi	-	June 2013

## Conducting Environmental Auditing

In fiscal 2014, the four Group companies for which certification in Japan has been integrated conducted evaluation of compliance, internal audits and external audits by a third-party auditing organization.

The internal audit found two nonconformities, and corrective actions for these nonconformities were completed. External audits found no nonconformities.

## Environmental Objectives and Results (Fiscal 2014)

### Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020)/ Mid-term Environmental Objectives

	Sysmex Eco-Vision 2020 Long-term Environmental Objectives(FY2020) (Revised Edition)	Mid-term Environmental Objectives (FY2013 – 2015)	Activities/Achievements in FY 2014
Environment consciousness in product life cycle process	Promote eco-friendly products and service models	Promote eco-friendly products and service models	<ul style="list-style-type: none"> <li>• Promoted efforts toward RoHS directive compliance</li> <li>• Promoted product development for reduced power consumption</li> <li>• Promoted a switchover of protein raw materials used in reagents from animal derivatives to artificially synthesized protein</li> <li>• Promoted reduction in materials used in product containers and packaging</li> <li>• Promoting Eco-Friendly Service Models</li> </ul>
	Reduce carbon dioxide emissions for logistics by 50% (per unit of freight ton-km: Japan domestic and inter-regional transportation)*1 Base year: FY2010	Reduce carbon dioxide emissions for logistics by 30% (per unit of freight ton-km: Japan domestic and inter-regional transportation) *1 Base year: FY2010	<ul style="list-style-type: none"> <li>• For exports, promoted shift from air to ocean transport</li> </ul> <p><b>Fiscal 2014 Result: 0.14 (t-CO<sub>2</sub>/thousand ton-kilometers)</b>  <b>Base year (fiscal 2010): 0.14 (t-CO<sub>2</sub>/thousand ton-kilometers)</b>  <b>Unchanged against base year</b>  <b>(Emissions were down 5.9%, from 5,400 t-CO<sub>2</sub> in the base year to 5,083 t-CO<sub>2</sub>.)</b></p>

Environment consciousness at business offices	Reduce greenhouse gas emissions at business offices by 50%(per unit of consolidated sales) <sup>*2</sup> <b>Base year: FY2008</b>	Reduce greenhouse gas emissions at business offices by 25% (per unit of consolidated sales) <sup>*2</sup> <b>Base year: FY2008</b>	<ul style="list-style-type: none"> <li>• Installed equipment (including thorough air conditioning controls, installation of energy efficient fluorescent lighting, placement of motion detectors to activate staircase lighting) as measures against global warming (each business office)</li> <li>• Purchased electricity from power companies using renewables (Sysmex Europe)</li> <li>• Reduced CO<sub>2</sub> emissions by using solar power (Sysmex Europe Reagent Factory)</li> </ul> <p><b>Fiscal 2014 result: 7.28 (t-CO<sub>2</sub>/¥100 million)</b> <b>Base year (fiscal 2008): 10.07 (t-CO<sub>2</sub>/¥100 million)</b> <b>Down 28% against base year</b></p>
	Achieve a recycle rate of 93% or higher at all business offices <sup>*3</sup>	Achieve a recycle rate of 90% or higher at all business offices <sup>*3</sup>	<ul style="list-style-type: none"> <li>• Conducted review of waste disposal companies (Technopark)</li> <li>• Reuse of packaged on outsourced items (Sysmex Wuxi)</li> </ul> <p><b>Fiscal 2014 result: 90.3%</b></p>
	Reduce water usage at reagent factories by 10% (per unit of amount of production) <sup>*4</sup> <b>Base year: FY2008</b>	Reduce water usage at reagent factories by 3% (per unit of amount of production) <sup>*4</sup> <b>Base year: FY2008</b>	<ul style="list-style-type: none"> <li>• Installed water purifying equipment (Jinan Sysmex)</li> <li>• Reused industrial waste water after treatment (Sysmex India)</li> </ul> <p><b>Fiscal 2014 result: 21.4 (m<sup>3</sup>/thousand boxes)</b> <b>Base year (fiscal 2008): 21.5 (m<sup>3</sup>/thousand boxes)</b> <b>Down approximately 1% against base year</b></p>

\*1 Sysmex Corporation

\*2 Scope of data: All factories and major business offices  
[Factories]

Sysmex Corporation (Kakogawa Factory, i-Square), Sysmex International Reagents (Ono Factory, Seishin Factory), Sysmex Medica, Sysmex RA, Sysmex Europe (Reagent Factory), Sysmex Brazil, Sysmex Reagents America, Sysmex India, Sysmex Asia Pacific, Jinan Sysmex, Sysmex Wuxi  
[Major Business Offices]

Sysmex Corporation (head office, Technopark, Solution Center), Sysmex Europe, Sysmex America, Sysmex Shanghai, Sysmex Asia Pacific



\*3 Scope of data: All factories and major business offices where products and/or chemical substances are handled

[Factories]

Sysmex Corporation (Kakogawa Factory, i-Square), Sysmex International Reagents (Ono Factory, Seishin Factory), Sysmex Medica, Sysmex RA, Sysmex Europe (Reagent Factory), Sysmex Brazil, Sysmex Reagents America, Sysmex India, Sysmex Asia Pacific, Jinan Sysmex, Sysmex Wuxi

[Major Business Offices]

Sysmex Corporation (head office, Technopark, Solution Center)

\*4 Scope of data: Reagent factories (nine locations)

Sysmex International Reagents (Ono Factory, Seishin Factory), Sysmex Europe (Reagent Factory), Sysmex Brazil, Sysmex Reagents America, Sysmex India, Sysmex Asia Pacific, Jinan Sysmex, Sysmex Wuxi

# Environmentally Conscious Products and Services

---

## Reducing the Use of Substances with Environmental Impact

---

### Conforming with Regulations

Application of the revised RoHS Directive\* (which was amended in July 2011) to Sysmex's diagnostic instruments and diagnostic instruments for animals begins from July 2016.

To ensure its compliance with this revised RoHS Directive, Sysmex is conducting parts inspections on products shipped to Europe.

\* RoHS Directive: A directive prohibiting the use of hazardous substances in electrical and electronic devices sold in the European Union. This directive calls for the cessation of use of heavy metals (lead, cadmium, mercury and hexavalent chromium) and specified bromine containing flame retardants (PBB and PBDE).

### Developing Environmentally Conscious Products

To help reduce energy consumption and waste for its customers, Sysmex undertakes technological developments aimed at reducing electricity used by its IVD instruments and lowering the amount of reagents used.

