

**Asano:** Hello, my name is Asano. Thank you very much for taking time out of your busy schedule to come to Kobe today and participate in our IR Day. We are very pleased that this is the first time such an event has been held in four years since 2019. We also thank all of you who are participating online.

I would now like to explain our ESG initiatives under our growth strategy.

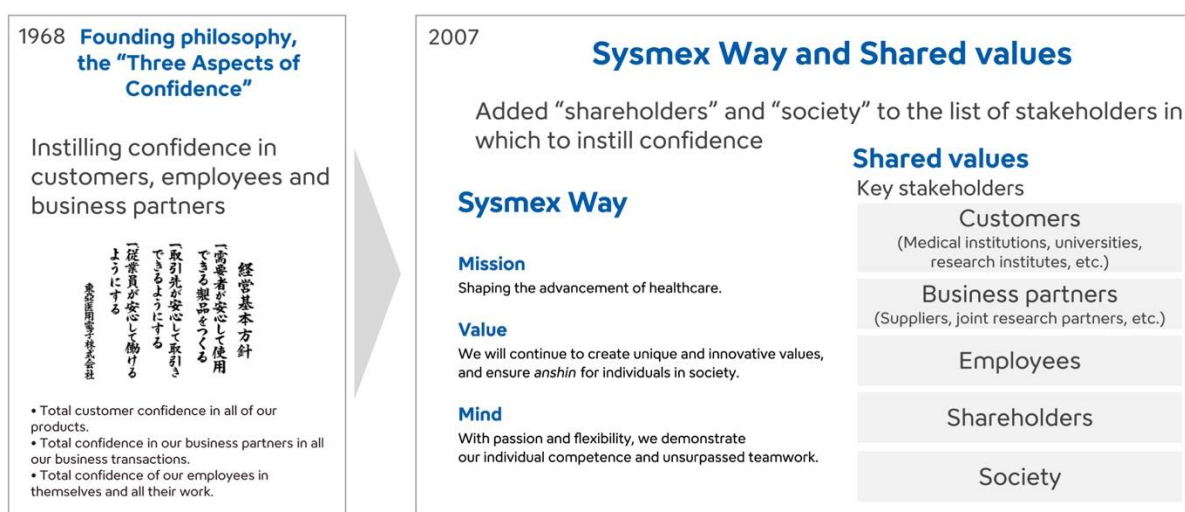
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Today, I will start by presenting the overall picture of our sustainability management, followed by an explanation of the human capital strategy and the eco-social strategy by the director in charge.

## An Ideal Unchanged Since Our Founding: Instilling Confidence



Management and behavior always cognizant of the value provided to stakeholders



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Since its establishment, SYSMEX has always valued the word confidence.

From the very beginning, our founder, Taro Nakatani, set forth our philosophy of instilling three aspects of confidence or instilling confidence in our customers, business partners, and employees. Since that time, we have always managed and acted with our stakeholders in mind, incorporating the current multi-stakeholder philosophy.

In 2007, as the Company grew in size, we established the Sysmex Way, a new corporate philosophy that evolved from the three aspects of confidence of the past and also established standards of conduct for providing value to our stakeholders, which we now refer to as shared values. We added shareholders and society to stakeholders, and we continue to provide confidence.

## ESG Initiatives to Date (to Fiscal year ending March 31, 2023)



<p><b>Creating innovation in a healthy society (S)</b></p> <p>1963 First Japanese-made hematology analyzer      1990 Development of the world's first hematology transport system</p>   <p><b>Equalization of medical care and improvement of safety</b></p>	<p><b>Improvement in accessibility to healthcare (S)</b></p> <p>Global scientific activities      Expansion in emerging markets</p>   <p><b>Operations spanning more than 190 countries and regions</b></p>	
<p><b>Governance (G)</b></p> <ul style="list-style-type: none"> <li>2005 Introduced executive officer system</li> <li>2006 Established Compliance Committee</li> <li>2007 Formulated corporate philosophy for the Sysmex Group</li> <li>2016 Transitioned to a company with an Audit and Supervisory Committee (with outside directors accounting for 33% of members of the Managing Board)</li> <li>2020 Established an Internal Control Committee</li> </ul>	<p><b>Human resources (S)</b></p> <ul style="list-style-type: none"> <li>2007 Formulated a human resource strategy</li> <li>2009 Established position grading system and commenced global talent management (assessment, remuneration)</li> <li>2019 Digitalization of HR information</li> <li>2020 Established a job-based human resource system</li> </ul>	<p><b>Environment (E)</b></p> <ul style="list-style-type: none"> <li>2000 Obtained ISO 14001 certification (Kakogawa Factory)</li> <li>2004 Formulated an environmental policy</li> <li>2006 Established a Group Environmental Management Committee</li> <li>2010 Set Long-Term Environmental Objectives</li> <li>2020 Endorsed TCFD recommendations</li> <li>2022 Declared our intention to achieve carbon neutrality</li> </ul>

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Please proceed to page five.

This slide shows the main ways in which we have provided confidence to date.

With regard to healthcare issues, as shown in the upper part, we have been working to solve healthcare issues through product development and innovation, including the commercialization of the first hematology analyzer in Japan and the development of the world's first hematology transport system. We have not only developed these products but also established a distribution network to make them available to customers around the world and now deliver our products to customers in more than 190 countries and regions. We also conduct seminars and other academic and educational activities around the world to ensure that our products can be used safely and correctly. Furthermore, to support these activities, we have been strengthening governance, promoting human resources and human capital strategies, and addressing environmental issues, as shown in the lower part.

# Sysmex's Growth Strategy and Sustainability Management



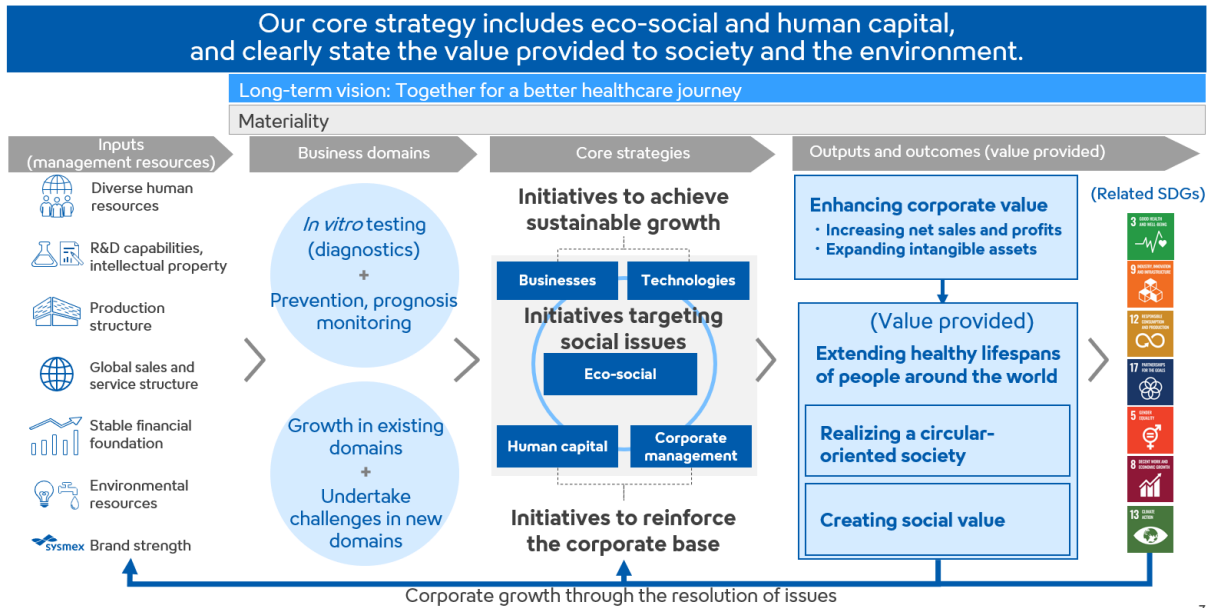
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Please turn to page six.

Now, starting this fiscal year, we have defined a new long-term corporate strategy. We have launched a new long-term corporate strategy, VA33, to realize our long-term vision of together for a better healthcare journey. VA33 is pursuing strategic initiatives in emerging countries, enhancing existing businesses, and expanding new businesses as part of its growth strategy, but innovation is necessary to realize these strategies.

On the other hand, if we look at these issues from the perspective of sustainability management, it means working to create new value for a healthy society by solving medical issues and improving access to medical care through innovation and promoting stronger governance to support these efforts. In other words, we believe that our long-term strategy and sustainability management are inextricably linked.

# Story of Value Creation



Please proceed to page seven.

Here is our story of value creation, revamped in line with our new corporate strategy. We will strive for growth based on the five strategies outlined here, using management resources, including intangibles, as inputs to expand our business domain. What was previously considered a human resource strategy is now a human capital strategy, and we will maximize the value of this strategy to enhance our corporate value. We have also developed a new eco-social strategy to strategically create value for the environment and society, which will lead to a new competitive advantage. By executing these strategies, we will realize our long-term vision and ultimately increase our corporate value, thereby contributing to the extension of healthy life spans of people around the world, the realization of a circular-oriented society, and the creation of social value.

