



Sysmex

Sustainability Report 2010



We Believe the Possibilities.

About this Report

Editorial policy

Sysmex publishes the annual "Sysmex Sustainability Report" in the hopes of communicating our approaches and activities concerning corporate social responsibility (CSR) to our stakeholders and facilitating dialogs with them.

In this fourth issue, we attempted to introduce our readers to the entire range of CSR activities promoted by our global operations. In the "Activity Report" sections, we feature stories about key activities pursued globally in this regard during fiscal 2009, along with words from stakeholders from relevant regions.

Scope of this Report

Period reported

FY2009 (from April 1, 2009 to March 31, 2010). Some activities conducted outside of this period are also included.

Organizations covered

Sysmex Group (Sysmex Corporation and its subsidiaries both in Japan and abroad). For the purpose of this report, "Sysmex" refers to the "Sysmex Group."

Guidelines referenced

- The Japanese Ministry of the Environment's Environmental Reporting Guidelines (2007 ed.)
- The Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines 2006

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Cautionary statements

This report contains both forward-looking statements and facts regarding the past about Sysmex Corporation and its group companies (the Sysmex Group). These forward-looking statements are based on the current judgments and assumptions of the Sysmex Group in light of the information currently available to it. Uncertainties inherent in such judgments and assumptions, the future course of our business operations, and future events may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements either expressed or implied within such forward-looking statements.

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Sysmex at a Glance

Sysmex supports the lives and good health of people through the supply of products used for medical testing at hospitals and testing centers the world over.

Sysmex provides laboratory testing instruments and reagents, as well as their after-sales support, to medical institutions in more than 160 countries around the world. With our business scope growing to include life sciences in such fields as cancer diagnosis and diabetes, the Sysmex R&D team is also attending to the development of high value-added testing and diagnostic technologies.

Flow of testing

Taking specimen



Collect blood, urine, cells, etc.

Diagnostics



Analyze samples' components to generate data, based on which diagnosis is given.

Diagnosis, treatment



Doctors decide on a course of treatment based on test results.

Business Segments

Diagnostics

Sysmex provides a broad range of products and after-sales support in the diagnostics segment. Such products include testing instruments, reagents, and laboratory information systems needed for hematology tests (counting the number of red and white blood cells and analyzing their functions), coagulation tests (testing the function of clotting and cessation of bleeding), immunochemistry tests (testing for the presence of hepatitis viruses, etc.), and urinalysis testing (testing for the presence of sugar, protein, or blood cells in urine).



HS transport system HST Series



Automated hematology analyzer XE-5000



Immunochemistry analyzer HISCL-2000i



Coagulation analyzer CS-2000i



Urinalysis analyzer UF-1000i

Life Sciences

By combining the technological skills that we have amassed in the diagnostics business with state-of-the-art technology for testing genes and proteins, Sysmex is paving the way for the creation of breakthrough testing and diagnostic technologies. Our R&D focus here is the definitive diagnosis and recurrence prevention of cancer, and we have begun worldwide marketing of technology capable of rapidly detecting cancer lymph node metastasis.



Gene amplification detector RD-100i



Gene amplification reagent LYNOAMP® BC

Other Businesses (Scientific measurement, healthcare)

In the scientific measurement sub-segment, Sysmex supplies instruments that are capable of measuring and evaluating fine particles to a variety of industries, including ceramics, electronic materials, abrasives, and food processing. In the healthcare sub-segment, on the other hand, we are taking on challenges in the development of innovative products by tapping into our proprietary technologies, including a device that is able to measure hemoglobin levels without blood sampling.

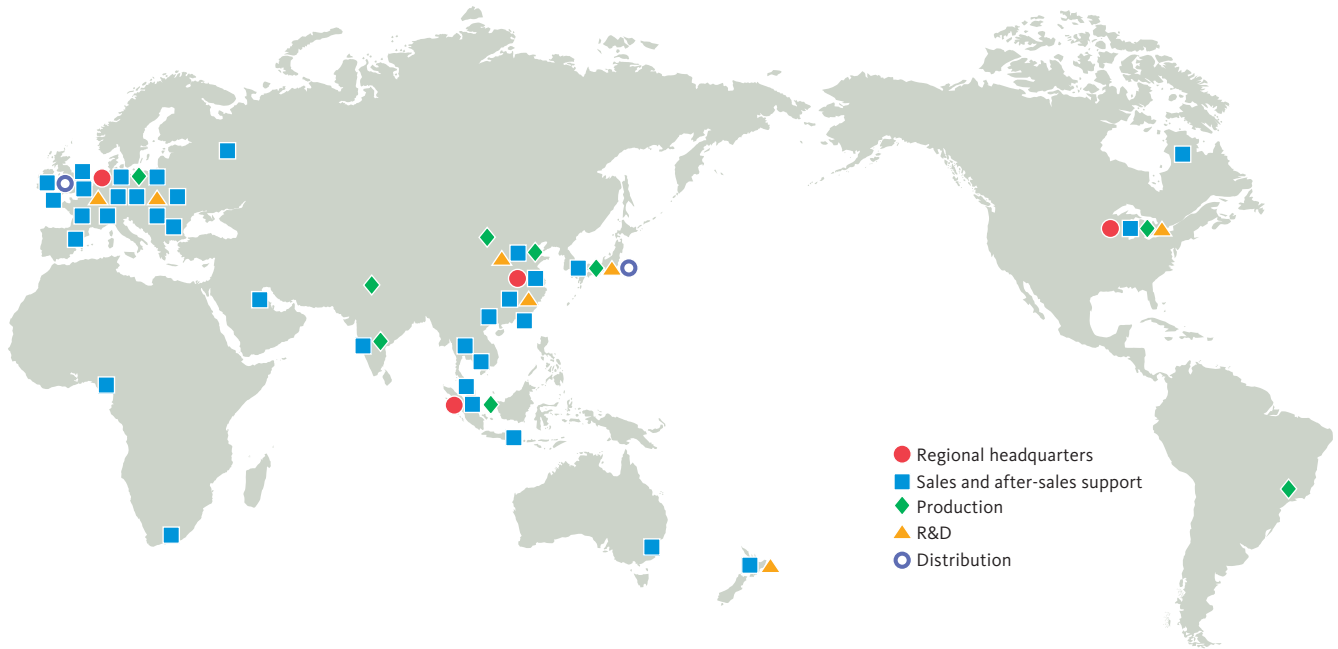


Flow particle image analyzer FPIA-3000



External blood monitoring analyzer ASTRIM SU

Global Network

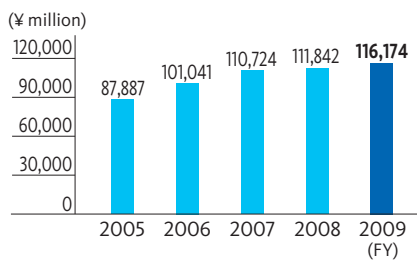


Corporate Overview

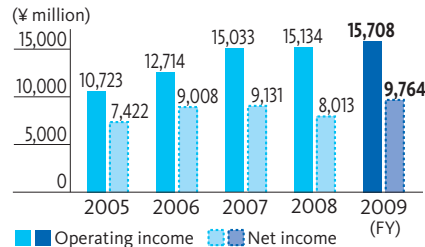
Company name Sysmex Corporation
Established February 20, 1968
Paid-in capital ¥8,824 million
Representative Hisashi Ietsugu, President and CEO
Head Office 1-5-1, Wakinohama-Kaigandori, Chuo-ku, Kobe 651-0073, Japan

Line of business Development, manufacture, sales, and export/import of laboratory testing instruments, reagents, particle analyzers, and related software
Main customers National and other public hospitals, private hospitals, universities, research laboratories, other medical institutions, etc.
Export destinations More than 160 countries
Consolidated subsidiaries 43 (6 in Japan, 37 abroad)

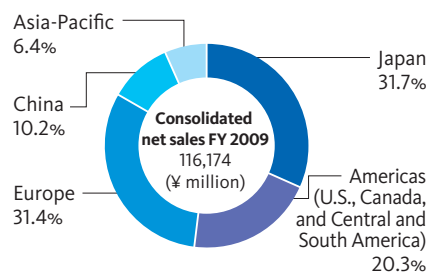
Consolidated net sales



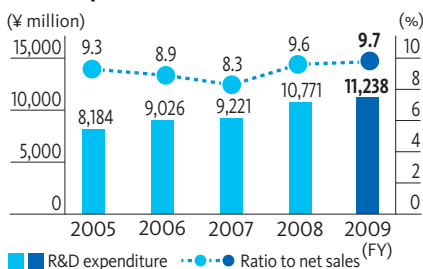
Consolidated operating income / Consolidated net income



