

Systemex Sustainability Report 2014

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We Aim to Help Resolve Global Healthcare Issues and Build Trust and Confidence among Our Stakeholders.

We strive to contribute to society through business activities throughout the world.

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. Fiscal year 2013 marked Sysmex's 45th anniversary, and the Company's products are currently used in more than 170 countries around the world. In recent years, the environment surrounding the healthcare business has changed dramatically. In emerging markets, healthcare needs are growing against a backdrop of economic development and expanding populations. Meanwhile, in developed countries birthrates are falling, populations are aging and attitudes toward health are growing more diverse. In this environment, every year testing plays an increasingly important role in illness

prevention, early-stage detection and the determination of treatment methods. We strive to swiftly address these changes in our environment and respond to people's desire to remain healthy.

In fiscal year 2013, we welcomed two new members into the Group—Germany's Inostics GmbH (currently, Sysmex Inostics GmbH) and Partec GmbH—as part of our effort to continue developing and growing in line with the changing healthcare markets and contribute to the resolution of various healthcare issues. Sysmex is working toward the realization of personalized medicine: providing healthcare optimized for individual patients, by combining our own diagnostic technologies and networks with Inostics' highly sensitive technology for detecting cancer genes in the blood, and the expertise and development capabilities of Partec,



a pioneer in flow cytometry* technology. Partec also has a strong presence in the area of testing for infectious diseases, such as HIV and malaria. Going forward, Sysmex will leverage its network to contribute to the advancement of healthcare in emerging markets and developing countries. In addition, Sysmex and Kawasaki Heavy Industries, Ltd., have jointly established Medicaroid Corporation to conduct marketing activities with a view to commercializing medical robots.

In accordance with our mission, "Shaping the advancement of healthcare," as stated in the Sysmex Way, the corporate philosophy for the Sysmex Group, through our business activities Sysmex will contribute to a healthy life for people around the world.

* Flow cytometry: method involving the flow dispersion of minute particles and the use of laser light to optically analyze minute flows. Used primarily to observe individual cells.

We are taking part in a host of activities designed to build trust and confidence among our stakeholders.

The Sysmex Way emphasizes the importance we place on building trust and confidence among all our stakeholders. In April 2013, Sysmex established the Mid-Term CSR Plan based on the 10 principles of the United Nations Global Compact, which the Company joined in 2011, and the ISO 26000 international standards for social responsibility. Under this plan, we are making steady progress toward fulfilling our corporate social responsibility.

In fiscal year 2013, we also took a significant step forward in improving our logistics process, which we had been working on for some time. We reviewed our product packaging materials, localized procurement of raw materials for reagents, established a new warehouse, and are making use of the local Port of Kobe. As well as boosting distribution efficiency and reducing costs, these moves to reconfigure our global logistics structure and achieve overall optimization help to curtail CO₂ emissions.

In addition to business-related initiatives, in the city of Ono, Hyogo Prefecture, where we operate a reagent factory, we have created the new "Sysmex Forest." To rejuvenate

forest land where the ecological balance had declined, as part of our overall forest management activities we have been clearing away underbrush, thinning the trees and making trails. This is part of an ongoing initiative aimed at making it easy for local residents and others to come into contact with wildlife. As a company involved in healthcare, we also contribute to a healthy society through sports. We have been special sponsor of the Kobe Marathon since its inauguration. The marathon was held for the third time in November 2013, and some 300 Group employees and their family members provided support, volunteering and encouraging the 20,000 runners that participated in the event. We will support the fourth Kobe Marathon in November 2014, invigorating the Kobe community.

We have launched a new Group Mid-Term Management Plan, and are shoring up our foundations for the future.

Sysmex launched the new Group Mid-Term Management Plan in April 2013 with the goal of maintaining our high level of growth and further enhancing profitability.

The plan is aimed at building a foundation for future growth by reinforcing our business promotion structures according to the business unit structure, continuously investing in R&D and strengthening production capacity by improving production bases. By transforming to a corporate culture that emphasizes speed and execution, the Group Mid-Term Management Plan aims to propel Sysmex forward toward the next corporate stage.

Sysmex will continue working to achieve the sustainable development of the Group and the global community. We would like to ask our stakeholders for their continued support and understanding of all our endeavors.

July 2014



Hisashi Ietsugu
Chairman and CEO

Note: In this report, "Sysmex" refers to the "Sysmex Group," whereas "Sysmex Corporation" indicates the company on a non-consolidated basis.

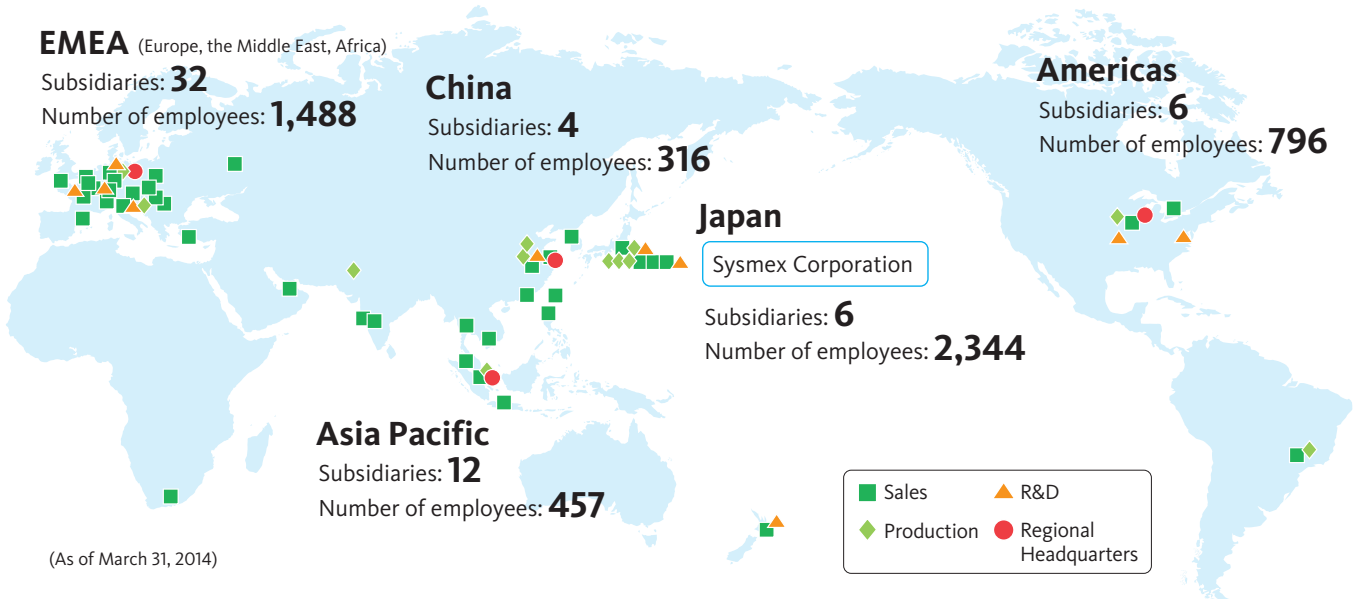
Sysmex is a Global Provider of Diagnostics Products and Services.