Redefining our materiality according to seven priority SDGs			
Priority SDGs to address		Materiality	
		Initiatives	Themes
3	Good health and well-being	<ul style="list-style-type: none"> <li>Resolution of medical issues through innovation</li> <li>Improvements in accessibility to healthcare</li> </ul>	Creating new value for a healthy society <sup>2</sup>
9	Industry, innovation and infrastructure	<ul style="list-style-type: none"> <li>Pursuit of quality and trust</li> <li>Strengthening supply chain management</li> </ul>	Providing responsible products, services, and solutions <sup>2</sup>
12	Responsible consumption and production		
17	Partnerships for the goals		
5	Gender equality	<ul style="list-style-type: none"> <li>Increasing engagement<sup>1</sup></li> <li>Promotion of diversity, equity &amp; inclusion<sup>2</sup></li> <li>Development of human resources</li> <li>Promotion of health and occupational safety</li> </ul>	Creating an attractive workplace
8	Decent work and economic growth		
13	Climate action	<ul style="list-style-type: none"> <li>Resource circulation in product life cycle<sup>2</sup></li> <li>Reduction in environmental burden through business activities<sup>2</sup></li> </ul>	Reducing environmental impacts <sup>2</sup>
(Governance)		<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Compliance</li> <li>Risk management</li> <li>Respect for human rights<sup>1</sup></li> </ul>	Strengthening governance

\*1 Newly added materiality items \*2 Items that have been reorganized, integrated or changed from the previous materiality items



Please move on to page eight.

Based on the long-term corporate strategy and value creation story, we have identified seven SDGs that we should give priority to and have established five themes and 14 materialities under them.

I would like to share with you some of our efforts to create new value for a healthy society and to strengthen governance.

## Creating New Value for a Healthy Society

### Examples of the “Resolution of Medical Issues through Innovation”

Creating better tests to help realize a better healthcare journey		
<p>Number of dementia patients globally</p> <p><b>More than 55 million*</b></p> <p>Social implementation of a simple blood-based Alzheimer's disease test</p>  <p><small>*Source: Global status report on the public health response to dementia executive summary (Sep. 2, 2021, World Health Organization)</small></p>	<p>Predicted number of deaths due to antimicrobial resistance (2050)</p> <p><b>10 million*</b></p> <p>(If no measures to counter AMR are taken)</p> <p>Suppression of drug-resistant bacteria through rapid drug susceptibility testing</p>  <p><small>*Source: Antimicrobial Resistance: Tackling a crisis for the health and wealth of nations. The Review on Antimicrobial Resistance, Chaired by Jim O' Neill.</small></p>	<p>Number of patients with inherited retinal dystrophy</p> <p>Approx. <b>30,000*</b> (in Japan)</p> <p>Gene panel testing to contribute to low-vision care and in improved quality of life</p>  <p><small>*Source: Sysmex estimate based on the Japan Intractable Diseases Information Center website</small></p>

Please turn to page nine.



First, we will discuss creating new value for a healthy society and solving medical issues through innovation. We have done so in the past and will continue to do so in the future through the development of new testing and diagnostic technologies to solve various healthcare issues and contribute to the realization of a better healthcare journey.

What we are showing here is just one example. For example, dementia is becoming a major problem as the world population ages. In order to diagnose dementia at an early stage, we have developed a technology to test for Alzheimer's disease from blood. In addition, we have developed a device for rapid drug sensitivity testing in urinary tract infections, as described in the middle part. This eliminates the need for unnecessary administration of antimicrobial agents and suppresses drug-resistant bacteria. Moreover, shown on the right is a test for inherited retinal dystrophy. There are many intractable and genetic diseases in the world, but many cases go undiagnosed and untreated. Our genetic analysis technology provides these patients with accurate diagnosis and treatment options. In addition to what I have just mentioned, we are also working to solve numerous other healthcare issues.

## Creating New Value for a Healthy Society

### Examples of "Improvements in Accessibility to Healthcare"



Contributing to the proliferation of high-quality testing in emerging and developing countries

<p><b>Development of malaria tests using hematology systems</b></p> <p>Automatic measurement to test whether and what percentage of blood cells infected by malaria parasites in approximately 1 minute</p>  <p>XN-31</p> <p>Previously: 15–30 minutes</p>   <p>Microscope testing    Rapid diagnostic test kit</p>	<p><b>Activities to support improvements in testing quality and accuracy</b></p> <p>Areas of implementation:</p>  <p>China    Mongolia    Cambodia Myanmar    Thailand    Philippines</p> <p>Examples of support in China:</p> <ul style="list-style-type: none"> <li>• Installation of national standard instrument for hematology</li> <li>• Technology transfer and exchange of blood test and reference measurement operation methods</li> <li>• Support for the development of national guidelines for clinical laboratories</li> </ul>	<p><b>Enhancement of medical professionals' knowledge and skills</b></p> <ul style="list-style-type: none"> <li>■ Seminar participants in the private–public JICA collaboration program for disseminating automated urinalysis diagnosis technology (Ghana):</li> </ul> <p>Approx. <b>860*</b> *Total between 2018 and 2022</p> <ul style="list-style-type: none"> <li>■ Training in instrument maintenance, management, hospital management, etc. (JICA trainees):</li> </ul> <p>More than <b>1,000</b> people* *1994–2022</p>
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Page 10, please.

Next, as for creating new value for a healthy society, I would like to present a case study of our efforts to improve accessibility to healthcare. We already provide our products to more than 190 countries and regions around the world, and at the same time, we will leverage these products to solve medical issues in emerging and developing countries. For example, it is possible to measure in one minute whether blood cells are infected with malaria by hematology shown on the left side.

In the middle, as I mentioned earlier, in developing and emerging countries, we not only provide products but also support activities to improve the quality and accuracy of tests and conduct seminars and training activities to ensure that our products are used correctly. For example, in China, since 2002, our instruments have been adopted as the national standard for hematology analyzers, and based on this, all hematology analyzers in China are subject to registration inspection and external accuracy control.

## Strengthening Governance



Continuing to improve management quality, including by ensuring diversity and enhancing the skills of members of the Managing Board

### Enhancing the Managing Board's effectiveness

- Increased the percentage of outside members of the Managing Board to more than half on the Nomination Committee and Compensation Committee (fiscal year ended March 31, 2023).
- The Nomination Committee and Compensation Committee are both chaired by outside members of the Managing Board (fiscal year ending March 31, 2024).
- We are working to stimulate discussion by improving the understanding of outside members of the Managing Board.

### Reinforcing the diversity of executive officers

- We have increased the number of foreign nationals among executive officers to four, and one executive officer is a women.

### Sustainability management

- Progress and issues related to sustainability targets are discussed twice each year at meetings of the Managing Board.

### Future topics

- Further enhancing diversity on the Managing Board
- Improving the effectiveness of the Managing Board
- Revising the executive remuneration system and assessment criteria and reinforcing disclosure

### Nominating Committee

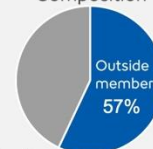
Chairperson



**Kazuo Ota**

Member of the Managing Board (outside), independent director

Composition



### Compensation Committee

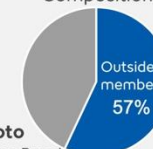
Chairperson



**Hidekazu Fukumoto**

Member of the Managing Board (outside), independent director

Composition



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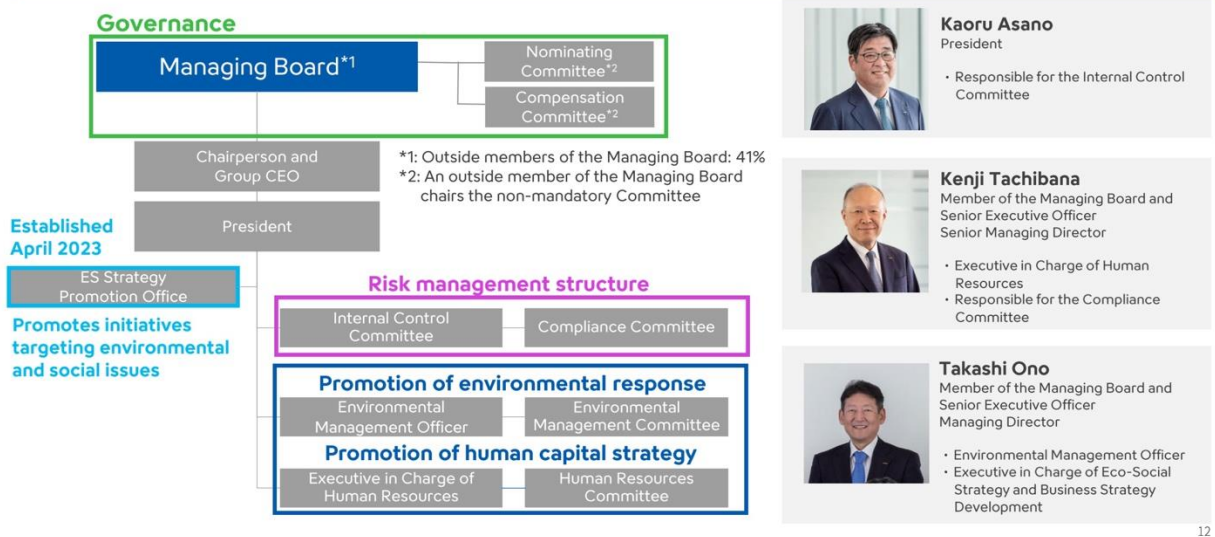
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I will explain how to strengthen governance. First, to strengthen the effectiveness of the Managing Board, the ratio of outside members in the Nomination and Compensation Committees, which are voluntary committees, was raised to a majority the year before last, and starting this fiscal year, both committees are chaired by outside members. In addition, discussions at the Managing Board meetings have become more active. Second, we also emphasize the diversity of our executive officers. Currently, there are a total of four foreign nationals from local subsidiaries and one female executive officer.