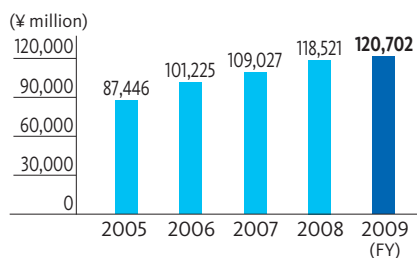
Net sales by geographic region



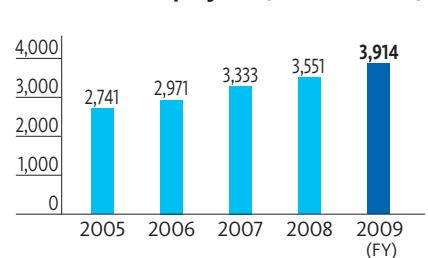
R&D expenditure



Consolidated net assets



Number of employees (Consolidated)



Message from the President

Building trust and confidence among people the world over – Driven by this founding mission, we are devoting ourselves wholeheartedly to the development of healthcare.

Contributing to the promotion of healthcare

Ever since its founding in 1968, Sysmex has given birth to a wide spectrum of products and services that feature advanced technology in the diagnostics field. At present, Sysmex's products and services are being used at medical institutions in over 160 countries around the world.

Faced with technological development and changing social structures in recent years, the healthcare environment is currently undergoing dramatic changes; and this trend is expected to accelerate even further in the second decade of the 21st century. Anticipating these fundamental changes, we here at Sysmex will fulfill our corporate responsibility by meeting the requirements and expectations of our customers and society as a whole in a timely manner. As we seek to expand our business, we wish to make even greater contributions to the healthcare front.

Our products and services play a vital role in the early recovery of patients afflicted with illness and injury, and in the improvement of their quality of life (QOL). Doing what little we can to grant the universal wishes to “live a long, healthy life” and “protect the lives of loved ones,” thus delivering reassurance to people across the globe – this founding principle of Sysmex has remained intact. Guided by this principle, we will continue our journey to develop testing technologies that are more rapid, accurate, and patient-friendly, in an attempt to shape the future of healthcare.

Building the trust and confidence of our stakeholders

True to our Group Corporate Philosophy, the “Sysmex Way,” and our Core Behaviors, we here at Sysmex put value on delivering reassurance to our customers, business partners, employees, shareholders, and other stakeholders through our everyday activities.

Each and every member of the company contributes to the development of healthcare by making steady efforts to deliver

reassurance in the spirit of the Sysmex Way and Core Behaviors. In doing so, we believe that we can successfully fulfill our corporate social responsibility (CSR).

In order to earn greater trust from our global society, we continued to carry out such activities in fiscal 2009. The following is a brief account of our main CSR activities in fiscal 2009.

In pursuit of higher quality

Our offerings in the diagnostics business help to sustain people's lives and health. We thus remain committed to improving the quality of our products.

Fiscal 2009 saw the establishment of the Sysmex Corporation Quality Compliance Policy for the entire Group, including subsidiaries and affiliates outside of Japan, reminding all employees of the applicable laws and internal rules with which they should comply. At the same time, we reinforced the quality assurance system at the product development stage.

For us to truly satisfy our customers, Sysmex believes it is necessary to improve the quality of every aspect of our business, not only product quality. By clearly stating this belief in our Quality Policy, we aim to encourage behaviors that are based on customers' viewpoints and offer a level of satisfaction that more than meets their expectations.

Responding to diverse customer needs in different countries and regions

Sysmex's presence has expanded across the globe, but the healthcare environment differs from one region to another, with a diverse range of customer needs.

In advanced countries, cancer and lifestyle-related diseases are running rampant. Because of the large burden that cancer patients are forced to bear as a result of surgery and other kinds of treatments, something needs to be done to improve



their QOL. In a bid to offer solutions to such issues, this last fiscal year we focused on spreading our system for rapid detection of breast cancer lymph node metastasis. Capable of detecting metastasis of breast cancer to lymph nodes with greater speed and accuracy, this system helps to alleviate the burden on breast cancer patients.

Emerging countries, on the other hand, are still on the way toward developing their healthcare infrastructures amid ongoing economic growth. Sysmex is supporting initiatives to improve the quality of healthcare in those countries by, for example, holding academic seminars in China.

Developing countries are challenged by widespread epidemics of HIV/AIDS, malaria, and other serious diseases. In order to help them improve this situation, Sysmex has donated small and easy-to-operate testing instruments to medical institutions in sub-Saharan Africa, where HIV carriers are concentrated. As a part of this initiative, in May 2010 we donated testing instruments to the Inada-Lange Foundation for AIDS Research (ILFAR), an NPO offering free medical services in Kenya.

Long-term environmental objectives for fiscal 2020

Global environmental issues, such as global warming and resource depletion, are becoming increasingly aggravated.

In April 2010 we established the Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020), thereby setting for ourselves long-term environmental objectives for 2020 under such key topics as “global warming countermeasures” and the “effective use of resources and waste reduction.”

Now that these objectives have been set, we are ready to drive global environmental conservation activities forward even further.

With our corporate message, “We Believe the Possibilities,” firmly in our minds, we will continue making efforts to achieve sustainable development of the Group and the global community.

We would like to ask our stakeholders for their continued support and generous understanding of all of our endeavors.

Hisashi Ietsugu
President and CEO

Corporate Philosophy and Core Behaviors

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.

Collectively and Individually - Every Employee around the World Putting the Sysmex Way into Practice

VQ (Value Quest) Activities - An opportunity for employees to give serious thought to how they can live up to the Sysmex Way

In order to ensure the steady implementation of the “Sysmex Way,” our Corporate Philosophy, in fiscal 2008 we kicked off the VQ Activities, through which each employee is encouraged to think deeply and discuss with others about how they can put the Sysmex Way into practice.

This companywide initiative continued on to fiscal 2009. In response to President Ietsugu’s question, a large number of ideas were received from our employees around the world, and these ideas were then used to form theme-specific teams, which held a series of discussions that lasted for several months. The fruits of these intense discussions were presented at the VQ Session in December 2009. Attended by some 200 employees, including some from our subsidiaries and affiliates outside of Japan, the event provided an opportunity for people from different regions and organizations to communicate with each other.

Some of the ideas contributed by our employees in fiscal 2008 have already been implemented, including teaching a class at a junior high school in our host city of Kobe (See P34) and the opening of a “portal site of good working conditions” on the company intranet (See P30).

We will continue conducting these activities so that we can put the Sysmex Way into action as we unite our individual wisdom and deepen mutual communications.

Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020)

With recent global environmental issues, including global warming, depletion of natural resources, and destruction of the ecosystem, to name but a few, assuming serious proportions, environmental conservation has become one of the most important obligations for any business.

It was against this backdrop that the Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020) was established in April 2010, in accordance with the Sysmex Way and Environmental Policy. The Action Plan sets forth our long-term environmental objectives under such key topics as “global warming countermeasures,” “effective use of resources and waste reduction,” and “effective use of water resources” toward the target year of 2020 (See P36).

With an eye toward realizing those objectives, we will promote the development and spread of eco-friendly products and services and energy/resource conservation through increased efficiency in our business activities.

Fiscal 2009 VQ Session



Activity Report

To deliver good health and inspire trust and confidence among people the world over

Japan

Stepped up Supply of Influenza Test Kits in the Wake of the Influenza Pandemic

In a move to combat pandemic influenza in 2009, Sysmex bolstered its supply of influenza test kits.