To lower the environmental impact generated when transporting its products, Sysmex strives to make its products more lightweight, with more compact capacity, and use fewer packaging materials. We are also working to make packaging methods more efficient.

### Establishing Eco-Friendly Diagnostic Reagent Raw Material Production

Sysmex has established a method of producing from silkworms the proteins used as raw materials in its diagnostic reagents. Our protein production contracting service business using this technology has also been fully operational since fiscal 2012, and we are already taking orders from a number of pharmaceutical companies.

In the past, proteins were cultivated with equipment such as tanks to control for environmental factors (such as sterility, temperature and oxygen concentrations), using cells from mammals and other animals; the new approach reduces energy consumption substantially. As silkworms can be cultivated at room temperature, simply by using shelves and breeding containers and providing them with food, we anticipate energy savings and waste reduction.



Silkworms to produce proteins

## Eco-Friendly Service

### Promoting Eco-Friendly Service Models

Systemex is lowering environmental impact by making service more efficient. For example, in addition to expanding the functions of the Customer Support Center, we are minimizing downtime for diagnostic instruments in use by constructing the SNCS (Systemex Network Communication Systems) to maintain interactive communication with customers.

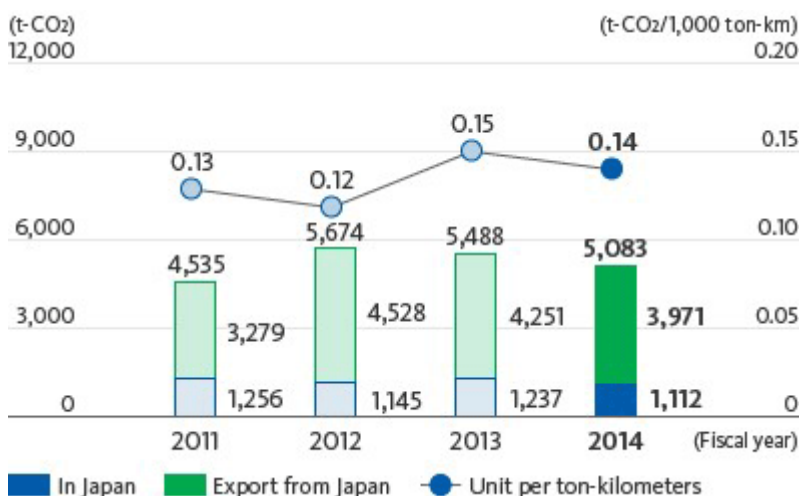
This approach enables Systemex representatives to make customer visits that are regular and effective, reduce rates of automobile use for service and curtail CO<sub>2</sub> emissions.

### Reducing CO<sub>2</sub> Emissions for Logistics

We are also promoting efforts to reduce CO<sub>2</sub> emissions generated in logistics processes. We are shifting from air to ocean freight when shipping products overseas, but urgent shipments often require products to be transported by air. We have undertaken initiatives to increase shipping container loading efficiency and conduct ocean transport in a more planned manner to reduce the need for rush shipments. Enhancing our loading simulations has enabled us to adjust the timing of product shipments, increase our loading ratio in shipping containers and optimize instrument packaging sizes, boosting storage and loading ratios. In these ways, we are gradually reconfiguring the entire distribution logistics process.

As a result, in fiscal 2014 CO<sub>2</sub> emissions fell 7.4% year on year.

#### CO<sub>2</sub> emissions from logistics



Notes: Range of calculation is CO<sub>2</sub> from warehouse in Japan to customers within Japan and that to overseas seaport or airport.

# Environmental Consciousness at Business Offices

## Reducing Greenhouse Gas Emissions

### Promoting Reductions in Electricity Use

We are promoting various measures at each site, in order to reduce greenhouse gas emissions at our business offices.

At our business offices including factories, we are implementing energy-saving measures to meet each office's characteristics, such as thoroughly monitoring room temperatures in summer and winter, installation of moving detectors to activate staircase lighting, and introducing energy-efficient fluorescent and LED lighting, etc. We have installed demand monitoring functions\* to control overall electricity use in some business offices.

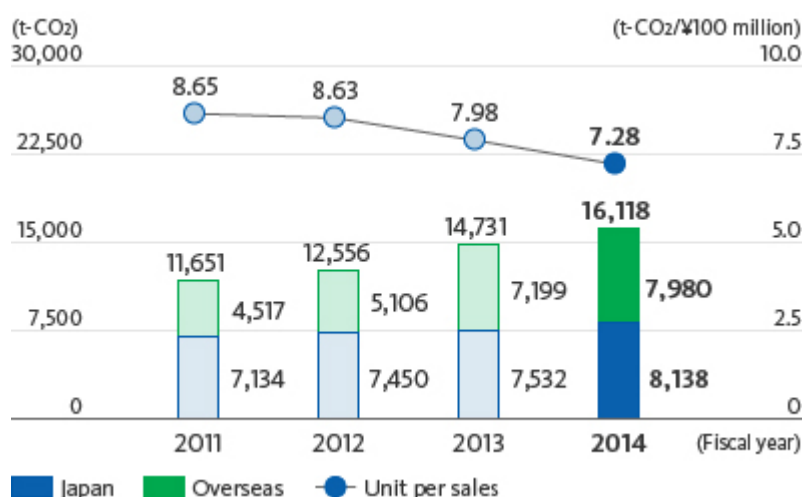


LED lighting (Ono Factory)

As a result of these initiatives, in fiscal 2014 greenhouse gas emissions (unit per consolidated sales) were down approximately 9% from the preceding fiscal year.

\* Functions for continuously measuring maximum electrical demand (demand value) for 24-hour periods and sounding an alarm if the level exceeds target values, as well as reporting on electricity use on a daily and monthly basis.

### Greenhouse gas emissions at business



Some figures have been revised from ones disclosed before, owing to review of the scope.