Regarding sustainability management, the Managing Board discusses the progress and challenges of the set sustainability targets once every six months to share the progress and challenges. We believe that governance needs to be further strengthened, and we are continuing to discuss ways to enhance the diversity and effectiveness of our managing members.

# Structure for the Promotion of Sustainability Management

Established the ES Strategy Promotion Office in April 2023, strengthening our structure for the promotion of sustainability management



Please turn to page 12.

Finally, there is the structure for the promotion of sustainability management that I have explained.

Governance agenda items are discussed by the Managing Board and each committee. For various issues related to the environment and human capital, the Company has established committees for each of these issues to discuss them in detail and, depending on the level of importance, bring them up for discussion at the Managing Board meetings.

In April of this year, we established a new Eco-social Strategy Promotion Office to promote solutions to environmental and social issues and are accelerating our efforts. The persons responsible for each strategy are shown to the right.

After this, Senior Managing Director Tachibana will present our human capital strategy, and Managing Director Ono will introduce our efforts in eco-social strategy.

That is all for my explanation. Thank you for your attention.

**Moderator:** Thank you very much. Next, Senior Managing Director Tachibana, please start your explanation.

**Tachibana:** I am Tachibana, Senior Managing Director. I would like to talk to you about human capital strategies.



2007 Establishment of the Sysmex Way (carrying forward the founding philosophy of "Anshin," established in 1968)  
 2023 Refine ("Core Behaviors" ⇒ "Shared Values")

## Sysmex Way

### Mission

Shaping the advancement of healthcare.

### Value

We will continue to create unique and innovative values, and ensure anshin for individuals in society.

### Mind

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

## Shared Values

### To our Customers

Ensure anshin with unmatched quality, advanced technology, mindful support, and actions that reflect the needs of our customers.  
 We constantly seek to better understand what our customers require so that we may generate new and more satisfactory solutions.

### To our Employees

Ensure anshin by honoring a diversity of employees, respecting their personality, and providing a workplace where they can fulfill their potential.  
 We value independence and a challenging spirit, provide employees with opportunities for self-fulfillment, growth, and reward for their accomplishments.

### To our Business Partners

Ensure anshin based on fairness and impartiality in a broad range of partnerships.  
 We strive to grow as a company in step with our business partners through respect and mutual trust.

### To our Shareholders

Ensure anshin by promoting the proper disclosure of information and keeping closer communication with shareholders with sound and transparent management.  
 We are committed to an innovative yet consistent style of management for sustainable growth and increased shareholder value.

### To Society

Ensure anshin as a responsible member of society by conducting our business adhering to the highest ethical standards in addition to laws and regulations.  
 We play an active role in addressing environmental and other issues facing our society.

Anshin is a word at the core of the Sysmex corporate philosophy that embodies the essence of what we have been pursuing since our foundation, and has the following meanings:

- A state in which customers have no concerns about the safety and quality of our products and services.
- A state in which stakeholders can trust, be confident and reassured in our relationship, transactions, interaction, and all other matters.
- A state in which individuals in society can be in a calm state of mind with little or no anxiety about their own health, lives, or other matters.

Next slide, please.

President Asano touched on this earlier, but I would like to make a few additions to our corporate philosophy. As mentioned earlier, "anshin" has been a core word in our company ever since our founding, and we have continued to use it when we created the Sysmex Way in 2007, placing it at the center of the Sysmex Way. Also, regarding shared values, shown on the right side, where we declare value provisions to each of the five stakeholders, the first line of each statement includes the word "anshin". In particular, in terms of human capital, I would like to read the sentences about the value provision to our employees. That says we ensure anshin by honoring a diversity of employees, respecting their personality, and providing a workplace where they can fulfill their potential, and we value independence and a challenging spirit, provide employees with opportunities for self-fulfillment, growth, and reward for their accomplishments.

## 2023 Refine (consistency with the founding philosophy of "Anshin")

### Sysmex Way

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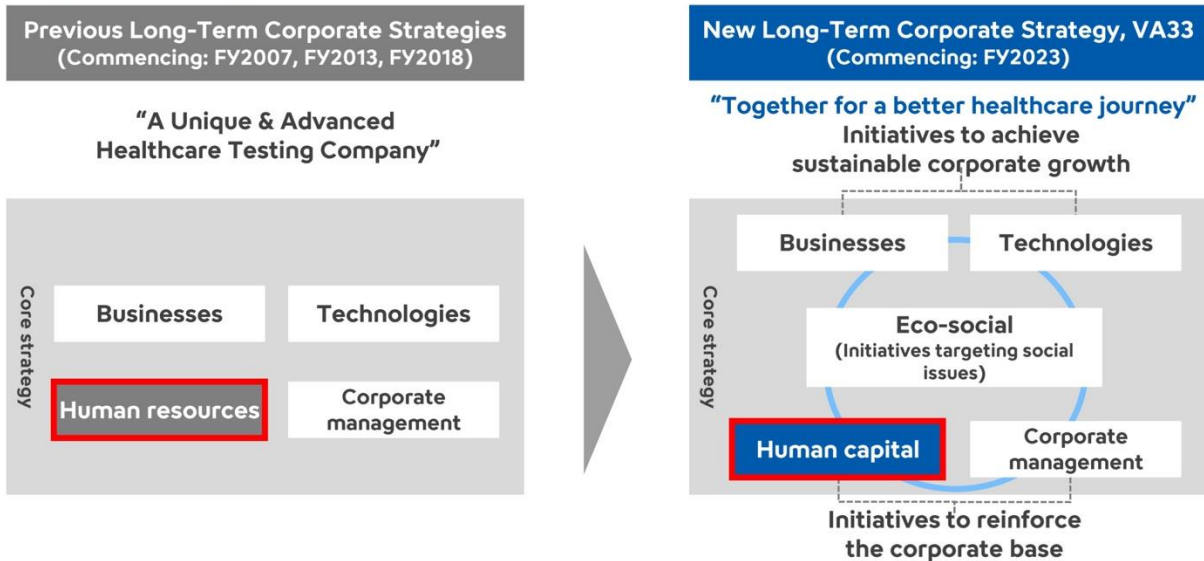
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This is the English version of the Sysmex Way, which was slightly refined on April 1 of this year. The content and meaning are the same, but the word *anshin*, which I mentioned earlier and we have valued since the founding of the Company, had been expressed in English as confidence, trust and confidence or different words. However, considering that the ratio of overseas employees now exceeds 60% and that the ratio of overseas employees will continue to increase in the future and that the diversity of the workforce will continue to grow, we recognize that it is a challenge to ensure that the word *anshin*, which is at the core of our business, is well understood. We have therefore refined it. That is to unify the expression of *anshin* with the alphabets in which they are pronounced. Accordingly, we have included the word *anshin* in both the Sysmex Way and shared values. We have done this for other languages as well, and we have standardized the pronunciation so that it is the same and consistent.