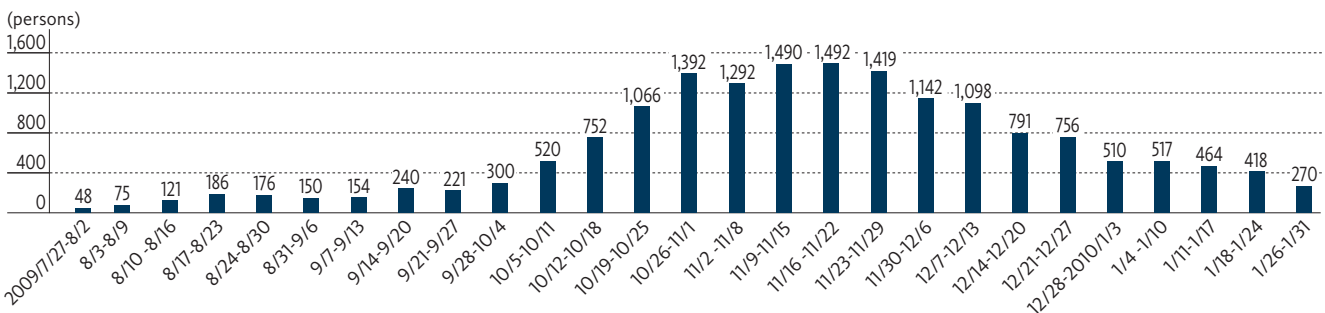
Anticipating another pandemic caused by avian-derived viruses, which are said to pose a threat even greater than that of last year's swine-derived influenza, Sysmex also worked to develop reagents capable of selectively detecting avian influenza viruses (research reagents for detecting avian-derived influenza virus nucleoproteins).

Preparing for a Resurgence of Pandemic Influenza

First reported in April 2009, a new strain of influenza affected Japan's first carrier in the following month, and it subsequently hit its peak toward the end of November in this country. Following that outbreak, the number of patients began to decrease until the situation had almost completely calmed down as of March 2010, but it is necessary to remain cautious about a possible resurgence.

The strain that had run rampant in this case was derived from swine, but it was an influenza strain of avian origin, a pandemic of

Reported Cases of Influenza A (H1N1) Infection in Japan



Number of cases reported each week, surveillance of patients hospitalized from the H1N1 virus by the Ministry of Health, Labour and Welfare (MHLW) of Japan (as of March 31, 2010)
Source: Influenza Fixed Point Report, MHLW (April 2, 2010)



Influenza Virus Detection Kit "POCTEM S Influenza"



Research Reagent for Detecting Avian-derived Influenza Virus Nucleoproteins

which had been predicted by the World Health Organization (WHO). Since 2003, carriers of this influenza virus have been found in Asian countries, with the fatality rate reaching nearly 60%. We are thus required to prepare a healthcare system in anticipation of a possible pandemic of avian-derived influenza viruses, while at the same time providing measures to counter a possible resurgence of swine-derived influenza.

Bolstered Supply of Influenza Test Kits

Since the new strain of influenza broke out in Japan, Sysmex has doubled the production capacity of its influenza test kits in response to ever increasing demands.

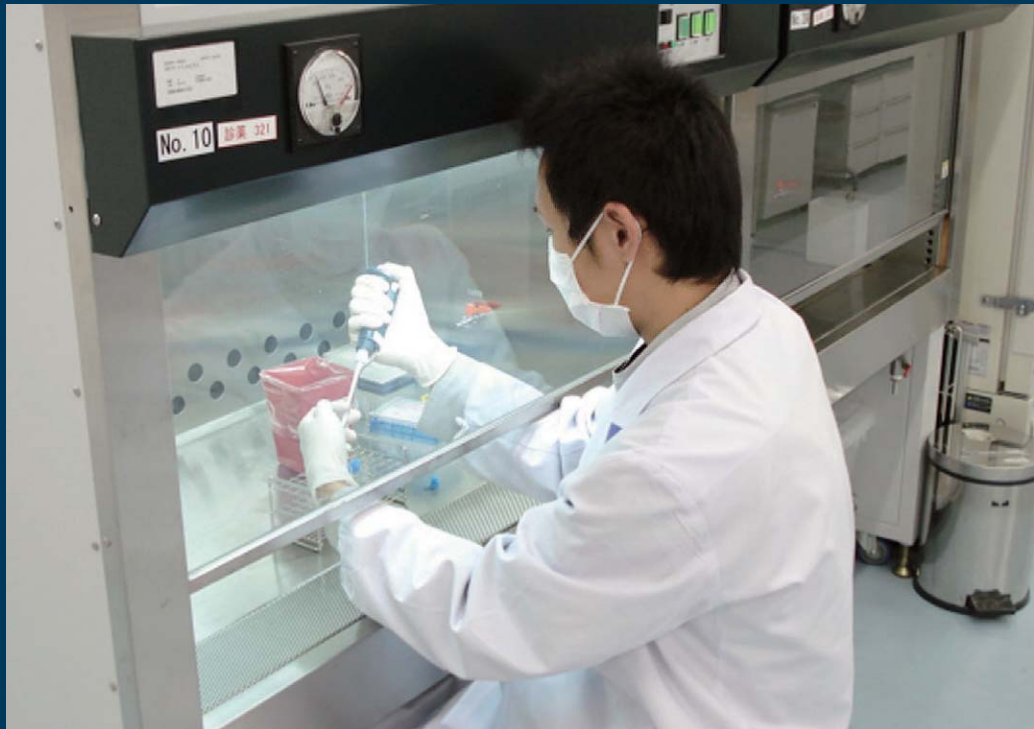
In more concrete terms, we increased the workforce at the Seishin Factory in Hyogo, which is responsible for the production of reagents used in the kits, while at the same time urgently procuring the materials necessary for reagent production. During the twelve months from April 2009 to March 2010, we supplied about



Reagent production equipment at the Seishin Factory



Japan in May 2009



Reagent R&D

187,000 packages of our kits. Going forward, we are planning to quintuple our capacity (vs. FY2008) by introducing automated production equipment so that we can promptly meet any sudden rise in demands.

No matter how high our capacity becomes, however, the supply could be hindered if influenza were to spread among our employees. On the assumption of a pandemic influenza virus infection, in June 2009 Sysmex drew up an action plan to ensure that the “supply of products and equipment repair are continued to avoid any confusion at testing laboratories” and that “employee safety is secured.” In order to take necessary action promptly and accurately, this action plan sets forth clear principles that concern preventing infection, saving emergency stocks, and establishing an emergency countermeasures headquarters.

Developed New Reagent for Avian Flu Research

Fiscal 2009 also saw our R&D team work on the development of products for researching the new avian-originated strain of influenza.

In the past, special analyzers using gene amplification and other techniques were necessary to differentiate avian influenza viruses from human viruses. The drawback of such techniques is that there are only a few specialized institutions that possess such analyzers, and that the testing process takes several hours.

In order to offer solutions to such problems, Sysmex teamed up with the Osaka Prefectural Institute of Public Health to develop a technique that enables the identification of slight differences existing between avian and human influenza strains in terms of the structure of nucleoproteins inside the virus. This technique led to the birth of a research reagent for detecting avian-derived

influenza virus nucleoproteins that does not react to human influenza viruses*1. By simply applying a drop of a sample to a test paper, avian-derived influenza viruses*2 can be selectively detected in just around ten minutes.

We released this reagent in November 2009 for research institutions first, but we aim to develop clinical products for diagnosis applications in the future.

*1 Confirmed with a total of 19 strains of cultured influenza viruses, including type A viruses (H1N1, H2N2, H3N2) and type B viruses isolated from humans

*2 Confirmed with a total of 18 strains of cultured type A influenza viruses (from H3 to H15) isolated from birds

Words from a Stakeholder

More speed for testing and stable product supply



Dr. Yoshihiko Hamamoto

Director, Hamamoto Children's Clinic

Last year, the influenza virus was running rampant throughout the world, but Japan was able to limit its spread to a relatively small scale. This is because the national government acted both promptly and pertinently—although some criticized its “excessive” reaction—and because medical professionals and the general public dared to face this menace single-mindedly.

When the infection is spreading like wildfire, doctors and clinical technologists are urgently making diagnoses, and every second counts. I expect to see a test kit that gives results in a shorter time. Also, I would like the manufacturer to fulfill its important mission of generating stable supply by ensuring that test kits are made available throughout the country, should there be a recurrence of pandemic influenza.

Activity Report

To deliver good health and inspire trust and confidence among people the world over

Japan

Supporting Daily Health Maintenance – Self-check Your Condition with Ease in Your Own Neighborhood

Sysmex developed “Touch de Tsuzukeru Kenko Nisshi (Health Journal on a Touch Screen),” a service model that allows people to use a health examination system to check their own condition. We are introducing the system in places that people have easy access to, such as drug stores and dispensing pharmacies, thus supporting the general public in maintaining their health on a daily basis.