In-vitro diagnostic testing of patient blood and urine samples plays an important role in confirming a patient's state of health or determining a course of treatment. Sysmex supports healthy lives worldwide by providing a variety of in-vitro diagnostic instruments and reagents in more than 170 countries in an integrated system from research and development through production, sales and after-sales support.

Integrated System from R&D to Production, Sales and After-sales Support



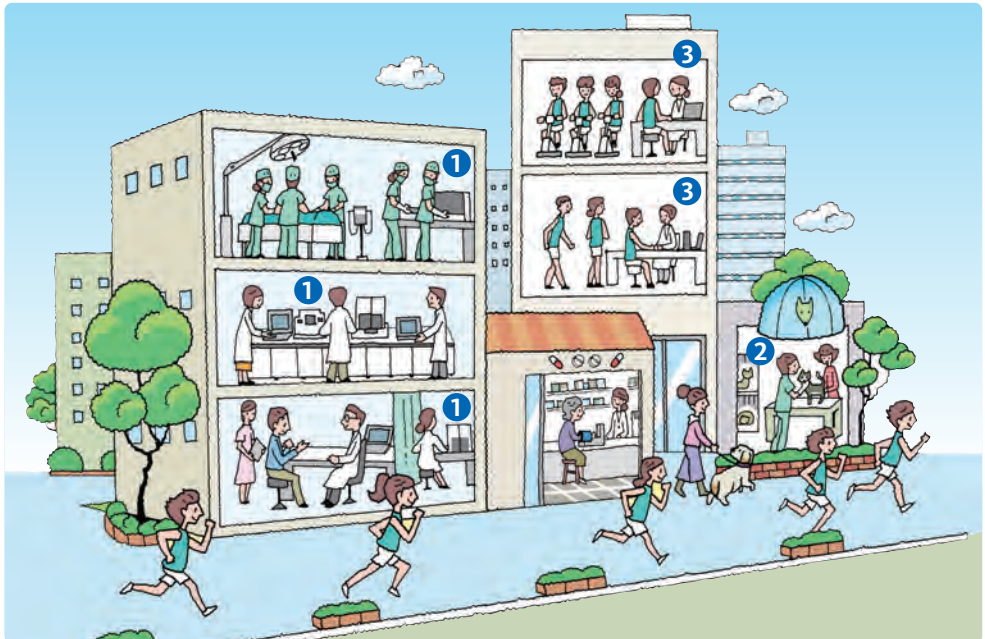
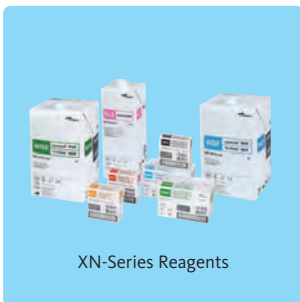
Global Network Providing a Variety of Products and Services in More than 170 Countries



Sysmex products are in use near you.

1 Hospitals

Our products are used in hematology and other fields in outpatient/in-hospital checkups and complete physical examinations to discover changes or abnormalities in organs and systems.



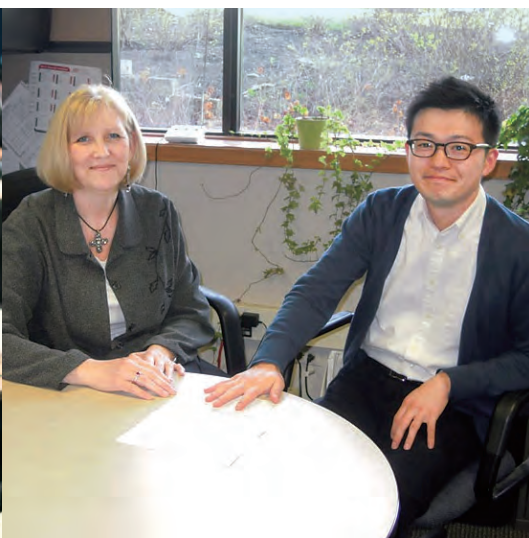
2 Animal Hospitals

Our products are used in hematological testing of dogs, cats and other animals.



3 Sports Training

Our ASTRIM FIT is used for daily training programs and nutritional maintenance to regularly check the estimated hemoglobin levels of athletes in training programs in gyms and school sports teams.



Corporate Philosophy

Corporate Philosophy

Sysmex 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.



Holding Value Quest (VQ) Activities to Put the “Sysmex Way” into Practice throughout the Group

VQ45 provided a forum for devoting extensive thought to this objective, strengthening our practice of the corporate philosophy.

Sysmex inaugurated Value Quest (VQ) activities in 2008, commemorating the Company's 40th anniversary. These activities are aimed at enhancing corporate value by putting into action the “Sysmex Way,” the corporate philosophy of the Sysmex Group. VQ provides an opportunity for employees to think about independently, and discuss with each other, activities that will help to put the “Sysmex Way” into practice. In response to questions from the chairman and CEO, various ideas are received from employees around the world, who hold discussions on these themes over the course of several months.

In fiscal 2013, the 45th anniversary of the Company's establishment, we promoted VQ45 activities that aimed at making every individual in the Group responsive to various environmental changes and to thoroughly reviewing his or her tasks and role in the Group and putting the resulting ideas into practice. In Japan, VQ45 was themed on “redefining operations, reviewing work.” The emphasis was on identifying work that required redefinition and review, and promoting action from the three perspectives of “knowing and making known,” “discarding” and “changing,” with the aim of providing maximum value to our stakeholders.

Theme of VQ45 (Japan)

Redefining Operations, Reviewing Work

“Knowing and Making Known” Internal and External Changes through the Sharing of Information, Exchanges of Opinions, and Deliberation

“Discarding” Unnecessary Operations and Rules

“Changing” to Exceed Stakeholder Expectations

Group employees around the world participated earnestly and wisely.

In addition to Japan, Group employees from around the world participated in VQ45 and propelled the activities forward. Members of Sysmex Korea, which joined the Sysmex Group in April 2013, participated enthusiastically. Employees from various divisions gathered at business offices throughout Japan, taking this as an opportunity to meet and discuss freely. This structure evolved into cross-functional proposals across departments, centering on young employees. An internal social networking service (SNS) was used to exchange opinions across long distances and organizational boundaries.