## Progression from a “Human Resource Strategy” to a “Human Capital Strategy”



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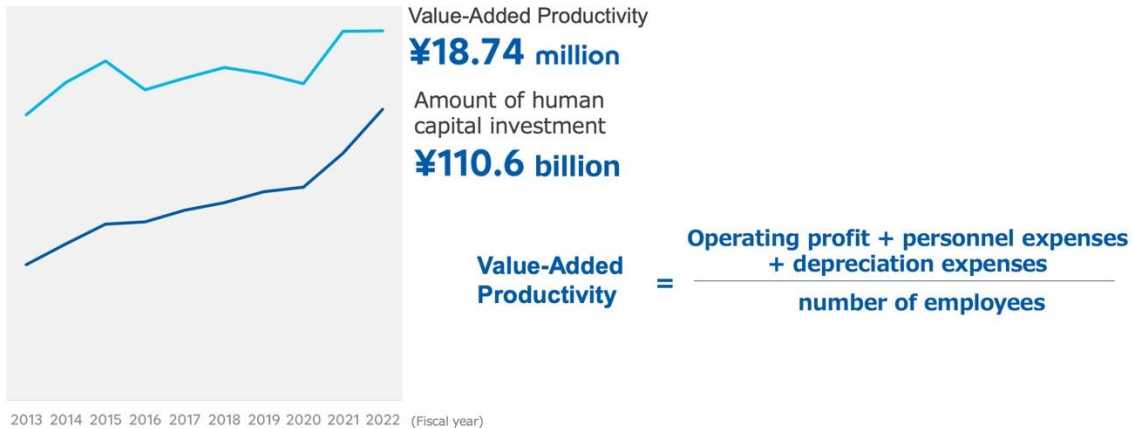
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We have changed our strategy from a human resource strategy to a human capital strategy in our new long-term corporate strategy, which we launched this year. The original long-term corporate strategy was formulated in 2007, the same year as the Sysmex Way mentioned earlier, and at that time, in addition to business, technologies, and corporate management, we included a human resource strategy as one of our basic strategies. In the new long-term corporate strategy, VA33, we have added the strategy of eco-social and evolved our human resource strategy into a human capital strategy.

## Background for the Move from “Human Resource Strategy” to “Human Capital Strategy” (1)



To remain a sustainable company, it is essential to recognize people as human capital and continue to invest in them.



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Next slide, please. This is the background as to why we changed it that way.

The graph on the left is a little simple, but the lower dark blue line shows the amount of human capital investment, which was JPY110.6 billion in the most recent fiscal year, 2022. In other words, personnel expenses, which include education and other personnel-related expenses, have been trending in this way over the past 10 years.

On the upper line is an indicator called value-added productivity, which was introduced last fiscal year. We are going to look at it by calculating it with the simple formula on the right, and if you look at the trend back in the past, we will obtain a light blue line. The most recent figures show that the value-added productivity per capita is JPY18.74 million. However, as you can see, value-added productivity has shown a trend of not much growth for several years starting around FY2015 to 2016.

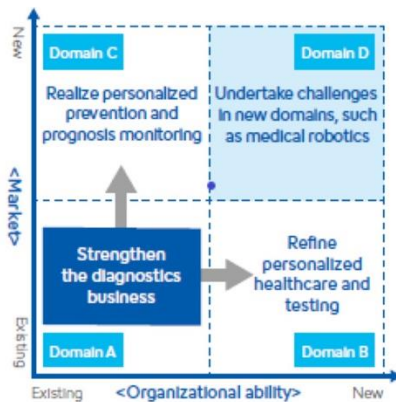
The reason why the amount of human capital investment is shown together is not that there is a strong correlation between human capital investment and value-added productivity. Rather, we think that it is necessary to continuously invest in human capital in order to increase value-added productivity. In this sense, I would like to emphasize that human capital is extremely important.



## Background for the Move from “Human Resource Strategy” to “Human Capital Strategy” (2)

Realizing our long-term vision will require us to take a Corporate strategic approach to reinforcing human capital.

**Long-term vision: “Together for a better healthcare journey.”**



Note: Based on *The Lead and Disrupt* by Charles A. O'Reilly, et al.

◆ **Different expertise and awareness required in each area**

- ✓ Diagnostics
- ✓ Personalized medicine, digital medicine
- ✓ Medical robotics, new domains (promotion of open innovation)

◆ **Expanding business opportunities globally**

- ✓ Expansion of target regions centered on emerging markets such as India
- ✓ Global expansion of hemostasis and immunochemistry fields
- ✓ Overseas expansion of medical robotics

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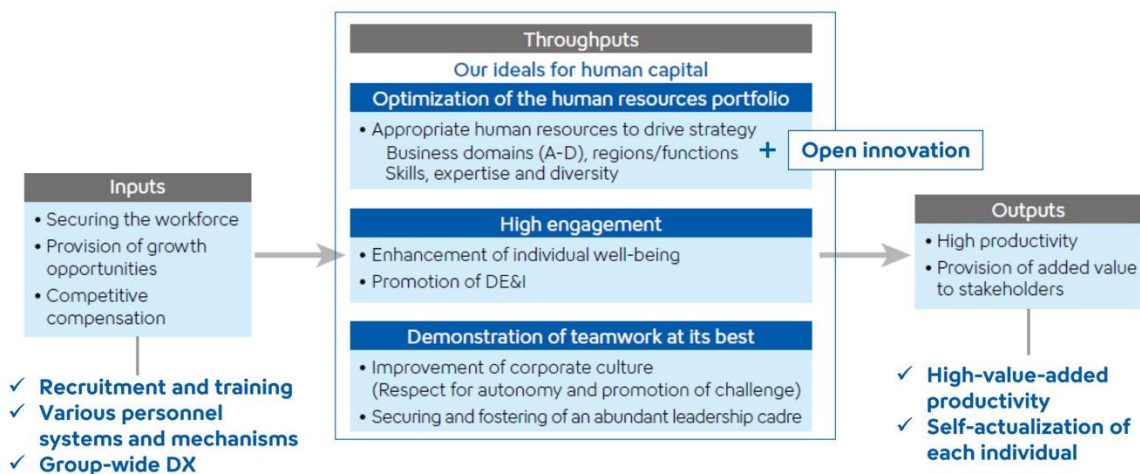
The other background is our new long-term corporate strategy, which was launched this fiscal year, and in which we set forth our long-term vision, together for a better healthcare journey. We also set four domains, as shown on the left side, to define the direction of the business and technological strategies. The lower left of these four domains is the core business that we have been doing for a long time, and our business and technological strategy is to expand from there both to the right and up.

The expertise required in each new and existing area is different. Not everything is different, but the newer you go, the more new expertise is required, and the awareness of this is also different. In comparison to the core business or hematology business, which already has customers in more than 190 countries and regions around the world, a completely new area of business will naturally require a higher spirit of challenge, so the awareness will also change. Then, geographically, we are expanding globally. Expansion into emerging markets, especially India, is also a very important strategy. By field, especially in the fields of hemostasis and immunology, we intend to expand rapidly in this very mid-term business plan, and hinotori, our medical robot, will also move out of Japan. To achieve these goals, human capital is essential. With this in mind, what we used to call a human resource strategy is now being viewed as a human capital strategy, and we are working on it.

# Human Capital Strategy Framework



Optimization of the human resource portfolio, high engagement, and excellent teamwork lead to **high value-added productivity** and **personal fulfillment for each individual**.



Next page, please.

The framework of the human capital strategy is shown in this figure, which is also included in the integrated report. The middle part of the figure shows the three main goals of human capital: optimization of the human resources portfolio, high engagement, and demonstration of teamwork at its best.

Optimization of the human resources portfolio means that when we try to further expand and enhance the various strategic directions I mentioned earlier, including the regions and functions, we need to optimize the human resources portfolio appropriate for that expansion and enhancement. This required human resource portfolio will naturally change over time. As the stage of each business changes, the human resources required will also change, which means that it is necessary to optimize the human resources portfolio from time to time. This is not something that can be accomplished only by personnel within the SYSMEX Group. Naturally, there are initiatives to expand through open innovation, which involves collaboration with other companies outside the Company and academia, so it is necessary to consider a portfolio that includes this aspect. Also, it is important not only to increase engagement with the Company or the organization but also to enhance the well-being of each individual. To this end, it is necessary to promote the concept and awareness of DE&I.

Then there is the demonstration of teamwork at its best, which is also one of the key elements to achieve high engagement, and in our case, the Sysmex Way also states that we want to achieve the best teamwork. In order to achieve this, it is still very important to improve the corporate culture, and in order to do so, it is also very important to change the culture and leadership. In this sense, we want to have a proper abundance of leadership.

This is a summary of what we are aiming for with our human capital. In order to achieve this, it is of course important to recruit and train people as inputs, and it is also necessary to improve various personnel systems and structures.

Another important factor is the DX of the entire group, not just for human capital, but for the entire group, which we are very actively working on right now. As a result, as an output, the Company would naturally like to seek high-value-added productivity, but at the same time, we would like to link this to a direction where each employee can achieve his or her own self-fulfillment.

## Changes in Human Capital Initiatives



Groupwide					
2020	Digitalization of HR information (global human resource management system)				
2022	Introduction of value-added productivity as an indicator				
2023	Start of succession management for key Group positions				
2023	Introduction of trust-type stock compensation plan (ESOP) for employees				
	<ul style="list-style-type: none"> <li>✓ FY2024 Introduce overseas for people in specific key positions</li> <li>✓ From FY2025: Rollout to key Group positions</li> </ul>				
Japan					
2020	Introduction of a job-based human resource system				
	Succession management(talent review)				
2021	Expansion of working from home to smart working (All employees, remote, able to take breaks during the day, etc.)				
2021	Introduction of a matching algorithm for new graduates				
2022	Introduction of an apprentice System (support for autonomous career development)				
2023	Multi-stakeholder policy development				
2023	Obtained ISO 30414 conformance certification (international standard for disclosure of human capital)				
	<ul style="list-style-type: none"> <li>✓ Significant decrease in the number of applicants requesting transfers within a year of joining</li> </ul>				
	<table border="1"> <tr> <td>Before introduction FY2020</td> <td>After introduction Average for Fy2021-2022</td> </tr> <tr> <td>35.6%</td> <td>17.4%</td> </tr> </table>	Before introduction FY2020	After introduction Average for Fy2021-2022	35.6%	17.4%
Before introduction FY2020	After introduction Average for Fy2021-2022				
35.6%	17.4%				
	<ul style="list-style-type: none"> <li>✓ In future, will expand globally</li> <li>✓ Utilize in sustainable growth initiatives</li> </ul>				

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Next page, please.