Dropping in at a neighborhood drug store for a quick and easy health check

The top three causes of death among Japanese are (in descending order) cancer, heart disease, and cerebrovascular disease, and these account for sixty percent of the total. All of these diseases are closely related to our lifestyles, and daily health checks are essential for their prevention. If people can casually check on their health condition at a familiar place, it will make things easier for members of the general public to constantly manage their conditions.

This idea prompted Sysmex to develop its health maintenance support service “Touch de Tsuzukeru Kenko Nisshi” in fiscal 2006. Combining a touch panel terminal, including our health maintenance support software package PROWELL, with a blood pressure gauge and other testing instruments, the service allows

System configuration (example)

- ① Somatic fat meter
- ② Hemoglobin concentration estimator
- ③ Blood pressure gauge
- ④ Terminal with a touch panel
- ⑤ Printer
- ⑥ Pulse wave meter



Steps

Input basic information

- Gender • Age • Body weight
- Waist measurement, etc.

Taking measurements Just by inserting an arm or finger

- Blood pressure (systolic, diastolic)
- Hemoglobin concentration estimation (estimated hemoglobin concentration)
- Somatic fat (somatic fat rate, visceral fat area index, basal metabolic rate)
- Pulse waves (relative vascular age)

Answering questions Simply touch the choice

- About the health condition that one is worried about
- Previous comments by others
- About lifestyle
- About daily diet (nutritional intake)

Health support results are printed

- Overall comments • Nutrients that are lacking
- Measured data • Tips on lifestyles



Health maintenance support service, “Touch de Tsuzukeru Kenko Nisshi (Health Journal on a Touch Screen)”

any person to use the system and perform simple checks on the state of their health.

Coined from the words “Professional” and “Wellness,” PROWELL was developed under the supervision of professionals in medical science, nutrition, and exercise nutrition, and thus provides well-grounded health support information.

Users are first asked to provide basic information, such as gender and body weight, and then measure their blood pressure and estimated hemoglobin concentration. After answering questions on their lifestyle and nutritional intake via the touch panel, the input information and measured data is automatically analyzed to produce health support information that may be used to improve lifestyle. The results are given approximately five minutes after the user begins to input data.

Should a measured value be found abnormal, e.g., blood pressure exceeding the diagnostic criteria for hypertension, a message is displayed that encourages the user to see a doctor.

Installation of the system in drug stores and dispensing pharmacies across Japan is well underway. An increasing number of outlets are offering health counseling by pharmacists and nutritionists based on measured data and health support information.

Listening to users to constantly improve the service

To make the service easier to use, we frequently modify the phrasing

of the questions so that people can understand them better.

To make this happen, our qualified senior nutritionists periodically visit outlets that offer this service to meet with users, hear what they have to say, and improve the service accordingly. During such visits, they also check the utilization of the service and provide support for the training of store staff members.

Going forward, we will promote the spread of this service to schools and fitness clubs in order to make daily health maintenance even more accessible.

Words from a Stakeholder

More customers have become interested in health management

Kiyoshi Noguchi

Manager, Takiya Taishibashi Store



Recently, more and more customers at our store have become very conscious of health management and disease prevention. The number of customers who purchase supplements is also on the rise. I believe that drug stores are charged with the mission of providing products and services that meet such customer demands and, in so doing, helping people in the neighborhood to maintain their health.

Expressing the user’s condition in numerical values, “*Touch de Tsuzukeru Kenko Nisshi*” is highly useful in that it allows us to answer customers’ questions by referring to objective data. I hope for a supply of both hardware and software that is capable of taking measurements even more simply and promptly.



Drug Store Takiya Taishibashi Store



Primary Pharmacy (dispensing pharmacy)

Words from a Stakeholder

Our goal is to become a “health support station”

Shinichi Yamamura, Pharmacist

Representative Director, Primary Pharmacy



I found that many of the customers who use “*Touch de Tsuzukeru Kenko Nisshi*” are surprised to discover the extent to which the system allows them to check their condition while waiting for their drugs to be prescribed at a health insurance pharmacy. Based on the check results, our senior nutritionist provides advice to the customers, who often give us a positive response with words of gratitude.

We hope to continue offering our support for the good health of people in the community by providing tips on lifestyles, as well as drugs. I can say with assurance that this service is an effective tool for health insurance pharmacies to be recognized as “health support stations.”

Activity Report

To deliver good health and inspire trust and confidence among people the world over

China

Contributing to More Rapid and Accurate Diagnostics and Higher Levels of Technology/ Knowledge among Healthcare Professionals

In China, Sysmex markets its laboratory testing instruments and, by promoting the spread of such instruments, makes it possible to conduct testing with greater speed and accuracy. We also hold scientific seminars there every year to provide updates on the latest news on the healthcare front, in the hopes that we can assist local healthcare professionals in raising their levels of technology and knowledge.

Faster and More Precise Laboratory Testing amid Rapidly Developing Healthcare Infrastructures in China

While its economy has been achieving rapid growth in recent years, China is also witnessing a rapid increase in healthcare demands, with the number of Chinese suffering from diabetes soaring to some 24 million, making it second only to India (approx. 36 million) for its number of patients. Thus there is a great need to develop healthcare infrastructures.

This also brings with it a need for greater speed and accuracy in laboratory tests, the data of which provides the basis for determining a diagnosis and course of treatment. Many medical institutions in China still conduct such testing manually. Introducing automated testing instruments will make it possible to conduct such testing rapidly and accurately, thus enabling swift diagnosis and treatment.

Sysmex began business in China in 1995 with the

establishment of Jinan Dongya Medical Electronics Co., Ltd. (now Sysmex Shanghai Ltd.), a sales company of laboratory testing instruments and reagents. Since then, we have expanded our sales network to market our instruments and reagents in an effort to help China to increase the speed and accuracy of its testing practices.

We are also offering well-thought-out after-sales services so that our products will continue to generate highly reliable testing data long after they are purchased.

Ensuring Fair Trade through Employee Training

As the volume of China sales increases, Sysmex is expending much effort to ensure compliance in its marketing by, for example, preparing a handbook on fair trade for distribution to its employees.

In October 2009, we held a training seminar at Sysmex Shanghai. With some 60 marketing and sales people from the subsidiary in attendance, we took the opportunity to brief them once again on the Law for Countering Unfair Competition and the Anti-Monopoly Law of China.

Disseminating the Latest Healthcare Info at Large Scientific Seminars

In addition to the spread of reliable testing through the supply of its products, Sysmex also wishes to contribute to raising the levels of technology and knowledge among healthcare professionals in China by disseminating scientific information in that country.

The Sysmex Scientific Seminar in China is one such initiative. Held for doctors, nurses, laboratory technicians, and other healthcare professionals, this annual seminar is an opportunity to share updates on the latest trends on the healthcare front, including the state of healthcare system reform within the country.

At the 12th seminar of this kind held in November 2009 in Kunming, Yunnan Province, we organized panel discussions and lectures on the topic of "Dialogue between Clinicians and Laboratory Technicians." Drawing some 700 participants, the seminar was the largest medical seminar in China ever sponsored by a single private enterprise. It was not only well received by the participants, but also attracted much attention from local society, receiving coverage in the local science paper *Science Times*.

We will continue to sponsor these seminars while working to make them even more informative, thereby providing healthcare professionals in China with useful scientific information.

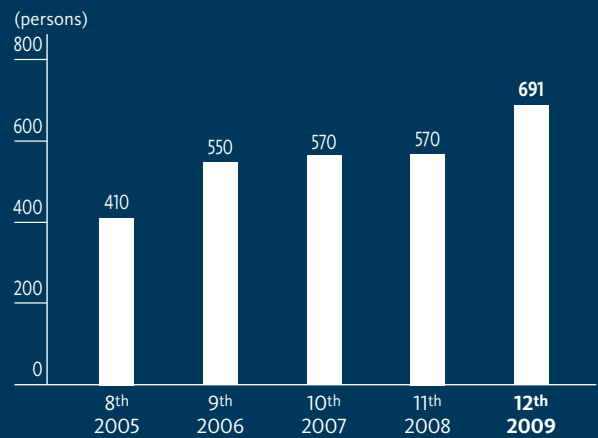


The 12th Sysmex Scientific Seminar in China



President Ietsugu speaking to the audience

Participants of Sysmex Scientific Seminars in China (8th – 12th)



Words from a Stakeholder

Expecting Sysmex to “Bridge” Diagnosis/Treatment and Testing

Dr. Cong Yulong

Chief Physician, People's Liberation Army General Hospital



As Director of the China Laboratory Physician Association, I have been promoting the standardization of laboratory testing so that identical testing data may be obtained regardless of where the testing was conducted in the country, and so that accurate diagnosis might be made.