Notes: Scope of the data: Factories and major business offices

[Factories]

Systemex Corporation (Kakogawa Factory, i-Square), Systemex International Reagents (Ono Factory, Seishin Factory), Systemex Medica, Systemex RA, Systemex Europe (Reagent Factory), Systemex Brazil, Systemex Reagents America, Systemex India, Systemex Asia Pacific, Jinan Systemex, Systemex Wuxi

[Major Business Offices]

Systemex Corporation (head office, Technopark, Solution Center), Systemex Europe, Systemex America, Systemex Shanghai, Systemex Asia Pacific

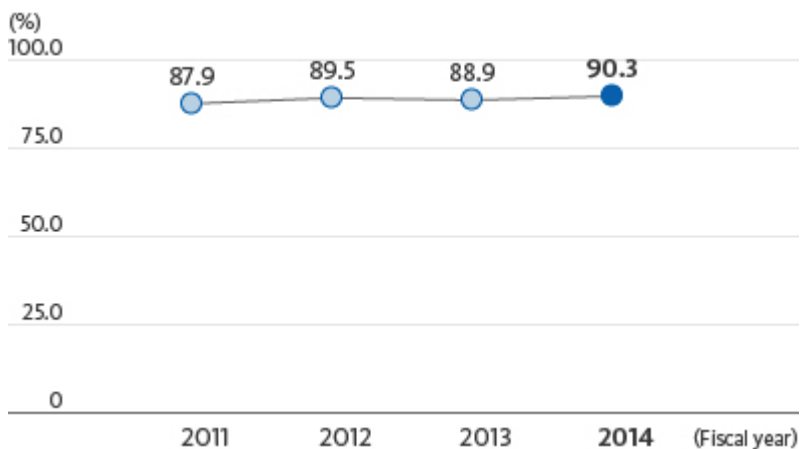
## Reducing Waste

### Maintaining Stable Annual Recycling Rates

We are continually striving to reduce waste and increase our recycling rate through such efforts as reviewing waste disposal companies. Sysmex Wuxi, for example, has worked on reducing waste by reusing PE bags used for materials packaging in production and development offices and also for trash bags as housewares. We also reduced waste by automating production lines Jinan Sysmex. In Japan, we are promoting the use of garbage disposer to generate fertilizer from garbage at employee cafeterias in business offices that generate substantial amounts of garbage. We are continuously conducting various approaches at each sites.

Through these approaches, the Group is maintaining a stable recycling rate from year to year.

#### ■ Business office recycling rate



Scope of data: All factories and major business offices where products and/or chemical substances are handled

[Factories]

Sysmex Corporation (Kakogawa Factory, i-Square), Sysmex International Reagents (Ono Factory, Seishin Factory), Sysmex Medica, Sysmex RA, Sysmex Europe (Reagent Factory), Sysmex Brazil, Sysmex Reagents America, Sysmex India, Sysmex Asia Pacific, Jinan Sysmex, Sysmex Wuxi

[Major Business Offices]

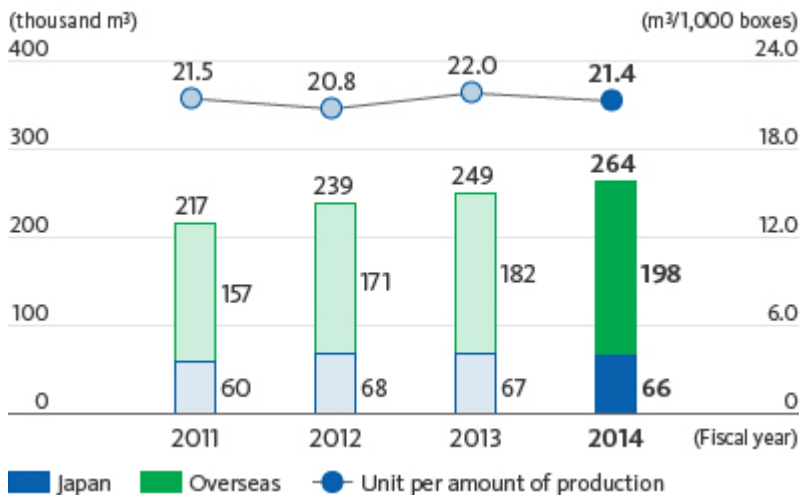
Sysmex Corporation (head office, Technopark, Solution Center)

## Reducing Waste and Appropriately Processing Wastewater

### Promoting Initiatives at Individual Bases

We are working to improve efficiency of water use and reduce water use volume. At Sysmex India, for example, factory wastewater is purified and used as watering for the green space in the facility. However, due to the start of operations at our new factory, i-Square, water use increased. As a result, in fiscal 2014 total water usage was up approximately 6% from the previous year. However, water use per unit of production decreased approximately 3%.

#### Water Use at Reagent Factories



Scope of data: Reagent factories (nine locations)

Sysmex International Reagents (Ono Factory, Seishin Factory), Sysmex Europe (Reagent Factory), Sysmex Brazil, Sysmex Reagents America, Sysmex India, Sysmex Asia Pacific, Jinan Sysmex, Sysmex Wuxi

## Environmental Consideration when Establishing Factories

### Introducing Environmentally Conscious Design, Facilities and Equipment, and Operating Processes

When establishing new business offices and factories, we work to minimize environmental impact resulting from their operation by introducing environmentally conscious design, facilities and equipment, and operating processes.

A mound of earth near the entrance of i-Square serves as an important symbol for the factory. Made with excess soil from construction that was left in place rather than being carted away, the hillock serves as a reminder of reduced environmental impact.



## **Overseas Example (India): The Baddhi Factory of Sysmex India Places First in a Local Environmental Award**

In April 2014, Sysmex India's Baddhi Factory was selected as the top recipient in the small-scale factory division of the Environment Best Practice Awards, a prestigious local environmental award.

The Baddhi Factory is situated in the Nalagarh Industrial Zone, one of India's leading industrial zones. For this award, a team of local experts with detailed knowledge of environmental and social topics conducted audits of the 3,000 factories within this zone. Eight factories conducting particularly outstanding initiatives received this award.

## Other Environmental Considerations

---

### Reducing CO<sub>2</sub> Emissions from Company Cars in Japan

---

#### Raising Driver Awareness and Promoting the Use of More Fuel-Efficient Vehicles

To reduce CO<sub>2</sub> emissions from some 400 company cars in Japan, we are working to visualize travel distances and fuel used by each Company car and heighten driver awareness. We are also introducing fuel-efficient vehicles and hybrid cars.

At branches and sales offices in Japan, we are improving fuel efficiency by conducting eco-driving courses and introducing fuel-efficient vehicles. Such measures have helped to reduce gasoline consumption by 3% year on year, but because of a major increase in the use of trucks to deliver products to Sysmex Medica, diesel fuel consumption rose 68%. As a result, fiscal 2014 CO<sub>2</sub> emissions by Company cars in Japan were up approximately 1% from their level one year earlier.

### Managing and Processing Harmful Substances

---

#### Enforcing Stringent Management and Appropriate Processing at Business Offices

Sysmex International Reagents uses biological substances as raw materials of products, and Technopark uses them as experimental materials for research and development. As these substances have infection potential, as a measure of precaution, they are managed strictly such as limit of location to storage and use them according to the manual, and furthermore, these substances are carefully segregated from general waste for proper disposal.