I would like to introduce some of our initiatives related to human capital.

The upper part is groupwide initiatives. Digitization of human resources information by 2020 is part of the current digitization project that we are working on. Then last year, we introduced a value-added productivity indicator.

In the current fiscal year, we launched succession management for key group positions and introduced an ESOP, a trust-type stock compensation plan for employees. This will be specifically introduced next year in specific key positions overseas, and then we intend to roll it out to key positions throughout the Group.

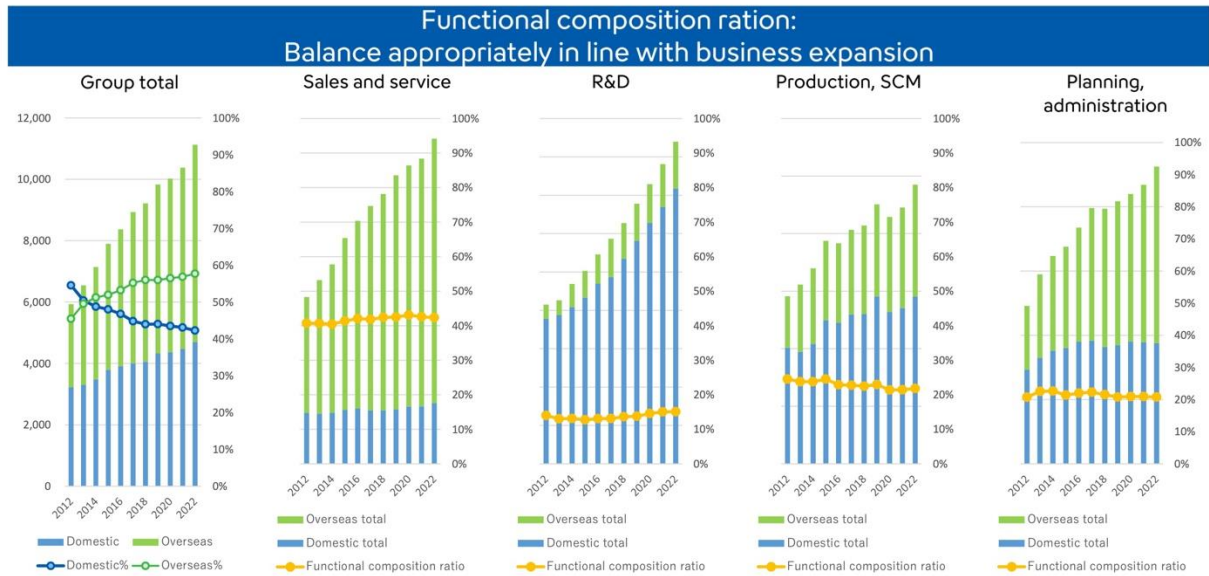
The lower section is about Japan.

In Japan, a job-based human resource system was introduced in 2020, and we are proceeding with the implementation of a talent review system. In addition, due to the COVID-19 disaster, we introduced the so-called smart working system, which allows employees not only to work remotely but also to take time off during certain working hours for family reasons. This is very well received.

In the same way, in FY2021, we introduced a matching algorithm for new graduates, which was developed in response to the fact that, although many people are hired just after graduation in Japan, there were often cases in the past where, during the year in which they were hired and assigned to a position, they found that their image of the position did not quite match with the reality of the position to which they were assigned. As you can see from the figures on the right, the number of applicants for transfer within the first year of employment used to be high, but we have already achieved a reduction of half. We will further promote this system.

Other examples are the apprentice system, the multi-stakeholder policy, and the human capital ISO, which we are starting with SYSMEX CORPORATION in Japan on a stand-alone basis. We intend to expand them globally in the future.

# Trends in Metrics Related to Human Capital (1)



Next page, please.

From here, I will explain some trends in metrics related to human capital.

This is the trend in the number of employees over the last 10 years or so. On the far left is the number of employees for the entire group. The dark blue is domestic, and the green is overseas. Naturally, the percentage of overseas has been increasing since Fiscal2014, and recently it has already exceeded 60%. To the right of that are trends by each function. They also show a global trend. Naturally, sales and service are expanding overseas operations more and more, and direct sales are also expanding, so the green is growing more and more in this way. On the other hand, R&D is mostly conducted in Japan, although there are some overseas bases as well, and this is the trend.

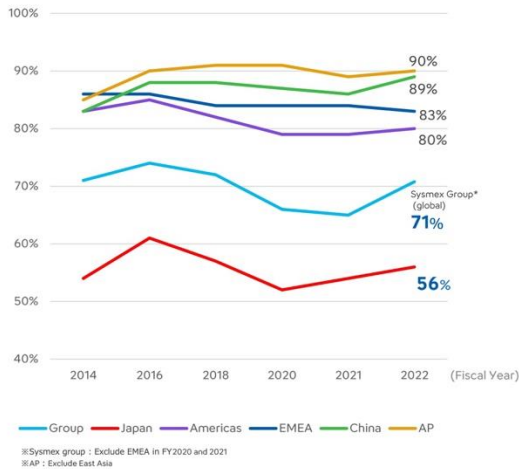
As for production, SCM, and planning, administration, the orange bars represent the composition of these functions in relation to the Group as a whole, and they have not changed that much. I think we are maintaining a certain level of balance, and I think we are maintaining an appropriate balance. However, it is certain that the specialization within each of them must continue to improve.



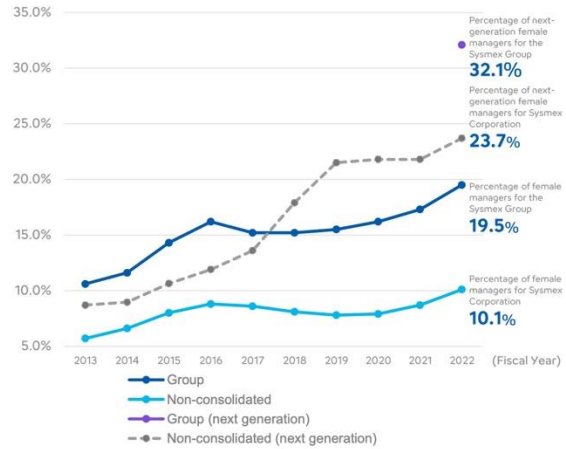
## Trends in Metrics Related to Human Capital (2)



### Engagement Score



### female managers ratio



Next page, please.

On the left is the engagement score. For the Group as a whole, the figure was 71% for Fiscal2022.

There are four overseas regions above, and they are generally high. There is not much of a problem here, but only Japan is low. It is true that socially speaking, Japan tends to have a low level of this type of score, but we would like to raise this level higher. Then on the right is the female management ratio. The dark blue line indicates the percentage of female management in the SYSMEX Group, which in Japan means managers and higher position. That is 19.5%. SYSMEX CORPORATION in Japan alone is at 10.1%, which is still low.

There is also a broken line that says next-generation female managers, which in Japan means section chiefs. In the Group as a whole, there are those who are called management at the top, but in that sense, we believe that this low Japanese figure of 10.1% can be raised in the future since the section chief level has been increasing to a certain degree.

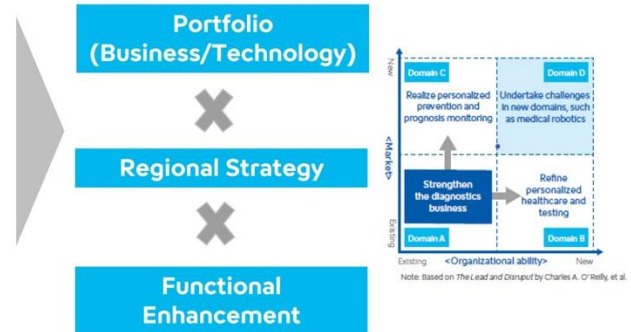
## Key Areas and measurements to Be Strengthened under the Human Capital Strategy (1)

### Promotion of growth strategies

Note: Mainly in Japan

- Optimize talent portfolio through global talent management
- Strengthen efforts to attract personnel in emerging markets
- Attract and cultivate specialized human resources in hemostasis, immunochemistry, life science and new domains
- Expand expertise in corporate functions

Plan not only to fill short-term vacancies and improve organizational issues, but also to fill key positions from a medium- to long-term perspective based on the management strategy.



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Next page, please.