The VQ45 presentations were held in October 2013 at Technopark, our R&D center, to share individual teams' ideas, activities and results throughout the Group. Numerous proposals were announced during the presentations, which were attended by some 600 employees, including those from Group companies overseas. In one proposal, employees of Sysmex India suggested providing inexpensively priced products for India that are tailored to local needs. The Regulatory Affairs & Quality Assurance division proposed disseminating quality information improvements throughout the Company. The Supply Chain Management (SCM) division made a proposal to lower costs and reduce worker hours by improving parts packaging. Each of these proposals received an award. Based on one proposal that had been made to promote social contribution activities, we introduced the Social Contribution Point System in April 2014.

Other events in addition to VQ45 were held to commemorate the 45th anniversary of the Company's founding. These included Open Sysmex—tours for employees' families—and Festa 45, a commemorative event. Going forward, Sysmex plans to continue putting the “Sysmex Way” into practice throughout the Group through VQ45 and by promoting active communications that transcend regional and organizational boundaries.

Photo①②③④: VQ45 presentations Photo⑤: Open Sysmex Photo⑥: Festa 45



By Welcoming Two German Companies into the Group, Sysmex Makes New Inroads into Personalized Medicine and Contributes to Enhancing the Treatment of Infectious Diseases in Emerging and Developing Countries

Contributing to the Resolution of Global Healthcare Issues

In recent years, the healthcare market has been characterized by graying populations in advanced countries. Meanwhile, in emerging markets populations are increasing, triggering a growing prevalence of infectious disease. These countries are also working to meet growing healthcare needs in line with their economic development.

Progress in genetic analysis technology, which is used to analyze the risk of disease incidence, facilitates the selection of treatment methods and drug development to meet an individual's physical and genetic condition. This technology is used in "personalized medicine"—key words in the healthcare field. In emerging markets and developing countries, demand is growing for compact and inexpensive diagnostic instruments that contribute to a broad-ranging provision of healthcare services, as such instruments can help to address infectious diseases and improve public health.

In line with its Group corporate philosophy of "Shaping the Advancement of Healthcare," in October 2013 Sysmex welcomed two German companies into the Group as part of

its efforts to meet increasingly diverse global healthcare needs. Inostics (currently, Sysmex Inostics) possesses highly sensitive technologies for determining cancer genes in the blood, while Partec is a pioneer in flow cytometry*1 technology and boasts a strong presence in research domains and in the market for detecting infectious diseases such as HIV and malaria.

Aiming to Optimize Treatment for Individual Cancer Patients

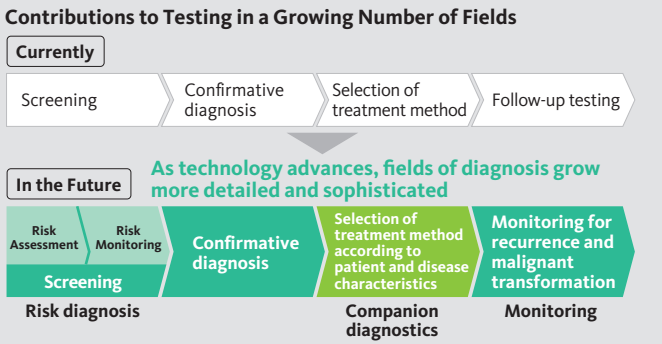
Sysmex Inostics possesses BEAMing technology*2 for detecting to a high degree of sensitivity abnormal expressions and mutations in genes that are the cause of cancer in blood. Compared to the conventional method of testing surgically removed specimens, this technology requires only blood. In addition to reducing the impact on patients, this method has the advantage of allowing multiple tests to be conducted for the monitoring of treatment methods. Conventional approaches also presented the problems of testing only a portion of the removed specimen, as well as mistaken results due to difficulties in removing some types of cancer specimens, but now highly sensitive hematological testing can be used to determine the

Sysmex Inostics

Ultrahighly sensitive technology for the detection of cancer genes

Promotion of the development of companion diagnostic drugs for cancer

Company Profile
 Sysmex Inostics GmbH (Headquarters: Hamburg, Germany)
 Established: 2008; Employees: Approximately 40 (As of December 31, 2013)



Helping to Select the Best Cancer Treatment Method for Each Individual

Companion diagnostic drugs are expected to help in determining whether a treatment drug will be effective for a patient and whether the risk of side effects is high. This can help in selecting courses of treatment or drugs that are appropriate for individual patients.

Stakeholder Comment

We are a non-profit consortium serving more than 2,000 HIV+ patients. The miniPOC's promise of portability and large volume of patient service between calibrations is perfect for us to bring care closer to our patients, especially mothers and young children in the villages. Our successful piloting of miniPOC has garnered great interest from health officials in Njombe as well as in the region of Tanga. For the future, we would like to explore a number of possibilities with Partec.



Mr. Royal Orr, Highlands Hope

entire cancerous state. Inostics has used this technology to develop a business centered on its OncoBEAM® lab assay service.

By working with leading pharmaceutical companies, Sysmex plans to aggressively pursue the development of companion diagnostic drugs, which are seen as the key to personalized medicine for cancer. Tests employing these drugs analyze target proteins and genes using specimens such as blood that are derived from individual patients. As a result, companion diagnostic drugs are expected to help in determining whether a treatment drug will be effective for a patient and whether the risk of side effects is high. By adding these technologies to its own proprietary technologies, Sysmex aims to achieve success in personalized medicine.

Working to Popularize Simple and Inexpensive Testing for HIV/AIDS

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. Sysmex is taking on the challenge of moving to a new stage of Group development to contribute to a healthy life for people around the world.

*1 Flow cytometry: method involving the flow dispersion of minute particles and the use of laser light to optically analyze minute flows. Used primarily to observe individual cells.

*2 BEAMing technology: An acronym for "Bead, Emulsion, Amplification, and Magnetics," this gene analysis method combines digital PCR (ultrahighly sensitive PCR) and flow cytometry technologies for blood-based detection of minute genetic mutations.