For other harmful substances, we work to prevent aerial drift, dispersion and groundwater permeation through countermeasures addressing both facilities and management methods. In these ways, we endeavor to keep emissions below statutory standard values. In fiscal 2014, we refurbished waste drop-off sites at the Seishin Factory and introduced new biochemical oxygen demand (BOD) alarm equipment at the Ono Factory. These systems aim to prevent the emissions of liquids containing organic matter.

## **Reducing Paper Use**

---

### **Promoting Digital Data**

Systemex Corporation has introduced tablet computers to promote paperless meetings. This approach reduces paper use and waste volumes, as well as eliminating such processes as printing and distributing documents prior to meetings. Meeting efficiency is also improved, as data can be distributed digitally to meeting participants beforehand. We have also reduced paper use by using digital data rather than paper when presenting drawings of product parts to suppliers.

## **Promoting Green Procurement**

---

### **Cooperating with Business Partners to Promote Environmentally Conscious Procurement**

Systemex has formulated green procurement standards, and works with business partners to promote environmentally conscious procurement. Furthermore, we aim to procure environmentally conscious parts and materials, and publish on our website the chemical substances we are reducing or eliminating the use of in our products.

## Promoting Green Procurement

---

### Formulating Green Procurement Standards

We have formulated green procurement standards, which describe our fundamental stance on environmental considerations in our procurement activities.

#### Green Procurement Standards

Through our global corporate activities in the healthcare field, we are contributing to the creation of a fulfilling and healthy society.

##### 1. Objectives

In accordance with its environmental policy, the Sysmex Group strives to fulfill its corporate social responsibility by promoting global environment conservation. Accordingly, we endeavor to promote the manufacture of environmentally friendly products by encouraging the procurement of raw materials and parts that have low impact on the global environment. Sysmex aims to cultivate motivated environmental conservation activities among our suppliers and enable us to work together toward the development of a sustainable society.

##### 2. Green Procurement Initiatives

The Sysmex Group practices "green procurement" to ensure that its procurement activities promote a reduction in the environmental impact of the Company's products and reduce the environmental impact of all production activities, including those of our suppliers. We promote the two items below as specific green procurement initiatives.

- 1) Promote the procurement of raw materials and parts that have lower environmental impact.
- 2) Expand business with suppliers that take a proactive approach toward environmental conservation.

##### 3. Scope of Application

These standards apply to the procurement of raw materials, parts and products by Sysmex Group companies.

##### 4. Control of Chemical Substances in Products

The Sysmex Group requires the selection of materials and parts for the products it develops and produces to be based not only on the requisite quality, performance and economic feasibility, but also on the minimization of environmental impact. Therefore, raw materials and parts that do not employ the chemical substances described below shall be adopted:

- 1) Substances prohibited according to restrictions on chemical substances contained in products shall not be contained.
- 2) Those in which the chemical substance amounts defined under restrictions on chemical substances contained in products shall be monitored.
- 3) Those for which the environmental impact of the chemical substance in terms of atmospheric pollution, water contamination, soil pollution, etc. shall be low.
- 4) Environmental impact data for materials shall be disclosed.

5) In relation to packaging materials, when all of the aforementioned factors are identical, that with the lowest volume of contained chemical substances shall be selected.

Revised November 2014

## Working with Suppliers

---

### According High Evaluations to Procurement Partners Undertaking Motivated Environmental Conservation Activities

Systemex is working proactively to address the important societal issue of environmental protection. We ask our business partners to fully understand the importance of our activities and cooperate with green procurement. Based on its green procurement standards, in addition to quality, price, delivery schedules and technological development capabilities, Systemex accords high evaluations to suppliers that undertake motivated environmental conservation activities. We ask our suppliers for their cooperation on the following points.

#### 1. Configuration and Operation of Environmental Management Systems

When commencing transactions with business partners, the Systemex Group indicates clearly the importance it places on motivated environmental conservation activities. To this end, we confirm whether potential suppliers have in place environmental management systems certified by third parties.

- 1 ) ISO 14001 certification
- 2 ) Simplified environmental management system certification

#### 2. Provision of Environmental Information on Raw Materials and Parts

The Systemex Group asks suppliers to provide the following environmental reports in cooperation with Systemex's environmental conservation activities.

- 1 ) Data on harmful chemical substances contained in raw materials and parts
- 2 ) Certification against the use of substances targeted by European RoHS regulations
- 3 ) Information on raw materials and parts compliant with European RoHS regulations

#### 3. Environmental Measures by Suppliers to Their Outsourcing Partners

The Systemex Group also asks suppliers to request that their outsourcing partners configure environmental management systems and cooperate in providing environmental information. We ask suppliers to take responsibility for managing their outsourcing partners in this respect.

Revised November 2014

## Limiting the Use of Chemical substances in Products













---

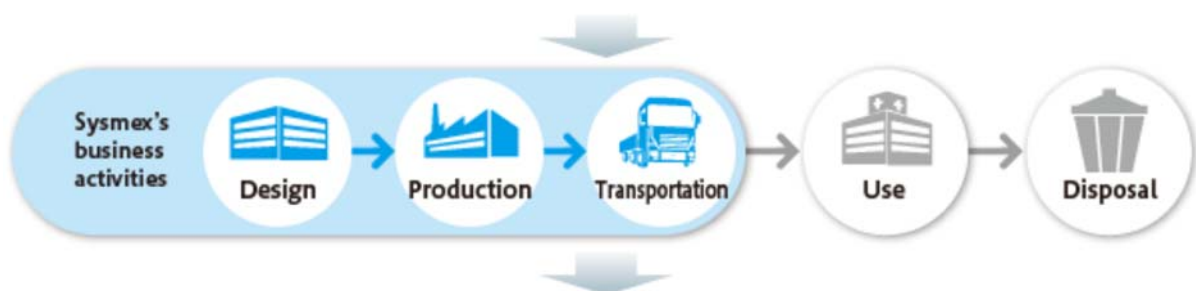
### **Specifying Prohibited Substances, Substances to Be Reduced and Target Countries**







Based on its green procurement standards, Sysmex publishes on our website the dealing with chemical substances (substances with environmental impact) contained in the products it manufactures and sells, as well as their constituent parts, devices and materials.