These are key areas that will be strengthened in the human capital strategy in the future, and this is not to say that there are issues but that these are the areas that will be strengthened in the future. We will ensure that we have the optimal human resource portfolio for each of our strategies: business and technology, regional, and functional.

We have been expanding our direct sales and service countries ever since the past, as well as our acquisition of human resources in emerging countries. Recently, we have switched to direct sales in places such as India, Saudi Arabia, and in developed countries such as Spain and Portugal. I think it is relatively easy to attract necessary human capital there since we have a strong brand in the industry. This is not an issue, but rather a matter of hiring as needed and as business expands.

Then, as for hemostasis and immunology, especially as for hemostasis, we will start direct sales and service in the US and Europe next April based on an OEM agreement with Siemens. The human resources required for this can be ensured with existing hematology personnel in the sales and service areas without any problems, but in the area of hemostasis expertise, personnel with academic expertise will be hired from outside the Company, or support can be provided from regions that are already in the hemostasis business. That is sufficient to achieve this, but in any case, as for human capital, it is to be expanded as the business grows.

The same is true for immunology. We are not talking about suddenly doing a big business like a global major but about going out to Europe and the US with unique items. Therefore, we need personnel with the minimum level of expertise necessary for this, but we believe that the same personnel as in hematology will be sufficient for normal sales and services. And the corporate Japan, of course, is the headquarters of the global market, so it has to lead the global market with all of its functions. Accordingly, we need to expand our expertise to continue to do so.

## Key Areas and measurements to Be Strengthened under the Human Capital Strategy (2)



### Improvement of human capital metrics

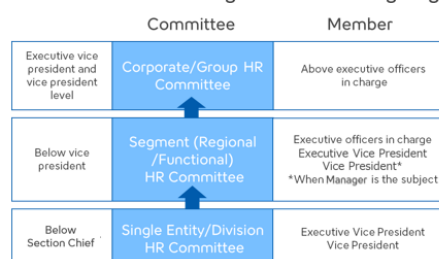
Note: Mainly in Japan

- Entrenchment and progress with job-based personnel system
- Management of Succession plan
- Advancement of diversity management
- Improve engagement score
- A competitive compensation system
- Global expansion of ISO30414

### Digitalization

- Use of DX to improve efficiency and productivity

- Discussion of talent management according to grade level



- Promotion of DE & I

Enhance recruitment of non-Japanese employees, embrace diverse talent, and provide fair and equitable opportunities

Raise awareness of unconscious bias and create a work environment offering reasonable consideration

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Next page, please.

In terms of human resource management, we need to establish and evolve a job-based personnel system, especially in Japan, and globally, we need to improve succession management and diversity management. Especially in Japan, we need to soundly work on the improvement of engagement score. This area eventually requires one-to-one attention. As you can see on the right, we have a system in place to manage talent according to their level.

Naturally, under this chart, each supervisor talk one-on-one with each employee to discuss how his or her career will develop. At the headquarter level, those at Section chief or lower levels are reviewed by various people. For those who work across multiple divisions, the executive officer in charge is also involved and is responsible for observing each individual at vice president and lower levels, in particular vice presidents and managers. The executive vice president and vice president levels are reviewed by the Corporate/Group HR Committee, which is composed of executive officers and those at higher level in charge, and where they discuss the talent and careers of the executive vice president and vice president levels. Then, of course, initiatives such as a competitive compensation system and ISO are also important.

We are working on digitization now and we are also working on digitization throughout the Group, which will lead to greater employee productivity in various areas.

## Effectiveness of Human Capital Strategies



	Results of Fiscal 2022	→	Target of Fiscal 2025
<b>■ Ongoing investment in human capital (labor costs)</b>	¥110.6 billion	→	<b>¥145.0 billion</b>
<b>■ Promoting the participation and advancement of women</b> <small>Note: Percentage of female managers of Sysmex on a non-consolidated basis</small>	10.1%	→	<b>15%</b>
<b>■ Engagement score</b> <small>Note: Sysmex Group</small>	71%	→	<b>75%</b>
<b>■ Reduction of total working hours</b> <small>Note: Sysmex Group in Japan</small>	2,022hours	→	<b>1,980hours</b>
<b>■ Increase in value-added productivity</b>	¥18.74 million	→	<b>¥22.50million</b>

**High value-added productivity and fulfillment of each individual**

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This is the last page.

In terms of the effectiveness of the human capital strategies, we have already stated some of the goals and objectives in the materiality of the mid-term management plan. The rightmost figure is the target for Fiscal 2025, which will be the result of various efforts we will have made earlier. This is not something that we can achieve by doing one thing. We will work toward this goal through a variety of initiatives. Ultimately, we aim to achieve high-value-added productivity and personal fulfillment for each individual.

That is all.

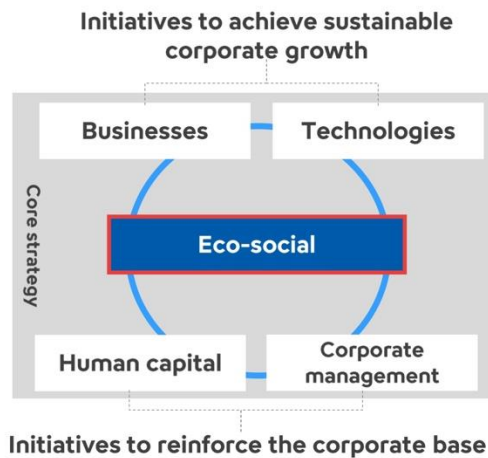
**Moderator:** Thank you very much.

Lastly, Managing Director Ono, please start your explanation.

**Ono:** Hello, everyone. My name is Ono, and I have been in charge of eco-social and business strategies since April. Thank you for your cooperation.



## ES Strategy Objectives



- Realization of a circular resource value chain and transformation to solve social issues
  - Green innovation through 4Rs
  - Solving medical issues, improving quality, and enhancing environmental friendliness
- Management objectives (non-financial)
  - Zero product losses  
Percentage of unused waste: 0.1% or less
  - Complete replacement with recycled and environmentally conscious materials  
Rate of use in containers and packaging materials: 100%

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Now, please turn to the next slide.

I would like to begin by introducing the aims of the eco-social strategy, which has been newly incorporated into the basic strategy this fiscal year. As a healthcare company, our business is closely related to social contribution, and we are trying to realize a circular resource value chain and promote transformation to solve social issues at a higher level by firmly aligning our business activities with the vector of social issues. These include the so-called 4Rs of green innovation, solving healthcare issues, improving quality, and enhancing environmental friendliness.

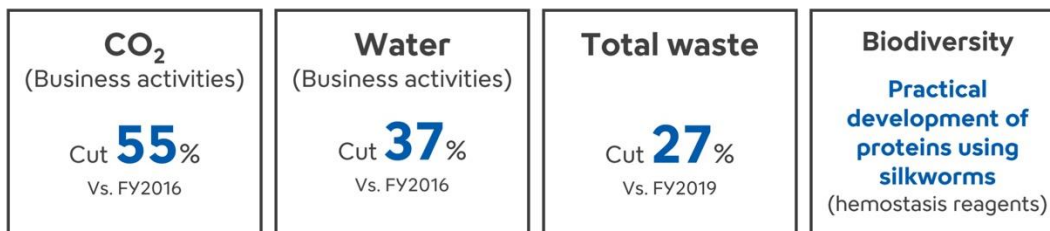
Our non-financial targets for Fiscal2033 are to achieve zero product losses, which means zero waste of products manufactured by our company, and to completely replace with recycled and environmentally friendly conscious materials for containers and packaging materials.

As a manufacturer, we believe that the most important aspect of eco-sociality is for each and every one of us to contribute to the environment by reducing our environmental burden as much as possible and to continue to provide products and services for our customers that contribute to eco-sociality through their own use.

## Results Related to Reduction in Environmental Burden



### ■ Sysmex Eco-Vision 2025 Achievements



### ■ Expression of support for the TCFD recommendations (January 2021)



### ■ Declaration of our intention to achieve carbon neutrality



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Next slide, please.

This is the results of reducing environmental burden as a contribution of each and every one of us. We are proud of the positive results we have achieved in terms of CO<sub>2</sub> emissions, water consumption, and total waste generation in response to Eco-Vision 2025.

In terms of biodiversity, we are working on the practical application of protein development using silkworms.

We have already endorsed the TCFD in January 2021 and have announced that we will achieve our carbon neutrality in 2040.

# Recognition by Third Parties



## Selection for Global Sustainability Indices

**Selected for inclusion in the DJSI World Index for the eighth consecutive year**

Member of  
**Dow Jones Sustainability Indices**  
 Powered by the S&P Global CSA

Ranking  
 in the healthcare sector\*  
**5<sup>th</sup>**

\* Out of 76 companies

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Next slide, please.

We are aware that the external evaluation of our efforts is also relatively high. As we released just a few days ago, we have been selected for inclusion in the Dow Jones Sustainability Indices World Index for the eighth consecutive year. We recognize that our company's sustainability is highly regarded worldwide, and we intend to continue to promote our activities as a group.