Because of my specialty in clinical testing through hematology, coagulation, and urinalysis, which happen to be the fields that Sysmex's

products cover, I have often had the pleasure of meeting people from Sysmex at academic conferences and during joint research projects, which naturally led me to cooperate with the company in their initiatives for the standardization and education of testing. Through this good fortune, I have been involved in the planning of Sysmex Scientific Seminars in China from the very beginning all the way to the latest event.

Over the past 12 years, Sysmex Scientific Seminars in China have provided healthcare professionals with the information that they seek, and I hope that the company will continue its sponsorship and contribute to the advancement of healthcare in China. I sincerely wish that Sysmex will play a part in the “bridging” of diagnosis/treatment and laboratory testing by disseminating cutting-edge scientific information.

Activity Report

To deliver good health and inspire trust and confidence among people the world over

Asia Pacific

Supporting the Creation of a Quality Management System for Laboratories in the Philippines

In the Philippines and Indonesia, many hospitals are eager to improve the quality of their laboratories in a bid to earn greater trust from their patients. Sysmex is meeting such demands by assisting customer laboratories in receiving certification for ISO 15189*, an international quality management standard for lab tests.

* Officially known as ISO 15189:2003 "Medical laboratories – Particular requirements for quality and competence." Established in February 2003 by the International Organization for Standardization (ISO).

For Maintaining and Improving the Quality of Laboratories

In order to improve the quality of lab tests, it is necessary to create a framework for internal auditing, in addition to establishing an adequate testing procedure. It is also important to have such systems assessed objectively by independent organizations.

It is against this background that ISO 15189 is drawing a great deal of attention as a specialized quality management standard for lab tests. Compiled on the basis of ISO 9001, a general standard for quality management systems, ISO 15189 also includes technological capability requirements that are particular to each type of clinical testing performed at laboratories. A laboratory that has created an accredited management system in compliance with the standard is certified as being capable of providing internationally viable, valid testing data. Since its establishment, ISO 15189 has found broad acceptance in advanced countries and elsewhere.

In a Bid to Meet the Growing Demand for ISO 15189 in Southeast Asia

Due to the absence of national regulations on laboratory testing, many public and private large-scale hospitals in the Philippines, Indonesia, and Vietnam are starting to become keen on certification for the ISO 15189 international standard. However, its requirements are known to be somewhat obtuse, and the certification process



NKTI Laboratory Quality Manager (left) and Medical Laboratory Chairman (right) in front of the ISO 15189 certificate

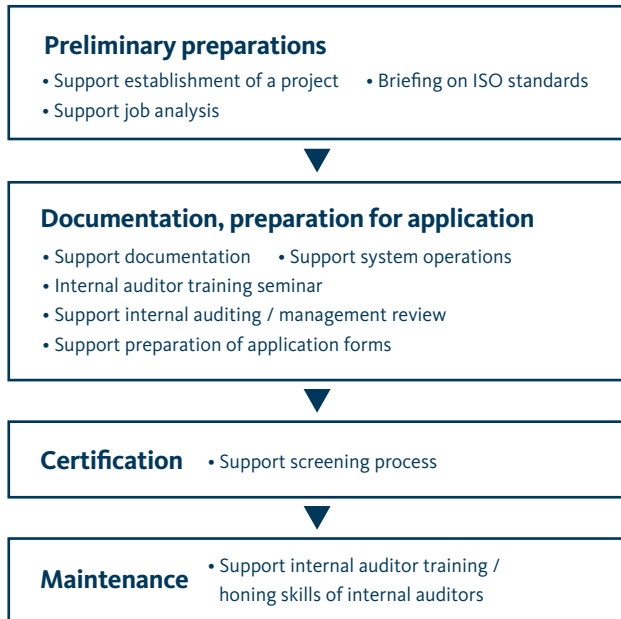
involves a great deal of difficulty.

Since 2003, Sysmex has offered an ISO certification support service in Japan. Among the long list of customers of this service are the Hokkaido University Hospital and the University of Tokyo Hospital.

Supported Certification of a Hospital in the Philippines

In fiscal 2009, Sysmex brought its expertise gained in Japan to Southeast Asian countries to begin certification support services

ISO 15189 certification support model flow



there. Under the lead of our Singaporean subsidiary, Sysmex Asia Pacific Pte Ltd., we provided consulting and support to the National Kidney and Transplant Institute (NKTi) in the Philippines, which successfully received ISO 15189 certification.

Because NKTi had already achieved ISO 9001 certification, the focus of our support was on assisting them in meeting the requirements unique to ISO 15189.

Before we began the process, we visited NKTi first to grasp the current situation of their laboratory and their work flow. We then identified their issues and indicated matters that needed improvement, such as advising them that “it should be made possible to identify faulty equipment.” Also, to avoid confusion with ISO 9001 manuals, we suggested that separate manuals for ISO 15189 be compiled and provided templates for them.

We are planning to begin this ISO certification support service in Indonesia and other Southeast Asian countries and Brazil in fiscal 2010, in the hopes that we can contribute to the quality improvement of laboratories around the world.

Words from Stakeholders

Great Help in Quality Improvement of the Laboratory



Dr. Januario Veloso
Chairman, Medical Laboratory, NKTi



Dr. Ivy Rosales
Laboratory Quality Manager, NKTi

The use of the templates provided by Sysmex enabled us to smoothly prepare our manuals for ISO 15189. Their comments on the improvement of work procedures, which were made as a result of their on-site survey, were instrumental in improving the quality of our laboratory.

Allowing us to access their customer support center via the Sysmex Network Communication Systems (SNCS) is also a great help in maintaining the reliability of our testing.

As users of Sysmex testing instruments, we expect them to help us maintain our instruments under good operating conditions and supply reliable reagents in a stable manner.



National Kidney and Transplant Institute (NKTi), the Philippines



NKTi's lab tests

Activity Report

To deliver good health and inspire trust and confidence among people the world over

Americas

Systemx Employees Playing an Active Role in a Fund Raising Campaign by an American NPO Dedicated to Funding Blood Cancer Research

The number of cases of blood cancer, such as leukemia and malignant lymphoma, is on the rise across the globe. In 2010, members of our U.S. subsidiary Systemx America, Inc. volunteered for a fund raising campaign organized by the Leukemia & Lymphoma Society (LLS), a voluntary health organization dedicated to funding blood cancer research and patient services.

Progress in Therapy Research Led to a Higher Blood Cancer Cure Rate

It is estimated that blood cancer patients, such as those suffering from leukemia and malignant lymphoma, number more than 900,000 worldwide. In fact, every four minutes someone in the world is diagnosed with blood cancer. In Illinois, the home of Systemx America, some 6,000 persons were found to be suffering from such diseases during 2009, and their incidence is increasing.

Meanwhile, the cure rate is improving thanks to advances in treatment and the dedication of NPOs supporting blood cancer research through donations.

One of the largest such NPOs, LLS has 64 chapter offices across the United States and Canada. Since its foundation in



Ms. Peggy Barranco, leader of the volunteer team (in front of the articles put up for sale at the charity auction)



Luncheon buffet

1949, LLS has donated over \$600 million to blood cancer research, thereby underpinning advances in treatment and providing support to patients.

Employees Volunteering in Various Charities

Between March and May of 2010, a Systemx America volunteer group led by Ms. Peggy Barranco participated in an LLS fundraising campaign, "Illinois Man & Woman of the Year."

In this unique campaign, "candidates" raise money in their own ways, and then donate that money to LLS. The candidates who raise the most "votes" are then named "Man of the Year" and "Woman of the Year."

The group at Systemx America called for donations from people both within and outside of the company on the campaign website. They then organized a series of events for the company, including a luncheon buffet, selling pizza, ice cream, and used books, a charity auction, and Denim Day tickets (allowing an employee to wear jeans at the office).