# Environmental Data

## Environmental Impact of Business Activities

INPUT			Fiscal 2013	Fiscal 2014
1		Electricity use (thousands kWh)	34,519	<b>35,988</b>
1		City gas (thousands m <sup>3</sup> )	1,185	<b>852</b>
1		LPG (m <sup>3</sup> )	5,671	<b>6,268</b>
1		LNG (m <sup>3</sup> )	0	<b>0</b>
1		Heavy oil (kL)	0	<b>0</b>
1		Kerosene (kL)	68	<b>70</b>
1		Diesel oil (kL)	19	<b>19</b>
4		Gasoline for domestic fleet (kL)	795	<b>778</b>
4		Diesel for domestic fleet (kL)	11.7	<b>19.7</b>
3		Water use (thousands m <sup>3</sup> )	346	<b>368</b>
5		Office paper (t)	50	<b>49</b>
4		PRTR (t)	7.9	<b>0.15</b>



OUTPUT			Fiscal 2013	Fiscal 2014
1		Greenhouse gas emissions from business offices (t-CO <sub>2</sub> )	20,194	<b>21,472</b>
4		CO <sub>2</sub> emissions from domestic company cars (t-CO <sub>2</sub> )	1,830	<b>1,856</b>
2		Total waste emissions (t)	1,274	<b>1,353</b>
2		Recycling rate (%)	89.1	<b>90.0</b>
3		Wastewater volume (thousands m <sup>3</sup> )	144	<b>164</b>
4		PRTR (t)	4.8	<b>0</b>



- 1> Factories, all Sysmex Corporation business offices, affiliated companies in Japan and regional headquarters  
 [Factories] Kakogawa Factory, i-Square, Sysmex International Reagents (Ono Factory, Seishin Factory), Sysmex Medica, Sysmex RA, Sysmex Europe (Reagent Factory), Sysmex Reagents America, Sysmex Brazil, Sysmex Asia Pacific, Sysmex India, Jinan Sysmex, Sysmex Wuxi  
 [Other Sysmex Corporation Business Offices] Head office, Technopark, Solution Center, offices, branches, sales offices and service centers (Sendai, Sapporo, Morioka, Kita Kanto, Nagano, Niigata, Tokyo, Chiba, Nagoya, Shizuoka, Kanazawa, Osaka, Kyoto, Kobe, Hiroshima, Takamatsu, Okayama, Fukuoka, Kagoshima, Metropolitan Area Service Center), R&D Center, Protein Development Center, BMA Laboratory  
 Other affiliated companies in Japan: Sysmex CNA  
 Regional headquarters: Sysmex Europe, Sysmex America, Sysmex Shanghai, Sysmex Asia Pacific
- 2> Factories and all Sysmex Corporation business offices (recycling rates exclude offices, branches, sales offices and service centers) (Refer to 1.)
- 3> Factories and major business offices where products and/or chemical substances are handled  
 [Factories] (Refer to 1.)  
 [Business Offices] Technopark, Solution Center
- 4> Factories in Japan and all Sysmex Corporation business offices  
 [Factories in Japan] Kakogawa Factory, i-Square, Sysmex International Reagents (Ono Factory, Seishin Factory), Sysmex Medica, Sysmex RA  
 [Other Sysmex Corporation Business Offices] (Refer to 1.)
- 5> Domestic Group business offices with ISO 14001 certification  
 Sysmex Corporation (head office, Technopark, Solution Center, Kakogawa Factory, i-Square), Sysmex International Reagents (Ono Factory, Seishin Factory), Sysmex Medica, Sysmex RA

# Guideline Comparative Table

## ISO 26000

The chart below includes the seven core subjects of the ISO 26000\* and indicates the location of "Sysmex Sustainability Report" that correspond to individual subjects.

\* ISO, the International Organization for Standardization, released an International Standard providing guidelines for social responsibility named ISO 26000 in November 2010.

Core Subjects	Location
Organizational Governance	▶ P35 Corporate Governance ▶ P20 CSR Management ▶ P3 Message from the Chairman and CEO
Human Rights	▶ P73 Involvement with Employees
Labor Practices	▶ P73 Involvement with Employees
The Environment	▶ P104 Environmental Conservation Activities ▶ P9 Highlight 2
Fair Operating Practices	▶ P42 Compliance ▶ P69 Involvement with Business Partners
Consumer Issues	▶ P53 Involvement with Customers ▶ P7 Highlight 1
Community Involvement and Development	▶ P92 Corporate Citizenship Activities ▶ P11 Highlight 3

## GRI Sustainability Reporting Guidelines

The chart below includes the categories for disclosure required under the GRI\* Sustainability Reporting Guidelines, Edition 3.1 and indicates the website that correspond to individual categories.

\* GRI is an acronym for the Global Reporting Initiative. GRI was established in 1997 as an international institution to create and disseminate international guidelines related to corporate sustainability reporting.

GRI Sustainability Reporting Guidelines, Edition 3.1		Location
<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	▶ P3 Message from the Chairman and CEO
1.2	Description of key impacts, risks, and opportunities.	▶ P3 Message from the Chairman and CEO ▶ Website: Investor Relations

Organizational Profile		
2.1	Name of the organization.	▶ Website: Company Information
2.2	Primary brands, products, and/or services.	▶ Website: Company Information
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	▶ Website: Company Information
2.4	Location of organization's headquarters.	▶ Website: Company Information
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	▶ Website: Company Information ▶ P3 Message from the Chairman and CEO
2.6	Nature of ownership and legal form.	▶ Website: Investor Relations
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	▶ Website: Company Information
2.8	Scale of the reporting organization.	▶ Website: Company Information
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	▶ Website: Investor Relations
2.10	Awards received in the reporting period.	▶ P30 External Evaluation
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	▶ P1 Editorial Policy
3.2	Date of most recent previous report (if any).	▶ P1 Editorial Policy
3.3	Reporting cycle (annual, biennial, etc.)	▶ P1 Editorial Policy
3.4	Contact point for questions regarding the report or its contents.	▶ P1 Editorial Policy
Report Scope and Boundary		
3.5	Process for defining report content.	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	▶ P1 Editorial Policy
3.7	State any specific limitations on the scope or boundary of the report.	▶ P113 Environmental Consciousness at Business Offices ▶ P117 Other Environmental Considerations ▶ P119 Green Procurement ▶ P122 Environmental Data

3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	▶ Website: Investor Relations
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	▶ P1 Editorial Policy
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	
<b>GRI CONTENT INDEX</b>		
3.12	Table identifying the location of the Standard Disclosures in the report.	▶ P124 Guideline Comparative Table
<b>ASSURANCE</b>		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	
<b>GOVERNANCE</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	▶ P35 Corporate Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	▶ P35 Corporate Governance
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	▶ P35 Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	▶ P35 Corporate Governance ▶ P87 Respecting Workers' Rights
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	▶ P35 Corporate Governance
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	▶ P35 Corporate Governance