Partec

Compact and portable instruments to test for infectious diseases

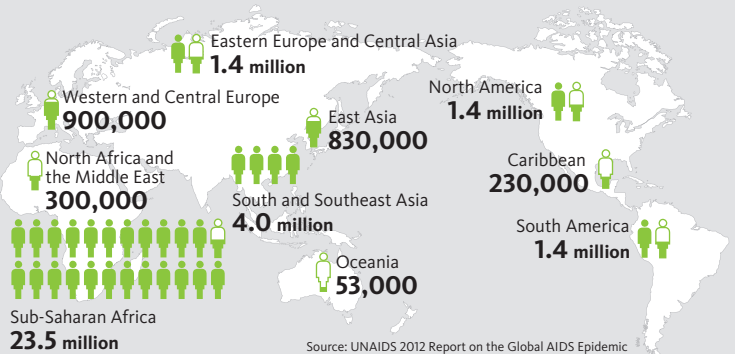


Deployment of mobile laboratories in areas lacking infrastructure



Company Profile
 Partec GmbH (Headquarters: Görlitz, Germany)
 Established: 1967; Employees: Approximately 180 (as of December 31, 2013)

Global Number of People Infected with HIV/AIDS, Number of AIDS Patients



Contributing to Expansion in the Treatment of Infectious Diseases in Emerging Markets and Developing Countries

The prevalence of HIV/AIDS, tuberculosis and malaria in emerging markets and developing countries is a global issue. Making simple and inexpensive testing instruments more commonplace will help to prevent and treat such infectious diseases.

Launching a Project to Review Our Logistics Processes and Systems from a Global Perspective, Promote Their Efficiency and Reduce Their Environmental Impact

Promoting Gradual Improvements to Logistics on a Global Level

The environment in which Sysmex operates is changing every year, as healthcare investments rise in emerging markets and environmental problems become an increasingly serious issue for society. Against this backdrop, Sysmex's product areas and sales regions continue to expand, prompting the need to review our logistics processes and systems in order to provide increasingly diverse solutions.

In April 2012, we launched a project to shorten supply chain lead times by reconfiguring the global logistics structure for overall optimization and introducing process reform. Since then, we have gradually revised our logistics structure and moved forward with packaging reforms, making progress in the overall reconfiguration of logistics.

Going beyond logistics reform, project initiatives are also intended to reduce environmental impact and serve as an effective means to achieve the objectives Sysmex has spelled out in its Eco-Vision 2020.* Consequently, we are moving ahead in a staged manner with comprehensive measures that involve affiliated companies overseas, as well as logistics

departments, materials departments, and factories.

* Eco-Vision 2020: The Sysmex Group Environmental Action Plan. Sets targets to be achieved by fiscal 2020 in the areas of "environmental consciousness in product life cycle processes" and "environmental consciousness at business offices."

Reconfiguring Our Global Logistics Structure to Lower CO₂ Emissions

In the past, we used air freight when transporting some refrigerated reagents overseas. By shifting to ship transport, we have succeeded in substantially reducing CO₂ emissions. We have also decreased lead time significantly through the local sourcing of some accessories for instruments. This move has also lowered CO₂ emissions by shortening transport distances. In addition to accessories for equipment, in the future we plan to develop local sourcing of reagent raw materials, rendering CO₂ reduction efforts even more effective.

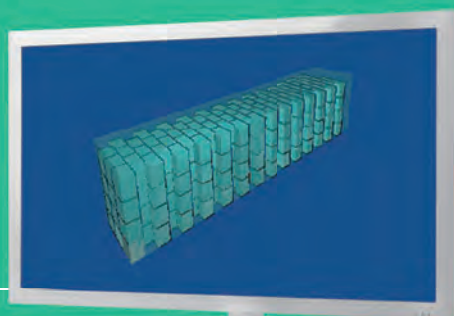
Enhancing our loading simulations has enabled us to adjust the timing of product shipments, increase our loading ratio in shipping containers and decrease the number of shipments. Specifically, in fiscal 2013 we achieved a peak-time loading ratio of 55%, up 6 percentage points from the 49% recorded

Activities Related to Curtailing CO₂ Emissions

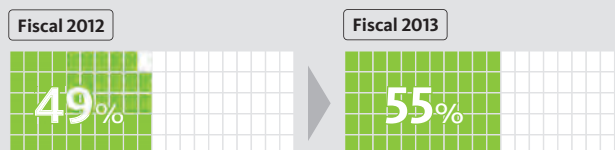
Shifting the mode of overseas transport of certain refrigerated reagents from air to ship freight

Procuring locally some accessories for instruments

By reinforcing loading simulations, adjusting product shipment timing and raising the shipping container loading ratio



Example of Improvements in the Loading Ratio



Shipping container loading ratio (at peak) up **6 percentage points**

Stakeholder Comment

The logistics of product delivery can be likened to “distribution arteries.” Conversely, collection and disposal compare to “venous distribution.” By switching transport modes and boosting the container loading ratio, we are working to make this arterial flow more efficient. At the same time, we pay attention to the processes of collection and disposal following use by reviewing package sizes and packaging materials. We plan to continue with efforts to reduce our environmental impact from a global perspective.



Tomoe Katayama, Vice President, Logistics, Sysmex Corporation

in fiscal 2012.

A warehouse is part of i-Square, our new factory in the city of Kakogawa, Hyogo Prefecture, scheduled to commence operations in August 2014. Directly linking the factory and warehouse will increase the efficiency of our logistics structure. This approach will also create a structure for direct transport to customers in Japan, and by proactively utilizing the Port of Kobe, we expect to enhance the efficiency of overseas transport routes as well.

Going forward, we aim to continue raising our container loading ratios. To this end, our headquarters logistics department will manage global optimal inventory levels, including overseas production bases, in pursuit of transportation that is planned to minimize waste.

Revising Package Designs to Reduce Material Requirements and Boost Recyclability

Optimized instrument package sizes lead to improvements in storage and loading ratios. Introducing package designs that consider the unique needs of export destinations also contributes to resource savings and a higher recycling ratio.

In addition to improving logistics processes, we are moving forward with the revision of package designs. We have already introduced steel packaging for some products to prevent damage during shipment. For shipments in Japan, we have begun employing reusable packaging, which we plan to gradually deploy in response to specific market requirements.

Recognizing its growing responsibility to supply products on a global scale, in the future Sysmex plans to continue improving its logistics efficiency and minimizing its environmental footprint.

Packaging Improvements

Boosting storage and loading efficiency by optimizing instrument package sizes

Introducing package designs that take into account the local characteristics of export destinations

Employing reusable packaging and steel packaging that protects instruments from damage

Reusable packaging

Steel packaging



Example of Packaging Improvements

Before: Main instrument and Accessories (two separate boxes)

After: Main instrument and accessories combined into a single package (one box)

Achieved a **21% reduction** in volume by combining accessories and main instrument in a single package

Employee Volunteers Promote Forest Maintenance Activities at “Sysmex Forest” to Preserve Regional Water Resources and Biodiversity

Conducting Forest Maintenance Activities as an Aspect of Corporate Social Responsibility

Forests play an important role in watershed protection by storing and purifying rainwater. Forest maintenance, therefore, is essential to the maintenance of our water resources. Since the Convention on Biological Diversity at the 10th Meeting of the Conference of the Parties (COP 10), held in Nagoya in October 2010, awareness of the importance of biodiversity in Japan has increased. This realization has encouraged a number of companies to take part in the protection of forests, which nurture diverse plant and animal species.