These events proved to be a major success, raising a total of \$41,907 (donations and event sales combined) during the campaign period from March 11 to May 21, 2010.



Peggy and her peers at Sysmex America who supported her candidacy

Sysmex America Earned the Companies That Care Award for its Community Service

In addition to this LLS fundraising campaign, Sysmex America is also very active in a variety of fundraising events.

In fiscal 2009, our American subsidiary was ranked for the second consecutive year on the Companies That Care Honor Roll, which is sponsored by the Center for Companies That Care, an American NPO. This annual award honors companies with the characteristics of a “Company That Cares,” including social contributions and sustaining a good work environment.

While supporting employees’ voluntary initiatives, Sysmex will continue contributing to its host communities in a manner appropriate for the circumstances and realities of each individual community.

Words from a Stakeholder

Our Fundraising Campaign was a Resounding Success!



Ms. Kayla Kovarna
(middle)
Campaign Manager, LLS

Thanks to the dedications of all of the participants, LLS’s fundraising campaign raised approximately \$640,000 in 2010. The money will be used to support blood cancer research and patient services.

This triumph would not have been possible without the hard work of Peggy and the other candidates, as well as their fellow collaborators. My highest praise goes to the candidates, their supporters, and the sponsors who lent us a helping hand in the cause of creating a world without cancer.

Activity Report

To deliver good health and inspire trust and confidence among people the world over

Europe

Promoting the Spread of Testing Systems for Improved QOL of Breast Cancer Patients

Sysmex is working to spread its system that automatically detects breast cancer lymph node metastasis. By determining whether cancer has spread to the lymph

nodes with greater speed and accuracy than conventional histopathological diagnosis based on microscopic observation, our system has the capability to greatly improve patients' QOL.

For Detecting Lymph Node Metastasis Quickly and Accurately

Breast cancer is the most frequent type of cancer among women. Every year, some one million women around the world are diagnosed with breast cancer, and it claims up to 400,000 lives annually.

It was previously a common practice to surgically excise the entire lymph node in the axilla, where metastasis is most likely to occur. Because a large section of tissue had to be removed, however, this practice was a substantial burden to the patients.

In order to minimize the extent of the dissection, in recent years doctors have begun sampling the part of lymph node that cancer cells reach first from the focus, so that they can test whether the cancer has spread and excise only the affected lymph node during the same operation. The most frequently chosen testing technique is to have pathologists observe by a microscope a part of the lymph node that has been sampled.

However, it is very difficult to precisely determine the presence or absence of metastasis in the limited timeframe during the



Simply set the sample, and the results are provided within thirty minutes.

Sysmex system for rapid detection of breast cancer lymph node metastasis

- Advantage **1** Using most of the excised lymph node, this highly sensitive system accurately determines the presence or absence of cancer metastasis.
- Advantage **2** Testing results are obtained in a short time, with testing being completed during surgery.
- Advantage **3** The automated process leaves no room for individual discrepancies.



Gene amplification detector RD-100i



Gene amplification reagent LYNOAMP® BC



Sample solubilizing reagent LYNORHAG®

operation, and pathologists are required to have high levels of skills and experiences. In some cases, metastasis is detected in the detailed post-operative testing, which then necessitates another operation. This truly places an enormous burden on the patient.

Improving Patients' QOL

To help ease the burden of patients, Sysmex applied the One-step Nucleic Acid Amplification (OSNA®) method to develop a system for rapid detection of breast cancer lymph node metastasis, which comprises the gene amplification detector RD-100i used in conjunction with the gene amplification reagent LYNOAMP® BC and the sample solubilizing reagent LYNORHAG®. Samples are prepared by using the solubilizing reagent to dissolve most of the excised lymph node. Simply by setting the sample and reagent into the detector, the results are given within approximately thirty minutes, allowing the doctors to determine the presence or absence of metastasis during the operation.

Because the entire process is performed automatically from gene sampling and amplification to determination of metastasis, the burden on pathologists is alleviated significantly. In addition, most of the tissues that have been excised are used for gene-level measurement, thus assuring highly accurate judgment, which in turn helps to reduce the risk of recurrence. Also, because it is

expected that there will be fewer cases in which metastasis is detected after the operation, the burden on patients associated with a second operation will also be eased.

After acquiring approval from the Ministry of Health, Labour and Welfare of Japan in June 2008, the system was covered under the national health insurance in November of the same year, and it is currently being introduced to hospitals across the country. In Europe, where we released the system in fiscal 2006, the system is finding broad acceptance at hospitals in countries like Spain, Italy, France, and the United Kingdom.

To Offer After-sales Service and Support that is Quick and to the Point

In January 2010, Sysmex España S.L. was established in Barcelona, where diffusion of the system is particularly high among European cities. The rationale behind this move is to step closer to users of the breast cancer lymph node metastasis rapid detection system so that we can offer quick and adequate after-sales service and support.

In Spain, we are planning to develop our own online database and make it available to our users. We expect that this database will allow medical institutions and commercial laboratories who use our system to cross-reference their knowledge of the OSNA® method and other technological information. If we can stimulate the exchange of information in this way, the level of healthcare for breast cancer should improve throughout the country. We are also considering the transplantation of this breast cancer database to other countries in the region.

Sysmex will remain committed to the diffusion of this system in its bid to help improve the QOL of breast cancer patients around the world.

Flow of testing

Remove the lymph node during surgery.



Dissolve most of the removed lymph node in LYNORHAG® to prepare a sample.



Set the sample and LYNOAMP® BC in the designated place of RD-100i.



Genes are automatically extracted and amplified to determine the presence or absence of metastasis.



Injecting the excised lymph node into the tube with LYNORHAG®.

Words from a Stakeholder

OSNA® Method Generates Highly Satisfactory Testing Results

Dr. Di Filippo
Rome Cancer Institute



In European countries, the number of deaths from breast cancer is decreasing. This is primarily because the accuracy of health screening for breast cancer using mammography is improving, and a greater number of treatment options are available, including surgical operations, radiotherapy, and single-agent chemotherapy. However, the rate of incidence continues to increase.

At our institute, we use Sysmex's system for rapid detection of breast cancer lymph node metastasis to make diagnoses during operations. So far, we have used this system on more than 400 breast cancer patients, and the results have been highly satisfactory. I hope that, while also furthering its research into the OSNA® method, Sysmex will develop a system for the testing of melanoma, a form of skin cancer also known as "malignant melanoma."

Activity Report

To deliver good health and inspire trust and confidence among people the world over

Europe

Supporting Customers in the Acquisition of Testing Technologies and Scientific Knowledge at the Czech Republic Sysmex Education Center

Sysmex supports customers in their attempts to improve testing technologies and scientific knowledge at the training and educational facilities that it has established in various countries. At the Czech Education Center that opened in fiscal 2009, we are providing an abundance of training and educational opportunities through collaboration with local scientific societies and medical institutions.

“Sysmex Academy” Coordinating Training and Educational Programs in Europe, the Middle East, and Africa

To conduct laboratory testing with accuracy, facilities and instruments alone will not suffice. Those who utilize them must have a high level of techniques and scientific knowledge.

Our German subsidiary Sysmex Europe GmbH has established the Sysmex Academy, a vehicle for training and educational programs aimed at customers and employees.

Customers may choose from a variety of educational opportunities, such as obtaining an array of scientific knowledge and acquiring the skills to manipulate a variety of testing instruments through training using actual instruments, to create a customized program that matches their needs and levels. Employees also take training courses so that they can satisfy customers at every process of our business, from manufacturing



Training at the Czech Education Center



Czech Education Center

to sales and service.

Because of the broad territory encompassed by Sysmex Europe, which covers Europe, the Middle East, and Africa, some customers find it physically difficult to visit the Sysmex Academy in Germany. To cater to such customers, we provide training and educational opportunities at our education centers, which have been opened in the United Kingdom, France, Russia, Switzerland, the Netherlands, Belgium, the United Arab Emirates, Benin, and South Africa.

The Sysmex Academy is also responsible for standardizing the levels of training and education offered in Europe, the Middle East, and Africa. Accordingly, the Academy also puts emphasis on training employees who can serve as instructors and educators at the education centers in those countries.