4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	<ul style="list-style-type: none"> <li>▶ P35 Corporate Governance</li> </ul>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<ul style="list-style-type: none"> <li>▶ P2 Corporate Philosophy and Core Behaviors</li> <li>▶ P42 Compliance</li> <li>▶ P54 Ensuring Quality and Safety</li> <li>▶ P69 Involvement with Business Partners</li> <li>▶ P93 Policy on Corporate Citizenship Activities and Philanthropy</li> <li>▶ P105 Environmental Policy</li> <li>▶ P119 Green Procurement</li> </ul>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	<ul style="list-style-type: none"> <li>▶ P20 CSR Management</li> <li>▶ P22 Mid-term CSR Plan</li> <li>▶ P106 Environmental Management</li> </ul>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	<ul style="list-style-type: none"> <li>▶ P35 Corporate Governance</li> <li>▶ P106 Environmental Management</li> </ul>
<b>COMMITMENTS TO EXTERNAL INITIATIVES</b>		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<ul style="list-style-type: none"> <li>▶ P20 CSR Management</li> <li>▶ P22 Mid-term CSR Plan</li> <li>▶ P106 Environmental Management</li> </ul>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<ul style="list-style-type: none"> <li>▶ P20 CSR Management</li> </ul>
4.13	Memberships in associations and/or national/international advocacy organizations.	
<b>STAKEHOLDER ENGAGEMENT</b>		
4.14	List of stakeholder groups engaged by the organization.	<ul style="list-style-type: none"> <li>▶ P24 Results of Dialogue with Stakeholders</li> </ul>
4.15	Basis for identification and selection of stakeholders with whom to engage.	<ul style="list-style-type: none"> <li>▶ P20 CSR Management</li> </ul>

4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	<ul style="list-style-type: none"> <li>▶ P20 CSR Management</li> <li>▶ P24 Results of Dialogue with Stakeholders</li> </ul>
4.17		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	
<b>Economic</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>ECONOMIC PERFORMANCE</b>			
EC1	CORE	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	▶ Website: Investor Relations
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change.	
EC3	CORE	Coverage of the organization's defined benefit plan obligations.	
EC4	CORE	Significant financial assistance received from government.	
<b>MARKET PRESENCE</b>			
EC5	ADD	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	▶ P69 Involvement with Business Partners
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	
<b>INDIRECT ECONOMIC IMPACTS</b>			
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	<ul style="list-style-type: none"> <li>▶ P94 Activities to Promote a Healthy Society</li> <li>▶ P98 Contributing to Local Communities</li> </ul>
EC9	ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts.	

Environmental			
Management Approach			▶ P3 Message from the Chairman and CEO
MATERIALS			
EN1	CORE	Materials used by weight or volume.	
EN2	CORE	Percentage of materials used that are recycled input materials.	
ENERGY			
EN3	CORE	Direct energy consumption by primary energy source.	▶ P122 Environmental Data
EN4	CORE	Indirect energy consumption by primary source.	▶ P122 Environmental Data
EN5	ADD	Energy saved due to conservation and efficiency improvements.	▶ P122 Environmental Data
EN6	ADD	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	▶ P111 Environmentally Conscious Products and Services
EN7	ADD	Initiatives to reduce indirect energy consumption and reductions achieved.	▶ P111 Environmentally Conscious Products and Services
WATER			
EN8	CORE	Total water withdrawal by source.	▶ P122 Environmental Data
EN9	ADD	Water sources significantly affected by withdrawal of water.	No incident
EN10	ADD	Percentage and total volume of water recycled and reused.	
BIODIVERSITY			
EN11	CORE	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	▶ P98 Contributing to Local Communities
EN12	CORE	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	▶ P98 Contributing to Local Communities
EN13	ADD	Habitats protected or restored.	▶ P98 Contributing to Local Communities
EN14	ADD	Strategies, current actions, and future plans for managing impacts on biodiversity.	
EN15	ADD	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	No incident
EMISSIONS, EFFLUENTS, AND WASTE			
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight.	▶ P122 Environmental Data



EN17	CORE	Other relevant indirect greenhouse gas emissions by weight.	▶ P113 Environmental Consciousness at Business Offices
EN18	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved.	▶ P113 Environmental Consciousness at Business Offices
EN19	CORE	Emissions of ozone-depleting substances by weight.	▶ P113 Environmental Consciousness at Business Offices
EN20	CORE	NO, SO, and other significant air emissions by type and weight.	Non-disclosure because of small amount of emissions
EN21	CORE	Total water discharge by quality and destination.	▶ P122 Environmental Data
EN22	CORE	Total weight of waste by type and disposal method.	▶ P122 Environmental Data
EN23	CORE	Total number and volume of significant spills.	▶ P106 Environmental Management
EN24	ADD	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	No incident
EN25	ADD	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	No incident
<b>PRODUCTS AND SERVICES</b>			
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	▶ P111 Environmentally Conscious Products and Services ▶ P113 Environmental Consciousness at Business Offices ▶ P117 Other Environmental Considerations ▶ P122 Environmental Data
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category.	
<b>COMPLIANCE</b>			
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	No incident

<b>TRANSPORT</b>			
EN29	ADD	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	<ul style="list-style-type: none"> <li>▶ P111 Environmentally Conscious Products and Services</li> <li>▶ P117 Other Environmental Considerations</li> </ul>
<b>OVERALL</b>			
EN30	ADD	Total environmental protection expenditures and investments by type.	
<b>Social</b>			
<b>Labor Practices and Decent Work</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>EMPLOYMENT</b>			
LA1	CORE	Total workforce by employment type, employment contract, and region, broken down by gender	▶ P26 Summary of CSR Data
LA2	CORE	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	▶ P77 Employee Evaluation, Treatment, and Human Resource Development
LA3	CORE	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	
LA15	CORE	Return to work and retention rates after parental leave, by gender.	▶ P26 Summary of CSR Data
<b>LABOR / MANAGEMENT RELATIONS</b>			
LA4	CORE	Percentage of employees covered by collective bargaining agreements.	▶ P87 Respecting Workers' Rights
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
LA6	ADD	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	<ul style="list-style-type: none"> <li>▶ P87 Respecting Workers' Rights</li> <li>▶ P88 Considering Safety and Health</li> </ul>
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region and by gender.	<ul style="list-style-type: none"> <li>▶ P88 Considering Safety and Health</li> <li>▶ P26 Summary of CSR Data</li> </ul>
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	▶ P88 Considering Safety and Health
LA9	ADD	Health and safety topics covered in formal agreements with trade unions.	<ul style="list-style-type: none"> <li>▶ P87 Respecting Workers' Rights</li> <li>▶ P88 Considering Safety and Health</li> </ul>