# Innovative Examples of Environmental Awareness



<p><b>Concentrated reagents</b></p> <ul style="list-style-type: none"> <li>Reduction in CO<sub>2</sub> emissions during transportation</li> <li>Decrease in waste</li> <li>Significant reduction in workload</li> </ul> <div style="text-align: center;"> <p>Reagent volume</p> <p>100 50 0</p> <p>20L 20L 20L 20L 20L</p> <p><b>1/25th</b> the size of conventional containers</p> <p>Conventional reagent      Concentrated reagent</p> </div>	<p><b>Reduction of electricity used by products</b></p> <ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions by products when in use</li> </ul> <div style="text-align: center;"> <p>Results of electricity savings by the XR-Series</p> <p>Approx. <b>40%</b>*</p> </div> <p><small>*Comparison of rated power for the XR-9000 system (compared to the XN-Series)</small></p>	<p><b>Dry Ice-Free Transportation</b></p> <ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emitted during transportation</li> <li>Substantial safety improvement</li> </ul> <div style="text-align: center;"> <p>Reduction in dry ice*</p> <p>Approx. <b>1.8 tons</b></p> </div> <p><small>*Total amount used between December 2021 and September 2023</small></p>
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When asked what SYSMEX creates when it incorporates an eco-social perspective into its products and services, I would say originality and a sense of *anshin*, confidence. Originality and *anshin* are the fundamental values of the Sysmex Way, and I recognize that the promotion of ES or eco-social strategies is itself an implementation of the Sysmex Way.

We have traditionally had that experience. These are examples.

Concentrated reagents significantly reduce CO2 emissions during transportation and the physical burden on laboratory technicians of replacing large volumes of reagents. This was a major deciding factor for major commercial labs in the US, Quest and LabCorp, which had not used our products for many years, to start adopting our products.

In equipment products, electricity saving has been achieved for each model. This is where our accumulated know-how and wisdom are incorporated.

As for the reagents for genetic testing on the far right, we realized the industry's first dry ice-free transportation. This is a significant improvement in safety, as it protects researchers from frostbite caused by ultra-low temperatures and poisoning caused by carbon dioxide gas generation. We have received good feedback from the researchers that this is really helpful. We have been able to contribute to a significant reduction in transportation costs and CO2 emissions.

As seen in some of these examples, we believe that no matter how the needs of the world for eco-social activities increase, as a leading company, we will be able to meet such needs in emerging countries, existing businesses, and new businesses.

## The Global Environmental Movement



**Climate change** Endorsement of move to secure power from decarbonized sources\*

**Water conservation** 0.01% of water available on earth

**Resource circulation** Double material mining volume by 2050 from current level\*

**Biodiversity** TNFD's Final Recommendations Appropriately assess risks and opportunities for nature-related enterprises

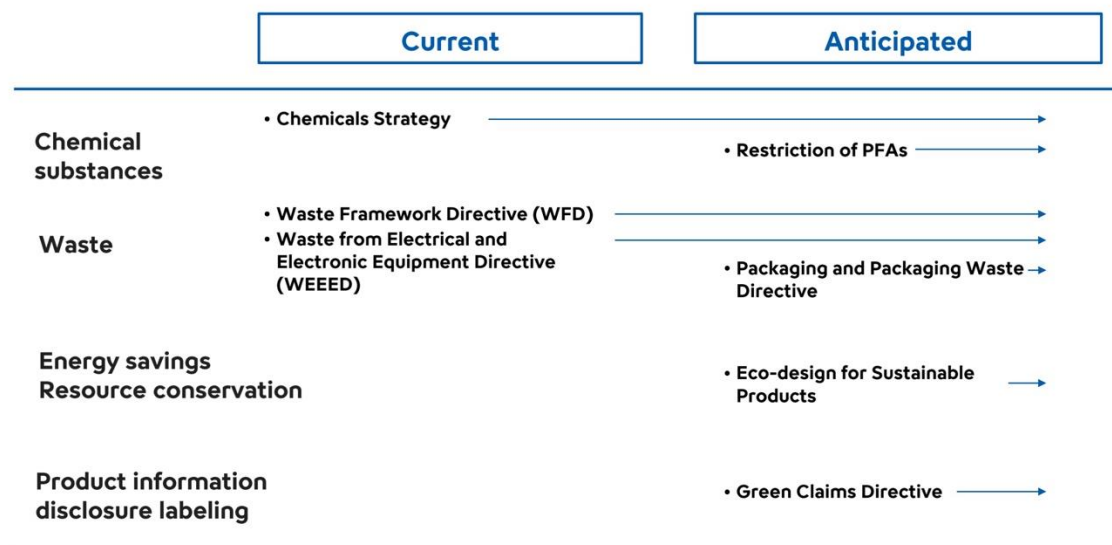
\*Source: COP28, World Resource Institute, International Resource Panel

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Eco and social are inseparable and closely related. As you are aware, the COP28 has also agreed to move away from fossil fuels. The world is becoming ever more aware of the environmental crisis, and climate change, water conservation, biodiversity, and resource circulation are major issues on the agenda.



## Regulations in Environmentally Advanced Regions

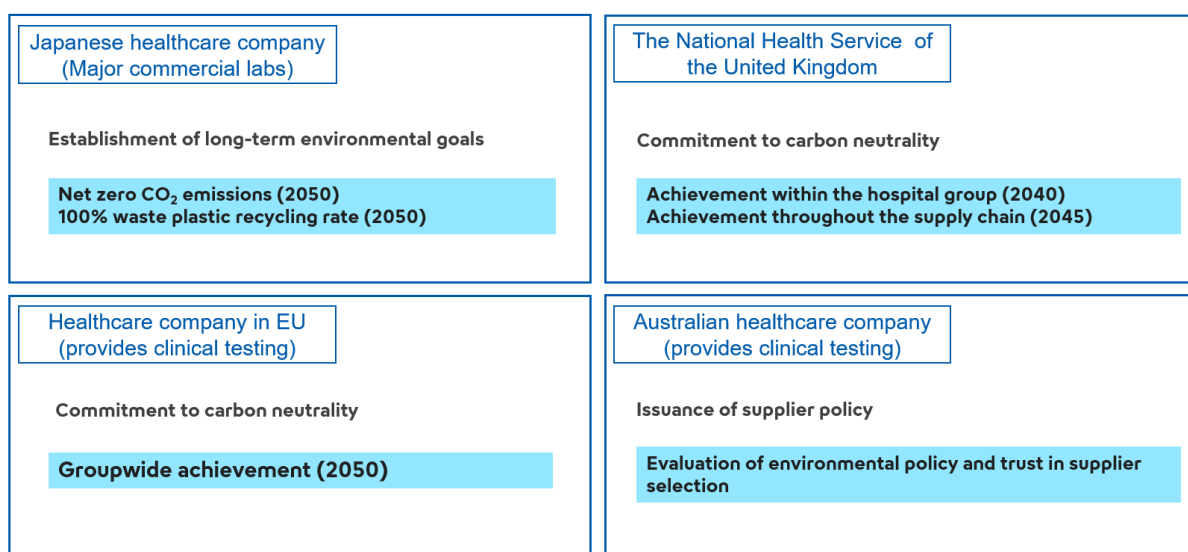


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Regulations are also becoming increasingly strict. In Europe, a developed region, there are many environmental regulations that are scheduled to come into effect, including chemical substances, waste, energy savings and resource conservation, labeling, and eco-packaging. Naturally, we expect its impact will spread to other areas as well.

## Trends in the Healthcare Industry (Hospitals and Commercial labs)



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Next slide, please.

It is now common practice for hospitals and commercial labs to focus on environmental compliance and their commitment to the environment. Why is that? The reason is we believe that if they do not, perhaps they themselves will not be chosen by their stakeholders. This will inevitably rebound as needs for healthcare manufacturers, and we see this as a great opportunity for us.

I do not think that products are selected solely on the basis of eco-sociality, but in one aspect, if a company's business activities have a low environmental impact, or if the product itself has a low environmental impact, or if the use itself contributes to the customer's eco-sociality and is considered good, it is a strong reason for selection, and we feel that its weight is increasing year by year.

## Green Innovation in Products



Business growth (financial)	Promotion of ES strategies	Reduced environmental burden (non-financial)
Sustainable competitive advantage  Cost reduction	Application of material science to extend reagent expiration dates	Achieve zero product losses
	Reduced power use by products, space savings	Reduce CO <sub>2</sub> emissions from transportation, conserve energy
	Development of products not derived from animals	Conserve water, reduce CO <sub>2</sub>
	Horizontal recycling of reagent containers	Recycling of plastic resources

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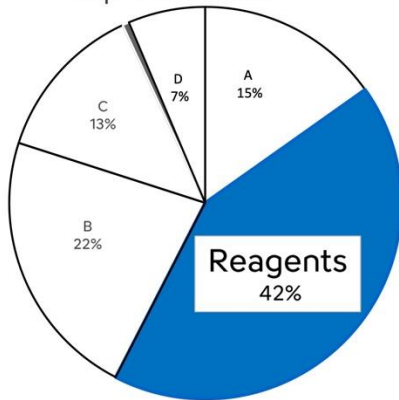
Under these circumstances, we are promoting green innovation in our ES strategy.