Establishing an Education Center in the Czech Republic to Raise the Level of Testing in Eastern Europe

In July 2009, Sysmex CZ s.r.o. opened an education center with support from the Sysmex Academy.

With the aim of providing customers with comprehensive training opportunities on diagnostics, the education center has the latest testing instruments available and offers explanations on their performance and operational procedures. Expert staff



A variety of testing instruments lined up in the training room (Czech Education Center)

members with a great deal of knowledge on hematology are also available to teach trainees how to read testing data. Their reputation is such that these programs have been officially accredited as Continuing Medical Education (CME) programs by the national government.

The training curriculum is constantly upgraded with the cooperation of the Czech Society of Hematology and other academic societies. To keep our customers interested in our activities, we are planning to develop a training program under a new topic for inclusion in the training menu every six months.

Sysmex CZ offers the Sysmex Network Communication Systems (SNCS), which control the quality of testing by connecting customers' instruments with the company's server via the Internet. Under this framework, the education center in the Czech Republic is responsible for analyzing testing data received from customers and delivering specialized advice and explanations.

By perpetuating these activities, we wish to contribute to the enhancement of the laboratory testing level as we deepen the relationship of trust with customers in the Czech Republic and other countries in Eastern Europe.

Words from a Stakeholder

Wonderful to Have Specialists Share their Experiences

Dr. Filip Vrbacky

University Hospital Hradec Králové



To ensure that we have accurate testing results, it is necessary that we have experienced staff, as well as highly accurate testing instruments. In this sense, it is highly significant that Sysmex has established an education center in this country.

This center is a great help to us, since Sysmex can immediately answer any kinds of questions that we may ask about its products. It is also wonderful to hear the opinions of staff hematologists.

In addition, the level of after-sales support has rapidly improved since Sysmex CZ was established. I hope that the company will continue to improve its instruments and after-sales support.

Activity Report

To deliver good health and inspire trust and confidence among people the world over

Africa

Donating Testing Instruments to an NPO Working to Prevent the Spread of HIV Infection in Kenya

Systemex has committed itself to fighting against the spread of HIV infection by donating testing instruments in Africa, where this universal problem is particularly serious. In fiscal 2010, we launched another initiative in support of an NPO that is involved in medical activities in Kenya.

Two Thirds of the World's HIV Carriers Concentrated in Sub-Saharan Africa

The number of HIV carriers has topped 30 million worldwide, and the spread of the disease shows no signs of slowing in the near future. Many of these carriers live in developing countries, and about two thirds of the total — over 20 million — can be found in Sub-Saharan Africa.

HIV carriers must undergo medical examinations every few months to have their condition checked and to monitor the status of the HIV virus in the blood. Specifically, it is necessary to determine the count of CD4-positive T-lymphocytes, which are a type of leukocyte that regulate the entire immune system. When viruses multiply, these lymphocytes are destroyed and decrease in number, resulting in a loss of immune strength. When the measurement is below the standard value, the carrier must begin taking medication, and similar testing is then conducted to determine the effect of such medication.

In Sub-Saharan Africa, however, such testing instruments are not readily available. To get tested, many HIV carriers are forced to travel all the way to hospitals that are far from their homes, and then return at a later date to check the results, which

creates a very inconvenient situation. What is needed is a healthcare infrastructure that allows them to undergo examinations in their own neighborhoods, see results instantly, and receive appropriate instructions and treatment on the spot.

The Inada-Lange Foundation for AIDS Research — an NPO Offering Free Medical Care in Kenya

Headquartered in the United States, the Inada-Lange Foundation for AIDS Research (ILFAR), Inc. is working to prevent the spread of HIV infection in Kenya, one of the African countries that share such problems.

Since 2000, they have organized a volunteer medical camp twice a year in Pumwani near Nairobi, which offers medical care free of charge. By November 2009, the total number of people who had received care at the camp reached 27,000. ILFAR is also providing education and training for local NGOs and lectures for healthcare professionals in Kenya.

Preventing the Spread of HIV Infection through Support for the Foundation

In April 2006, Systemex announced its development of a technique to measure CD4-positive T-lymphocytes by using its poch-100i, a compact, easy-to-operate automated hematology analyzer that may be used at a small clinics and mobile vehicle clinics. By 2009, we had donated this analyzer via NPOs to clinics, hospitals, and research institutions in nine African countries, including South Africa, Botswana, and Benin.

In the spring of 2009, ILFAR opened a permanent office in the suburbs of Nairobi to kick off a new project that is designed to prevent the emergence of drug-resistant HIV/AIDS. Having been informed that ILFAR was in need of instruments that are capable of easily determining CD4-positive T-lymphocyte counts while taking up little space, we decided to donate poch-100i to this project.

Then, under the arrangement of our German subsidiary Systemex Europe, the analyzer was installed at the ILFAR office in May 2010. ILFAR is planning to construct a clinic in Kenya at the earliest possible date as a part of their efforts to develop healthcare infrastructure there.



Automated hematology analyzer pocH-100i donated to ILFAR

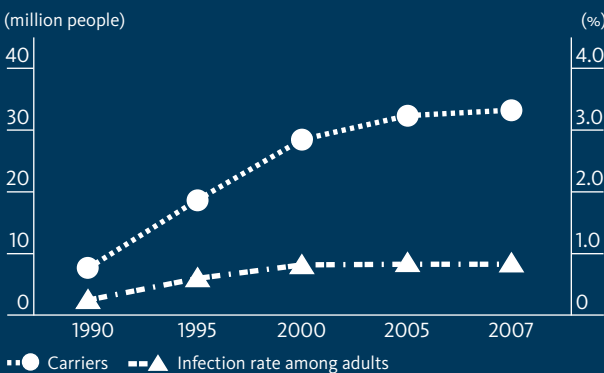


Dr. Inada in his office



Nairobi, Kenya

HIV Carriers in the World (Estimate)



Source : 2008 Report on the Global Aids Epidemic, UNAIDS



Queuing for medical care

Words from a Stakeholder

Support from Healthcare Businesses is Vital

Dr. Yoritaro Inada

President, Inada-Lange Foundation for AIDS Research, Inc.



A testing instrument like pocH-100i that provides results instantly and thus allows diagnosis on the spot makes it possible for doctors to provide appropriate guidance to patients. As such, these instruments serve to definitely improve the quality of healthcare.

To prevent HIV infection from spreading further, it is imperative that medical staff members are always readily available when they are needed by patients and people running a high risk of infection. At present, volunteers are mainly serving this function. Such being the case, I expect that healthcare companies will support us by offering job opportunities to those volunteers, particularly local volunteers.

I would also like to see healthcare companies provide as many opportunities as possible for those who truly require such instruments to apply for donations, and then decide to whom the instruments should be donated.

To Become a Trustworthy Company with High Expectations from Society

Systemex seeks to maximize the corporate value of the Group through enhanced management robustness, better transparency, and improved management speed and efficiency. We also strive to earn greater trust from our global society by ensuring that all of our business activities are conducted openly and aboveboard.

Corporate Governance Structure

To Improve Management Efficiency through Enhanced Management Robustness and Better Transparency

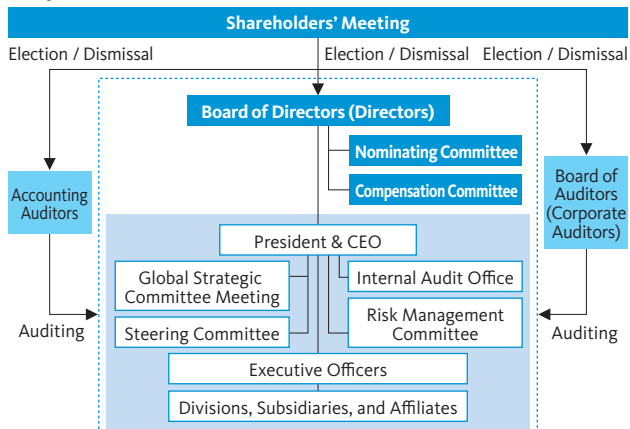
Systemex considers reinforcing corporate governance to be one of its most important management priorities. We believe that enhanced management robustness, better transparency, and improved management speed and efficiency will help us to maximize the overall corporate value of the Group.

The Company's Board of Directors consists of 8 directors, who deliberate on important management issues. The Company has adopted the corporate auditor system, and the Board of Auditors consists of 4 corporate auditors, 2 of whom are external auditors. The corporate auditors supervise the directors' business conduct both independently and objectively.