<b>TRAINING AND EDUCATION</b>			
LA10	CORE	Average hours of training per year per employee by gender, and by employee category.	▶ P77 Employee Evaluation, Treatment, and Human Resource Development
LA11	ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	▶ P77 Employee Evaluation, Treatment, and Human Resource Development
LA12	ADD	Percentage of employees receiving regular performance and career development reviews, by gender.	▶ P77 Employee Evaluation, Treatment, and Human Resource Development
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
LA13	CORE	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	▶ P26 Summary of CSR Data
<b>EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
LA14	CORE	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	
<b>Human Rights</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>INVESTMENT AND PROCUREMENT PRACTICES</b>			
HR1	CORE	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	
HR2	CORE	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	▶ P69 Involvement with Business Partners
HR3	CORE	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	▶ P42 Compliance ▶ P74 Respecting Human Rights and Diversity
<b>NON-DISCRIMINATION</b>			
HR4	CORE	Total number of incidents of discrimination and corrective actions taken.	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
HR5	CORE	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	

<b>CHILD LABOR</b>			
HR6	CORE	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	<ul style="list-style-type: none"> <li>▶ P74 Respecting Human Rights and Diversity</li> <li>▶ P69 Involvement with Business Partners</li> </ul>
<b>FORCED AND COMPULSORY LABOR</b>			
HR7	CORE	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	<ul style="list-style-type: none"> <li>▶ P74 Respecting Human Rights and Diversity</li> <li>▶ P69 Involvement with Business Partners</li> </ul>
<b>SECURITY PRACTICES</b>			
HR8	ADD	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	
<b>INDIGENOUS RIGHTS</b>			
HR9	ADD	Total number of incidents of violations involving rights of indigenous people and actions taken.	
<b>ASSESSMENT</b>			
HR10	CORE	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	
<b>REMEDIATION</b>			
HR11	CORE	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	
<b>Society</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>LOCAL COMMUNITY</b>			
SO1	CORE	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	
SO9	CORE	Operations with significant potential or actual negative impacts on local communities.	
SO10	CORE	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	
<b>CORRUPTION</b>			
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption.	
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures.	<ul style="list-style-type: none"> <li>▶ P74 Respecting Human Rights and Diversity</li> <li>▶ P69 Involvement with Business Partners</li> </ul>
SO4	CORE	Actions taken in response to incidents of corruption.	

<b>PUBLIC POLICY</b>			
SO5	CORE	Public policy positions and participation in public policy development and lobbying.	
SO6	ADD	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	
<b>ANTI-COMPETITIVE BEHAVIOR</b>			
SO7	ADD	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	
<b>COMPLIANCE</b>			
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	No incident
<b>Product Responsibility</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>CUSTOMER HEALTH AND SAFETY</b>			
PR1	CORE	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	▶ P54 Ensuring Quality and Safety
PR2	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	▶ P54 Ensuring Quality and Safety
<b>PRODUCT AND SERVICE LABELING</b>			
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	
PR4	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	
PR5	ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	▶ P58 After-Sales Support / Scientific Activities ▶ P63 Enhancing Customer Satisfaction and Third-Party Evaluations
<b>MARKETING COMMUNICATIONS</b>			
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	▶ P42 Compliance

PR7	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	
<b>CUSTOMER PRIVACY</b>			
PR8	ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	
<b>COMPLIANCE</b>			
PR9	CORE	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	No incident

### On Reading the Sysmex Sustainability Report 2015



#### **Katsuhiko Kokubu**

Professor, Graduate School of Business Administration,  
Kobe University

#### **Addressing Social Issues through Main Businesses**

By providing the market with a variety of testing instruments, Sysmex helps to alleviate the burden on patients, as well as on the technologists who perform testing.

Also, as “Highlight 1” points out, ongoing efforts to reduce the amount of space instruments require compared with existing models also encourages the proliferation of these instruments. Reducing the amount of pain and effort associated with testing and providing instruments that require less space leads to less pain and suffering for many people. I applaud Sysmex highly for developing new products with these objectives in mind, thereby undertaking CSR activities as part of its main business.

#### **Global CSR Activities**

Sysmex is a global company with bases in locations around the world. Via CSR activities through its main business and its volunteer efforts, Sysmex introduces the status of its own initiatives in each region. I find it wonderful to see the initiatives the Company’s global employees are undertaking of their own accord. It is important to conduct activities that match the needs of individual regions, but if it were to undertake initiatives in collaboration with local communities as a global company under the Sysmex name, I believe this would be an embodiment of Sysmex’s fundamental policy of cooperative endeavors and bring even more energy to bear.

#### **Materiality and Establishing Indicators**

Sysmex’s CSR activities are arranged and described by stakeholder group. This approach has the advantage of making it easy to access information in areas of particular interest, but to me it seems difficult to ascertain their level of importance and priority. To promote the “Sysmex Way,” I believe the next step would be to identify activities that Sysmex considers important and those that society requests, and then to disclose their materiality for Sysmex. Publicizing key performance indicators (KPIs) in line with these issues would make it easier to track progress and demonstrate to people outside the Company Sysmex’s state of progress on CSR management.

#### **Integrated Reporting in the Digest Version**

In the world of CSR reporting, there is an increasing focus on “integrated reports,” which report briefly on both financial and CSR information. Sysmex’s “Digest Version” focuses strictly on CSR. I believe the time may have come to combine this with financial reporting and move toward an integrated report. This would require an editorial policy that takes institutional investors into account, but I believe it would also lead to a higher level of reporting of CSR information.