Sysmex, 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 “Sysmex Forest” and set about making the *satoyama* (a human-influenced natural environment) a place of tranquility for people and wildlife.

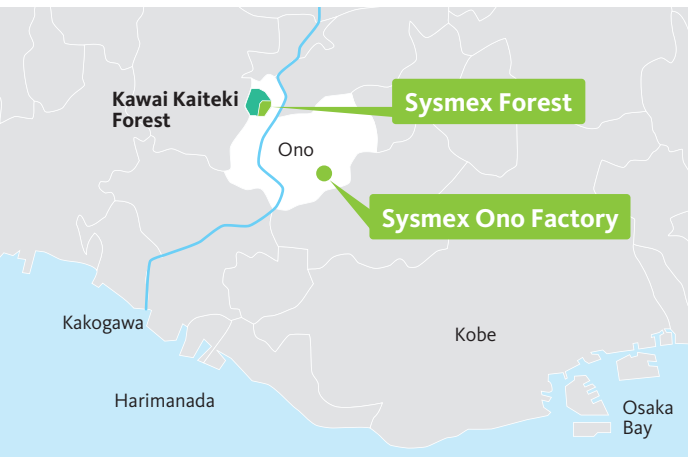
In May 2013, we held a forest opening ceremony, attended by guests and Sysmex volunteers. For the next several years, we will perform forest activities such as thinning and clearing away underbrush to protect the watershed. To preserve biodiversity, we will erect birdhouses, preserve swamp areas, cultivate indigenous species and conduct ground preparation* activities. We will also prepare mountain paths and landscape features, plant flowers and perform other tasks to revitalize the area and encourage interaction between people and nature.

* Ground preparation: clearing away fallen leaves and twigs from the forest floor

Encouraging Employees and Their Families to Participate in Volunteer Activities

During the first year, fiscal 2013, we held regular activities twice—including our opening ceremony—and ad-hoc activities five times. A total of 147 employees and family members took part.

Photo ①: Sysmex Forest Photo ②: Photo at the ceremony to commemorate the opening of the forest



Stakeholder Comment

Since the opening of the forest, I have taken part in forest maintenance activities as an employee volunteer. Our work has caused a significant and visible change in the amount of sunlight and water being let through the forest canopy. Surely this will affect the forest's ecology. Being in the middle of nature—which is so different from their everyday activities—is an extremely valuable experience for children and a refreshing change for adults, too. I hope to continue participating in this enjoyable activity with other employees and their families, as well as members of the local community, as we work to create a place of tranquility for people and wildlife.

Eri Doumoto, Manager, Production Division 2 (Ono Factory), Sysmex International Reagents Co., Ltd.



At the regular activity in November 2013, more than 30 employees and their family members volunteered for such activities as thinning, ground preparation and building steps along mountain pathways.

Completing these tasks allowed the light to penetrate the forest cover more easily, encouraging seeds to sprout and diverse plants to grow. Ad-hoc activities included initiatives themed on the cyclical use of forest resources. For example, the thinning of *Quercus serrate* trees yielded edible *shiitake* mushrooms, and the branches and leaves that were gathered during ground preparation were piled into mulch stacks to create a habitat for unicorn beetles and other insects.

Even small children are taking part in Sysmex Forest activities. We hope that participating in forest maintenance activities will foster an awareness of the environment.

Going forward, we will cooperate with regional government bodies, forestry cooperatives and local citizens with a long-term perspective to make the Sysmex Forest a place of tranquility for people and wildlife.

Taking Part in Corporate Citizenship Activities Linked with Environmental Preservation at Overseas Group Companies

Since commencing its Sysmex Forest activities in fiscal 2013, Sysmex has also undertaken a host of environmental preservation initiatives in Japan and overseas. For instance, at Sysmex America, our regional headquarters for the Americas, employee volunteers have taken part in cleanup activities to protect forests. Employees at Sysmex New Zealand conducted cleanups along the coast, which is home to diverse species of wildlife.

Going forward, Sysmex will continue contributing to environmental preservation by promoting corporate citizenship activities that are closely rooted in the local community.

Photo③: Thinning the forest Photo④: Preparing the ground Photo⑤: Repairing mountain paths

Overview of “Sysmex Forest” Activities in Fiscal 2013

Thinning, clearing underbrush

→ watershed protection

Bioenvironmental survey by specialized institution, ground preparation, gathering branches and leaves

→ preserving biodiversity

Planting cherry and other trees, preparing mountain paths, making flowerbeds

→ making *satoyama* (human-influenced natural environments)



Setting of Mid-Term Objectives and Promotion of CSR Activities

To be more proactive in our CSR initiatives, in April 2013 we established the Mid-Term CSR Plan (fiscal 2013–2015) based on the 10 Principles of the United Nations Global Compact and the ISO 26000 international standards for social responsibility. We are promoting CSR activities and working to resolve social issues based on this plan.