I will introduce some examples in order, including established ones in progress. All of them contribute to business growth with their eco-social value, including reduced environmental impact, as well as sustainable competitive advantage and cost reduction.

## Employing Material Science to Extend Reagent Expiration Dates



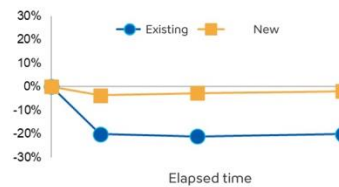
- Breakdown of reagent disposal
  - ✓ Major reason is passing of reagent expiration dates



Material that suppresses sensitivity loss and approximately doubles shelf life

- Factor identification techniques
  - ✓ Sedimentation behavior analysis
  - ✓ Particle size distribution
  - ✓ Particle image analysis

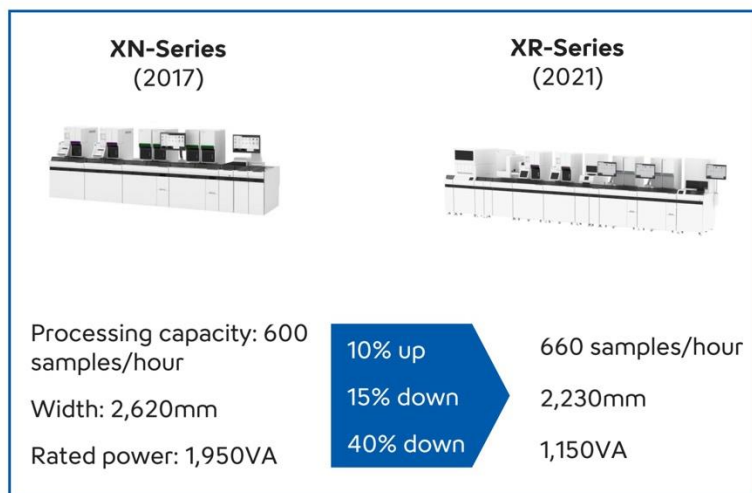
- Sensitivity test results



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First is the extension of the expiration date of reagents by material science. We are working on extending the expiration date by approximately two times by adopting materials that suppress sensitivity loss and by using factor identification techniques. Looking at the breakdown of disposal, reagents account for the highest percentage at 42%, so extending expiration dates will increase the value of both convenience for our customers and waste reduction for our company. This is positioned as an important initiative to achieve the non-financial goal of zero product losses.

## Reduced Power Use by Products, Space Savings



- More compact due to multilayer modular structure\*
  - Reduced travel distance of drive unit
  - Reduced number of electronic components
- Touch-free precision control
  - Zero standby power consumption

\* We reduced the footprint by placing the transport unit at the bottom of the system.

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Next page, please.

This is about power-saving and space-saving. The reduced travel distance of the drive unit and the reduction of electronic components that enable a multi-layered modular structure to achieve miniaturization saves power and space while increasing performance and convenience.

The touch-free concept has already been highly acclaimed in terms of usability, and the touch-free function for accuracy control is included in this concept, which contributes to power savings by reducing standby power to zero.

# Development of Non-Animal-Derived Substances

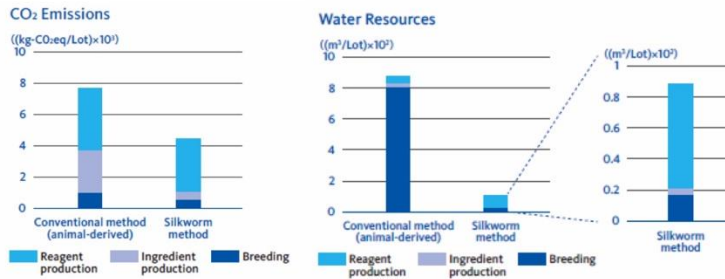


CO<sub>2</sub> emissions approximately 1/2, water use approximately 1/10, raw materials cost approximately 1/4\*

**Selection of product characteristics**

- Produced using cell cultures
- Produced using E. coli
- Produced using silkworms

■ Comparison of method using silkworms with conventional method (hemostasis reagents)



\*Calculated on the basis of multiple products under development in the hemostasis and LS fields

Moved away from use of animal products on multiple reagents

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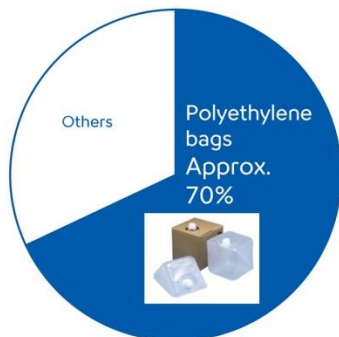
This is about development of non-animal-derived substances. We are promoting the use of silkworm in our products, which can significantly reduce CO<sub>2</sub>, water resources, and raw material costs, respectively, compared to conventional methods. We are promoting non-animal-derived substances with several reagents.

We are targeting a cost reduction of JPY500 million by Fiscal 2028.

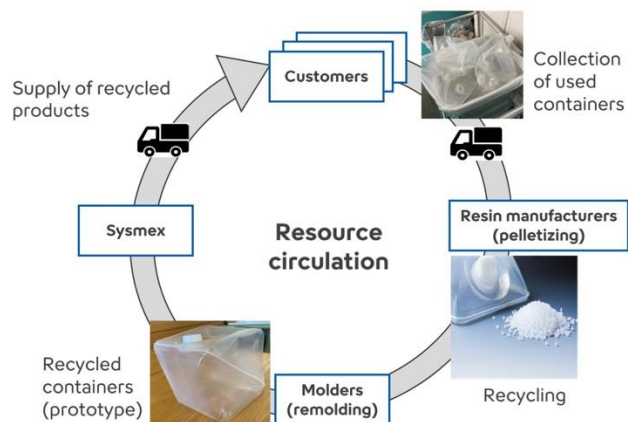
# Horizontal Recycling of Plastic Reagent Containers



■ Results of plastic material procurement (Weight of the resource)



■ Industry's first collaboration with stakeholders



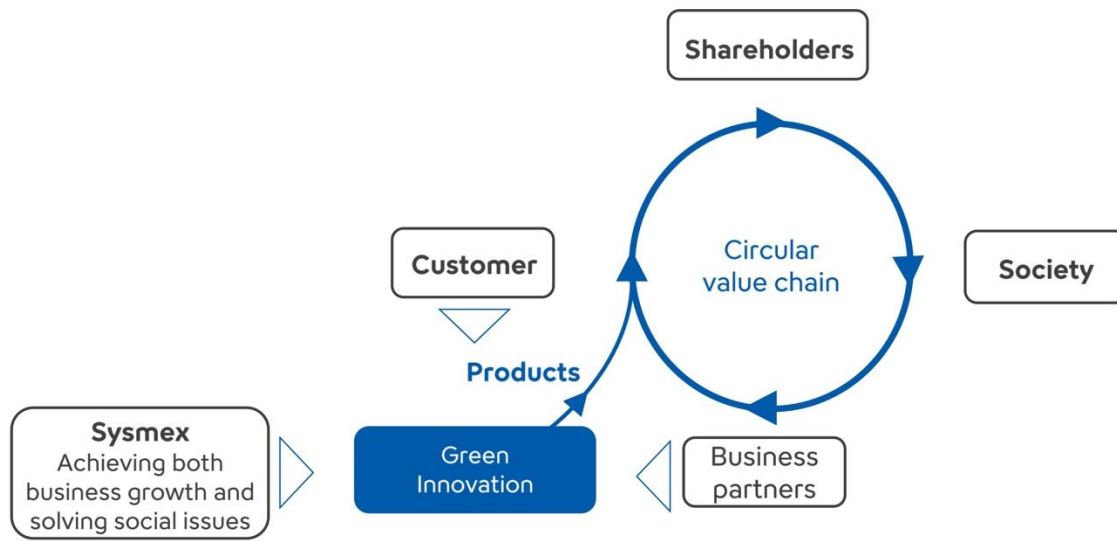
Next page, please.



This is about horizontal recycling of reagent containers.

Polyethylene bags account for 70% of our reagent plastic materials. We are working with our customers and suppliers to realize a system in which used polyethylene bags are collected, converted into pellets, and re-molded and supplied as recycled containers. This is also expected to be the industry's first collaboration. We have just completed the performance evaluation and will now proceed with concrete actions to realize the project.

## Virtuous Circle through the Implementation of ES Strategies



Next please.

We will work together as a group to realize a resource circulation society, and the use of our products and services will itself contribute to our customers' eco-social activities so that they will choose us. By doing so, the business will grow, and corporate value will increase. As a result, we can contribute to society. We will continue to do our utmost to provide such a cycle of *anshin*, confidence, to our stakeholders.

Thank you for your support.

That is all from me. Thank you for your attention.