# Corporate Information

(As of March 31, 2015)

## Corporate Overview

**Company name** Sysmex Corporation

**Established** February 20, 1968

**Paid-in capital** ¥10,483.33 million

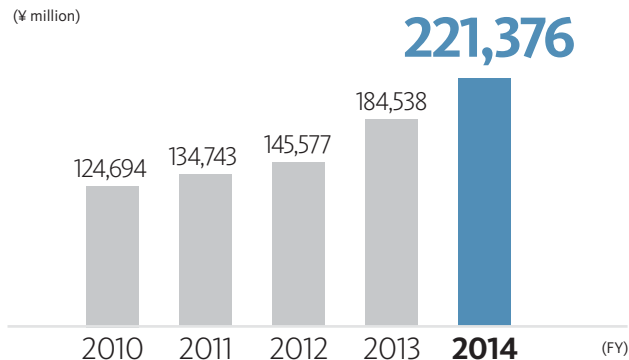
**Representative** Hisashi Ietsugu, Chairman and CEO

**Head Office** 1-5-1, Wakinohama-Kaigandori, Chuo-ku, Kobe 651-0073, Japan

**Line of business** Development, manufacture, sales, and export/import of laboratory testing instruments, reagents, and related software

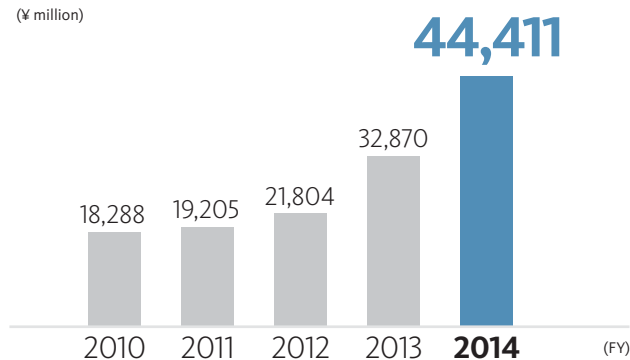
## Net Sales

(¥ million)



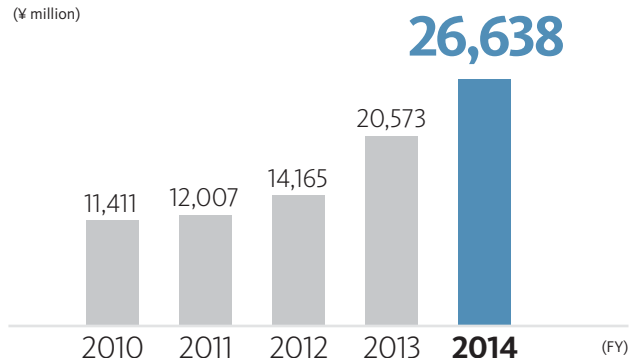
## Operating Income

(¥ million)

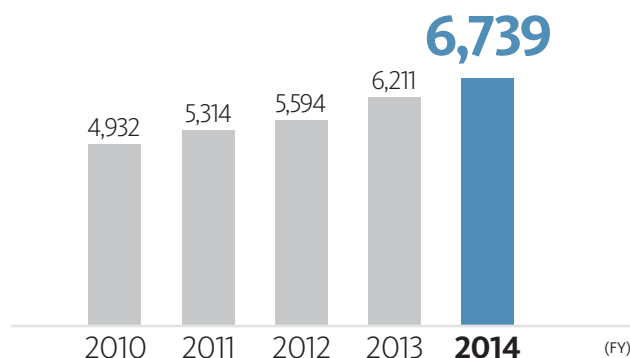


## Net Income

(¥ million)



## Number of Employees



Note: Including contract workers and part-time employees

## Information Available on the Website

Comprehensive Information Provided on the CSR Site

Sysmex CSR

Search



## Message from the Chairman and CEO

### Sysmex's CSR Activities

- CSR Management
- Mid-Term CSR Plan
- Results of Dialogue with Stakeholders
- Summary of CSR Data
- External Evaluation

### Corporate Governance

### Compliance

### Risk Management

### 2015 CSR Activity Highlights

- 1 Expanding our Lineup of Immunoassay Analyzers and Reagents That Contribute to the Early Detection and Treatment of Infectious Diseases, Cancer and Other Diseases
- 2 Opening of i-Square, a Core Instrument Factory Focused on Delivering High-Quality Products in a Stable Manner
- 3 Employee Volunteers Conduct Fund-Raising Campaign to Help Fight Cancer

## Involvement with Stakeholders

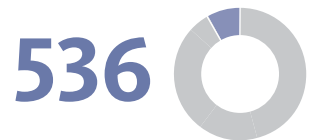
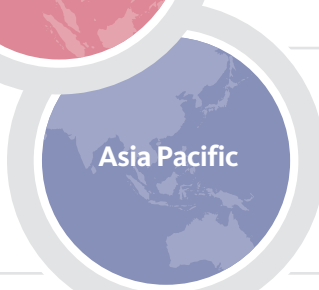
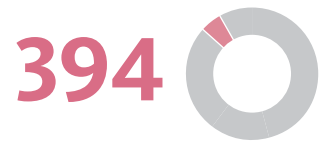
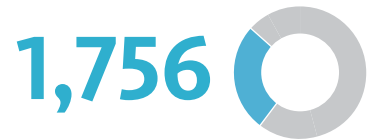
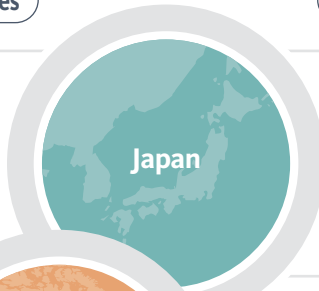
- **Involvement with Customers**
  - Ensuring Quality and Safety
  - After-Sales Support/Scientific Activities
  - Stable Supply
  - Enhancing Customer Satisfaction and Third-Party Evaluations
  - Contributing to Resolution of Healthcare Issues
- **Involvement with Shareholders**
- **Involvement with Business Partners**
- **Involvement with Employees**
  - Respecting Human Rights and Diversity
  - Employee Evaluation, Treatment, and Human Resource Development
  - Ensuring a Work-Life Balance
  - Respecting Workers' Rights
  - Considering Safety and Health

## Corporate Citizenship Activities

- Policy on Corporate Citizenship Activities and Philanthropy
- Activities to Promote a Healthy Society
- Contributing to Local Communities
- Promoting Employees' Social Contribution Activities

Net Sales by Destination/Regional Subsidiaries and Affiliates

Employees by Region



Environmental Conservation Activities

- Environmental Policy
- Environmental Management
- Environmentally Conscious Products and Services
- Environmental Consciousness at Business Offices
- Other Environmental Considerations
- Green Procurement
- Environmental Data

Systemex Sustainability Report

Guideline Comparative Table



---

**Systemex Corporation**

1-5-1, Wakinohama-Kaigandori, Chuo-ku, Kobe 651-0073, Japan  
Tel +81-78-265-0500 Fax +81-78-265-0524

[www.systemex.co.jp](http://www.systemex.co.jp)