Category	CSR Mid-Term Objectives	Status of Activities in Fiscal 2013 ○: According to plan △: Partly completed	Activities Planned for Fiscal 2014
Organizational governance	(1) Reinforcement of the compliance system	○	<ul style="list-style-type: none"> • Deploy Global Compliance Regulations and the Global Compliance Code throughout the Group. • Strengthen coordination between Group companies on legal management system.
	(2) Improvement of business continuity plan	○	<ul style="list-style-type: none"> • Complete function-specific business continuity manual. • Plan and implement proactive actions (such as seismic reinforcement and disaster recovery) • Conduct assessments on additional risks related to human rights of employees and in the supply chain, as well as climate change.
Human rights / Labor practices	(3) Promotion of diversity	○	<ul style="list-style-type: none"> • Introduce leave compensation (benefit) for people taking nursing care leave. • Conduct training to promote a proper understanding of labor management (harassment, time management, work-life balance). • Promote global recruiting, and extend internship system to people overseas.
Environment	(4) Promotion of environmental activities to achieve the long-term environmental objectives (Sysmex Eco-Vision 2020)	△	<ul style="list-style-type: none"> • Make products more compact and lightweight, reduce energy consumption, simplify product packaging. • Switch to alternatives for animal-derived substances. • Conduct activities in preparation for a declaration of conformance with the RoHS Directive (July 2015). • Promote remote product maintenance services. • Foster a shift from air to ocean transport. • Reduce energy use at business sites. • Maintain waste recycling ratio at business sites. • Reduce water use at reagent factories.
Fair operating practices	(5) Promotion of fair trade	○	<ul style="list-style-type: none"> • Cultivate internal awareness of overseas anti-bribery legislation and EU anti-monopoly laws. • Obtain external evaluation of compliance system. • Disclose information on the basis of sunshine laws*2.
	(6) Promotion of CSR procurement	○	<ul style="list-style-type: none"> • Ensure understanding of new procurement policy among business partners and related departments within the Company. • Commit procurement-related initiatives concerning human rights, ethics, occupational health and safety, and survey the status of conformance among business partners.
Consumer issues	(7) Enhancement of information security	△	<ul style="list-style-type: none"> • Enhance the current security level, review the operations of departmental systems, document procedures and conduct training.
	(8) Improvement of customer satisfaction	○	<ul style="list-style-type: none"> • Analyze new CRM system's VOC information and communicate it to related departments.
Community involvement and development	(9) Promotion of social contribution activities	○	<ul style="list-style-type: none"> • Commence operations of the social contribution point system, and plan and introduce related measures.

*1 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).

*2 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 pharmaceutical companies to disclose information about payments to doctors and research institutions.

*3 CRM system: A system that comprehensively manages a variety of data about each customer

*4 VOC activities: Activities involving the collection and analysis of customer opinions, and feeding this information back into business operations.

Global Topics

Sysmex took part in a host of CSR activities around the world in fiscal 2013. Some major activities are introduced below.

 <p>P15</p>	<h2>Japan</h2> <ul style="list-style-type: none"> ● XN-2000 Automated Hematology Analyzer and XN Reagents Win German Design Award ● ASTRIM FIT Health Monitoring Analyzer Receives Good Design Award ● Focusing on the Development of Global Human Resources ● Supporting Customers' Daily Quality Control ● Sponsoring the Kobe Marathon 	
 <p>P17</p>	<h2>Americas</h2> <ul style="list-style-type: none"> ● Selected for the Companies That Care Honor Roll for the Sixth Consecutive Year for Our Efforts to Create a Motivating Workplace and Corporate Citizenship Activities ● Proactively Supporting Employee Growth ● Respecting Diversity, and Building a Motivating Working Environment ● Topping Customer Satisfaction Survey for the 14th Consecutive Year ● Contributing to Children's Lives and Healthcare in Brazil 	
 <p>P19</p>	<h2>EMEA (Europe, the Middle East and Africa)</h2> <ul style="list-style-type: none"> ● Creating a Motivating Workplace through the Aggressive Rollout of Childrearing Support and Health Promotion Measures ● Developing Training Plans to Reflect Individual Employees' Needs ● Global Personnel Exchange Program ● Contracting out Some Work to Organizations Supporting People with Disabilities ● Supporting Breast Cancer Awareness Events 	
 <p>P21</p>	<h2>China</h2> <ul style="list-style-type: none"> ● Collaborating with Universities to Cultivate Engineers That Can Resolve the Issues Medical Professionals Face ● Focusing on Creation of a Safe and Comfortable Workplace and Proactive Communications ● Acquiring ISO 14001 Certification at Our Reagent Factory ● Educating Employees to Ensure Thorough Compliance with Fair Trading 	
 <p>P22</p>	<h2>Asia Pacific</h2> <ul style="list-style-type: none"> ● More Than 500 People from 17 Countries Take Part in AP International Sysmex Scientific Seminars ● Activities Aimed at Enhancing Employee Solidarity ● Baddhi Factory in India Receives Award for Environmental Protection Activities ● Supporting Quality Control, Contributing to Standardization in Emerging Markets ● Providing Support for Events to Raise Awareness of Breast Cancer 	



Global Topics

Japan

XN-2000 Automated Hematology Analyzer and XN Reagents

Win German Design Award

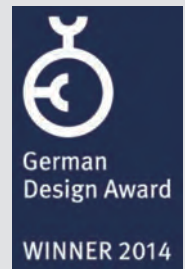
In December 2013, Sysmex's XN-Series XN-2000 automated hematology analyzer and XN reagents received the German Design Award, sponsored by the German Design Council. Nomination for the German Design Award is conditioned upon prior receipt of another international design award, and is an honor in itself. The rigorous screening for this award has led to it being referred to as an "award among awards." The XN-2000 and XN reagents were nominated for the German Design Award based upon receipt of the iF Product Design

Award 2013, which is an independent German design award, in November 2012.

In addition to improved functionality and performance, the XN-2000 was evaluated highly for its appearance and the usability of the "Silent Design®" product concept, which reduces the burden on clinical laboratory technologists. Such high ratings led to the XN-2000 and XN reagents being ranked among the top 100 of the 1,900 products nominated.



XN-2000 automated hematology analyzer



XN reagents

ASTRIM FIT Health Monitoring Analyzer

Receives Good Design Award



ASTRIM FIT

In January 2014, Sysmex launched the ASTRIM FIT, which measures estimated hemoglobin levels in peripheral blood without the need for blood sampling. Highly rated for its advanced functionality, as well as its compactness and the attractiveness of its exterior housing, the ASTRIM FIT received the Good Design Award 2013, sponsored by the Japan Institute of Design Promotion.

More compact than previous models and designed to be about one-third their price, in addition to top athletes Sysmex hopes to expand the instrument's application to training locations for the young athletes who will participate in the 2020 Tokyo Olympic Games.

Human Rights, Labor Practices

Focusing on the Development 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, some of 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 2013, a total of 13 employees had been dispatched overseas through this program.

In fiscal 2012, we also began promoting exchanges of Japanese and overseas personnel by instituting the Global Personnel Exchange Program, aimed at strengthening ties through deeper mutual understanding. (See page 20 for details.)



Employees strengthening ties through the Global Apprentice Program

Consumer Issues

Supporting Customers' Daily Quality Control

At hospitals and other healthcare facilities, 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 on a daily basis the measurement results of materials known as control samples, with reference values and results. Systemex supports quality control by providing these control materials. Customer instruments are connected to the Customer Support Center via our online Systemex Network Communication Systems (SNCS). Measured values of control samples sent via the SNCS from customer instruments are received by the Customer Support Center and compared with other counts by the same instrument to detect signs of abnormalities. Analysis results are then returned to the customer. In fiscal 2013, on a trial basis we began offering a "smart maintenance" service for some products that use SNCS circuits to check instrument operating status remotely.

In fiscal 2013, the SNCS received a Grand Prix at the IT Japan Award 2013, sponsored by *Nikkei Computer* (published by Nikkei Business Publications, Inc.), for excellence in the application of information technology. The system was rated highly for "simultaneously enhancing customer satisfaction and boosting business efficiency."



IT Japan Award 2013 Grand Prix plaque

Community Involvement and Development

Sponsoring the Kobe Marathon

The theme of the Kobe Marathon, "Thanks and Friendship," is meant to express the gratitude of the people in the Kobe area to everyone who assisted in the reconstruction of the region following the Great Hanshin-Awaji Earthquake. Systemex Corporation, which is headquartered in Kobe, shares this sense of gratitude and, as a company involved in healthcare that aims to contribute to a healthy society through sports, is proud to have been a special sponsor of the event since its inception.

For the third marathon, held in November 2013, Systemex supplied bib numbers to around 20,000 participating runners. Systemex Group employees and their families also took part in volunteer activities, providing broad-ranging support for the event. Systemex also exhibited at the Kobe Marathon EXPO, and offered participants a chance to check their health condition by using its product, the ASTRIM, to measure estimated hemoglobin levels in peripheral blood without the need for blood sampling. Members of the Systemex Women's Track & Field Team also conducted a lecture on stretching and presided over a talk show.

Systemex plans to continue helping to invigorate the Kobe region through sports by sponsoring the 4th Kobe Marathon, scheduled for November 2014.



Volunteers providing water at the 3rd Kobe Marathon



Global Topics

Americas

Selected for the Companies That Care Honor Roll for the **Sixth Consecutive Year** for Our Efforts to Create a Motivating Workplace and Corporate Citizenship Activities

Systemx America does its best to make the workplace motivating for employees, and is proactive in corporate citizenship activities.

As a company that has developed its business in the field of healthcare over many years, Systemx America believes in fostering a better society from the standpoint of health. Accordingly, the company consistently contributes to such organizations as the American Cancer Society, the American Heart Association and the Leukemia & Lymphoma Society through ongoing donations. In fiscal 2013, Systemx America donated a total of more than US\$100,000 to such causes. Company volunteers also participate actively in events sponsored by these organizations.

In fiscal 2013, Systemx America supported and more than 20 employees volunteered in efforts to distribute food to the needy through the Northern Illinois Food Bank, an NPO, by packing foods and assisting in other tasks. The company takes part in various other initiatives, as well, such as conserving nearby forests.

Recognized for initiatives such as these, Systemx America was selected as a member of the Companies That Care Honor Roll 2014, sponsored by a U.S. non-profit organization. This was the sixth year in a row that Systemx America has received this award, which recognizes companies for corporate citizenship activities and proactive efforts to create a motivating workplace.



Cleaning activity for forest conservation



Employee volunteers who participated in food distribution initiative



Human Rights, Labor Practices

Proactively Supporting Employee Growth

Sysmex America conducts a 60-day orientation and training program for new employees, and has e-learning programs in place for all employees. The company has also introduced a scholarship system that encourages employees to study independently at universities and other locations. Employee-students are reimbursed according to performance, and Sysmex America provides up to US\$5,250 for university-level study and as much as US\$10,000 for study at the graduate level.

In fiscal 2013, Sysmex America conducted the Sysmex Management Academy to bolster business management expertise and enhance leadership skills. More than 30 managers from the Americas took part in academy courses.



Students of the Sysmex Management Academy

Respecting Diversity, and Building a Motivating Working Environment

Sysmex America has designed and put in place an affirmative action program aimed at encouraging diversity. In line with its focus of cultivating an environment that fosters diverse working styles, Sysmex America offers flextime and teleworking systems. The company has also entered into an agreement with an outsourced service provider to provide support if an employee's family member suddenly falls ill. Underscoring its commitment to health maintenance and improvement, the company has an on-site fitness gym.

As an indicator of how employees view these initiatives, Sysmex America earns high marks in employee satisfaction surveys that it conducts via an independent organization. Evincing the strong connection between the company and its employees, in fiscal 2013 Sysmex America was one company selected in the Top Workplaces survey of regional organizations by the *Chicago Tribune*.



Consumer Issues

Topping Customer Satisfaction Survey for the 14th Consecutive Year

Sysmex established its U.S. subsidiary in 1979, and the company commenced local direct sales and support activities in 2003. Since that time, the company has worked to improve customer satisfaction. We help ensure that instruments operate stably at customer locations via the Sysmex Network Communication Systems (SNCS), an online network support service. We also have in place a purpose-build studio, where we provide real-time virtual training on instrument handling for customers. Such extensive support has earned us numerous positive customer reviews.

As one indicator of its success in such initiatives, the company has received the top ranking among manufacturers of hematology analyzers in a survey of customer satisfaction* for 14 consecutive years. In a separate questionnaire survey that we conducted by email and post in November 2013, we received 9.1 out of 10.0 possible marks for customer satisfaction.

* IMV Service Track US user survey

Community Involvement and Development

Contributing to Children's Lives and Healthcare in Brazil

In fiscal 2013, Sysmex Brazil supported a project called "The trailer of Mr. Manuel," in which a trailer went through neighborhoods, conducting shows and providing Christmas presents. This project has contributed to the lives of more than 16,000 children and their families. The company also cooperates with São Roque, an organization that extends a helping hand to orphans and vulnerable children, hosting concerts by a children's choral group at its factory.

For the past five years, Sysmex Brazil has provided support to the Little Prince Pediatric Hospital, which encourages the spread of pediatric healthcare. In fiscal 2013, the company cooperated with projects under the theme of Advances in Health Treatment for the Right to Live, aimed at cultivating leading-edge diagnostics research and the spread of knowledge about pediatric healthcare.



Concert by a children's choral group



Global Topics

EMEA (Europe, the Middle East and Africa)

Creating a Motivating Workplace

through the Aggressive Rollout of Childrearing Support and Health Promotion Measures

System Europe and System Deutschland have in place a variety of programs and facilities aimed at creating a workplace that motivates employees. For example, the companies offer a childcare support program that provides employees with €50 per month for each child under the age of four, when both mother and father are working. Keen to promote the physical and mental health of their employees, the companies offer counseling by dietitians and psychotherapists and provide in-house fitness areas.

In fiscal 2013, System participated for the second time in the Great Place to Work competition, conducted by a survey body. System was ranked 50th out of 100 Best German Employers (compared with 64th place in fiscal 2011) with 50–500 employees. Going forward, we will conduct our own employee satisfaction survey spanning the entire EMEA region.

Principal Initiatives for Promoting Physical and Mental Health

- Provision of yoga, pilates, badminton, boxing and other sports courses (free of charge if participating regularly)
- Assistance for regular sporting activities for field workers (€50/month)
- Counseling by a dietician (free of charge)
- Counseling by a psychotherapist (free of charge)
- Massage provision (company pays 50%)



Human Rights, Labor Practices

Developing Training Plans to Reflect Individual Employees' Needs

The human resource development team at Sysmex Europe develops and implements annual training plans, and then verifies their effectiveness. Employee development plans reflect individual employees' training needs, determined through interviews with their supervisors and with HR.

Based on this structure, Sysmex Europe conducts on-board training, training for management skills development, and an EMEA-wide international leadership training called the "Tsunagari Program." Additionally, HR promotes the Sysmex School, whereby employees provide training and instruction to their peers. Programs such as these are conducted every year to encourage employee development.



Tsunagari Program

Global Personnel Exchange Program

Sysmex 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 November 2013, employees from Germany, Hungary and the Czech Republic visited Japan, experiencing operations at headquarters in Kobe and participating in discussion and forums. They also visited customers' research laboratories in Tokyo, Nagoya and Osaka. In January 2014, Japanese employees visited Sysmex Europe, our regional headquarters for EMEA, where they likewise experienced work activities and visited customers, thereby deepening communications.



Experiencing work activities through interaction with employees

Community Involvement and Development

Contracting out Some Work to Organizations Supporting People with Disabilities

Sysmex Europe's reagent factory contracts out work such as materials selection to organizations that support efforts by people with disabilities to become more self-reliant. Such organizations also dispatch workers with disabilities to the factory's manufacturing lines.

Sysmex Europe also contracts out work to companies that employ people with disabilities, assigning them such tasks as shredding confidential documents.

Supporting Breast Cancer Awareness Events

Under the DigniLife™ brand, Sysmex Europe has developed a product that reduces the hair loss associated with cancer chemotherapy by cooling the scalp, thereby contributing to patient quality of life. In September 2013, through this brand Sysmex Europe sponsored a Komen Race for the Cure running event that took place in a municipal park in Hamburg, Germany. A race aimed at raising awareness of breast cancer and lending courage to patients and their families, fundraising activities are conducted at the same time to support breast cancer related educational projects. During the event, Sysmex Europe exhibited at a DigniLife™ booth. In addition to providing information about scalp cooling and hair maintenance, booth activities allowed participants to actually experience a reduction in scalp temperature.

A "DigniLife" team of 27 employees also took part in the race itself, constituting the seventh largest team among the 1,700 participants. Participants themselves appeared impressed by the event, and some commented that they believed Sysmex's participation encouraged people with illnesses.



DigniLife™ team members who participated in the race



The DigniLife™ booth



Global Topics

China

Collaborating with Universities to Cultivate Engineers

Who Can Resolve the Issues Medical Professionals Face

In July 2013, Sysmex Shanghai and the Shanghai Medical Instrumentation College (SMIC) opened a training center as a collaborative project to cultivate clinical testing instrument engineers.

This program seeks to combine the superb educational experience of SMIC's professors and researchers with the

extensive operational expertise and skills possessed by engineers at Sysmex Shanghai. By doing so, we believe we can provide effective education and instruction to people with enthusiasm, developing excellent engineers who will address some of the issues China's medical community faces.



Signing ceremony



SMIC

Human Rights, Labor Practices

Focusing on Creation of a Safe and Comfortable Workplace and Proactive Communications

The Jinan Factory, one of Sysmex's two reagent factories in China, has put a special effort toward creating a workplace that employees find safe and comfortable. In addition to thorough attention to occupational health and safety, work spaces are illuminated with natural lighting, 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.

Another reagent factory in the country, the Wuxi Factory, conducts employee satisfaction surveys; in our fiscal 2013 survey we scored an overall satisfaction level of more than 70%.

Environment

Acquiring ISO 14001 Certification at Our Reagent Factory

Sysmex is working toward the acquisition of ISO 14001, the international standard for environmental management, for the Group as a whole. Our Wuxi Factory in China acquired this certification in June 2013.

Fair Operating Practices

Educating Employees to Ensure Thorough Compliance with Fair Trading

Sysmex is mounting a full-fledged effort to prevent corruption and promote fair transactions. To this end, the Company distributes to employees a compliance handbook it has published, as well as providing education on the topic.

For Group companies in China, in fiscal 2013 we conducted training on corruption prevention and antimonopoly law for distributors, as well as new employees, members of the sales and marketing department, accounting staff and managers.



Global Topics

Asia Pacific

More Than 500 People from 17 Countries

Take Part in AP International Sysmex Scientific Seminars

The fourth AP International Sysmex Scientific Seminar took place in Kuala Lumpur, Malaysia, on October 8 and 9, 2013. Our largest seminar in Asia to date, the event attracted more than 500 customers from 17 countries.

Themed “Adding New Dimensions to Diagnostics,” the event featured meaningful talks by 12 instructors from seven countries on topics such as applications to clinical diagnostics and presentation of case studies.



Fourth AP International Sysmex Scientific Seminar



The seminar's opening

Human Rights, Labor Practices

Activities Aimed at Enhancing Employee Solidarity

During fiscal year 2013, we conducted activities aimed at boosting solidarity among employees at Group companies in the Asia Pacific region.

As well as conducting discussions and workshops, we promoted leadership and fostered teamwork through activities like forest trekking and sports.

Environment

Baddhi Factory in India Receives Award for Environmental Protection Activities

Sysmex India's Baddhi Factory, along with eight other companies, received an award from a local industry association as a “small-scale industrial business that focuses on environmental protection activities.”

The Baddhi region is one of India's largest industrial areas, housing more than 3,000 companies.

Consumer Issues

Supporting Quality Control, Contributing to Standardization in Emerging Markets

Sysmex contributes to the standardization of testing in emerging markets through such initiatives as working with local governments and academic societies on and external quality control*. In Mongolia, the Sysmex reference counter is used as the standard instrument for external quality control purposes. We also support various efforts toward standardization in Thailand, the Philippines and other countries.

* 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

Community Involvement and Development

Providing Support for Events to Raise Awareness of Breast Cancer

Sysmex Malaysia sponsored The Pink Charity Run, held in October 2013 at Stadium Padang Sultan Sulaiman. Participation in this charity event was one aspect of “Greener Sysmex,” CSR activities being promoted by the company's employees. Organized by a local hospital group, the event promoted breast cancer awareness and raised money for patient support organizations.

We Believe the Possibilities.

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