In April 2005, we adopted the executive officer system in order to increase the speed of decision making in the conduct of business and respond quickly to changes in the business environment. A consultative body to the President, the Steering Committee deliberates on important matters concerning the Group's business. Seven out of the 14 executive officers are concurrently directors. The Company has also established the Nominating Committee and the Compensation Committee, which have responsibilities in accordance with the "Companies with Committees" system.

In order to protect stakeholders' interests, we have established a series of regulations that cover a broad range of topics, including insider trading, personal information protection, compliance, and ethics for clinical research and development.

Corporate Governance Structure



Internal Control

To Ensure the Appropriateness of Financial Statements

Systemex is working on the establishment of an internal control system for the entire Group. To expedite this ongoing effort, in November 2008 we laid down Internal Control Regulations concerning Financial Statements and established an Internal Control Committee concerning Financial Statements, a consultative body to the President.

As a part of the project to standardize operations concerning financial reporting within the entire Group, in fiscal 2009 we began rebuilding an ERP* system. Going forward, we will further increase the effectiveness of our internal control system by constantly reviewing our current status and making necessary improvements.

* Enterprise Resource Planning. A method / concept for enhancing management efficiency through an integrated approach toward managing an entire enterprise for efficient use of management resources

Risk Management

Promoting Risk Management by Establishing a Dedicated Committee

To control Group-wide risk management activities, Systemex established a Risk Management Committee, which is chaired by a Risk Management Officer (Senior Managing Officer), the Group's chief executive in charge of risk management.

In fiscal 2009, this Committee took the initiative in coordinating our response to a highly virulent strain of pandemic influenza, drawing up standards for countermeasures against an influenza pandemic. These countermeasures provide an action plan, explain what to do with regard to labor, and give instructions on the stocking of goods for prevention of infection.

Risk Management Structure



Compliance

Pursuing “Open and Aboveboard Business Activities”

Systemex has defined its view of compliance as “respecting laws and regulations and going about our business boldly with a strong sense of ethics.” In accordance with this definition, we have established a Compliance Code, in which particularly important conformance rules for all executives and employees to abide by are compiled. The Compliance Code has been translated to English, Chinese, and German for use by our subsidiaries and affiliates outside of Japan. All employees within the Systemex Group are required to submit a written pledge to comply with this Code.

To ensure that employees are properly informed, we offer training on compliance at all Group companies, including those outside of Japan. We also deliver “Compliance Handbooks” to all Group employees in Japan.



Compliance Handbook



Compliance training



Compliance Code (Excerpts)

1. To Ensure Safety of Our Products and Services to Customers
2. To Promote Fair Dealing and Free Competition
3. To Make Fair and Proper Information Disclosure and to Exercise Complete Information Control
4. To Respect Intellectual Property
5. To Maintain International Peace and Safety
6. To Conduct Proper Accounting and Appropriate Tax Payment
7. To Respect Human Rights and to Improve Occupational Health and Safety
8. To Make Distinction between Public and Private Matters and Not to Do Any Act Involving Conflict of Interest
9. To Maintain Sound Relationship with Society
10. To Preserve the Global Environment

Introducing the Internal Reporting System to Subsidiaries and Affiliates outside of Japan

An internal reporting system originally developed for Group companies in Japan, the “Campanula Lines” allow our staff members to seek consultations and file a report via telephone and e-mail or in writing through two lines (in-house and external). Any

information received is handled anonymously to protect the personal information of those providing the information.

We are expediting the introduction of an internal reporting system at our subsidiaries and affiliates outside of Japan. As of May 2010, the system had been introduced to 35 of the 39 overseas Group companies.

R&D Ethics Compliance

Being involved in clinical research and human genome and genetic analysis research, Systemex Corporation adopted the “Ethics Regulations on Clinical Research and Development and Human Genome and Genetic Analysis Research,” whose basic policies include “respect of human dignity” and “thorough protection of personal information.” The Company also established a “Research Ethics Examination Committee,” which includes outside members such as legal and science experts, in order to review research content.

The list of committee members and committee meeting minutes are disclosed on our website, thus ensuring transparency.

Educational Campaign for the Prevention of Corruption

In fiscal 2008, Systemex Corporation established a Systemex Promotion Code (SPC), which stipulates the core behaviors for preventing bribery and other inappropriate acts and maintaining fair trade. At the same time, the Company established a Fair Trade Promotion Committee, under which three Sub-committees are placed in charge of “training and guidance,” “investigation,” and “auditing.”

In fiscal 2009, a total of 21 seminars were organized for employees from Sales and Support, including those from Group companies in Japan, and those from R&D who deal with public agencies, with 339 people in attendance. We also distributed educational booklets, displayed posters, and set up an inquiry page on the intranet, so as to make this campaign known and understood throughout the Group.

Aiming to Acquire SA8000* Certification

In fiscal 2008, our affiliate Systemex do Brasil Indústria e Comércio Ltda. began their initiative to acquire certification for Social Accountability 8000 (SA8000)*, an international standard for the protection of workers’ fundamental human rights, and has since briefed their employees on this standard.

In August 2009, they held a briefing session for key business partners to ensure their compliance with relevant standards and regulations.

* SA8000: Created by an American CSR assessment body based on the International Labor Organization (ILO) conventions, Universal Declaration of Human Rights, and the United Nations Convention on the Rights of the Child.

In Pursuit of Superior Quality and Satisfaction That Go Beyond Customers' Expectations

While attending to constant improvement of the quality of our products and services, Sysmex is working hard to create a system that allows us to ensure that customers can confidently use such products with safety and ease. We sincerely wish to offer satisfaction that more than meets their expectations by deepening our understanding of "what customers truly want."

Quality Assurance

Quality Policy

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

Core behavior

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

Creating a Global Quality Management System

As of March 31, 2010, a total of 23 of the 40 Group companies were qualified for the ISO 9001 international standard for quality management systems, with all of the companies involved in development and production being certified.

In fiscal 2009, we planned internal quality auditing with a focus on Design, Development, and Production, which comprise the essential part of the product realization process, and implemented the plan as scheduled. Under the consideration that quality assurance will not be neglected as our business becomes increasingly global, we have established a "Sysmex Corporation Quality Compliance Policy" for all of the Group companies around the world. In this Policy, we reaffirmed the laws, regulations, and in-house rules that we must comply with in order to maintain product quality and achieve customer satisfaction, and clearly defined systems and activities designed for conformance with them. At the same time, we developed procedures for global internal auditing, which is conducted to ensure the steady implementation of such systems and activities.

Forging a Global Quality Assurance System

Used for clinical testing, Sysmex's products play a vital role in protecting people's lives and good health. Being fully aware of this responsibility, Sysmex is making constant efforts to maintain and improve product quality by building various systems, not to mention complying with safety standards around the world in the design and development stages. In the product development stage, we verify product quality by setting five "quality gates" in the process leading up to market launch.

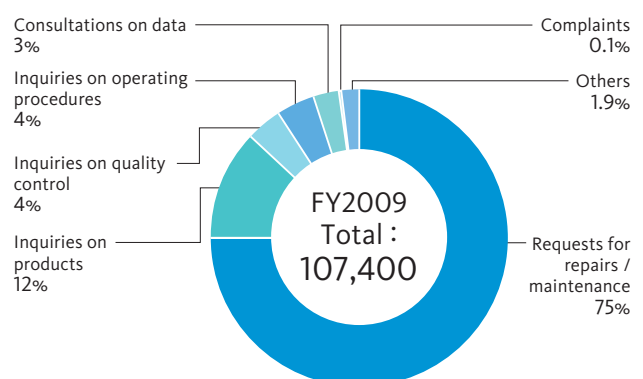
When we distribute products manufactured by others, we verify their quality by conducting periodic audits. We also meet with the manufacturers regularly to share information, so that we can adequately respond to inquiries and complaints from our customers. For products not manufactured by Sysmex that our overseas subsidiaries and affiliates independently purchase and retail, relevant subsidiaries and affiliates perform quality verification testing before introducing such products to the market. In fiscal 2009, we globally standardized the specifications of this verification test.

After - sales Support

For Responding to Inquiries both Rapidly and Responsibly

In Japan, Sysmex Corporation maintains a Customer Support Center, where experienced staff members with expert knowledge cater to customers 24 hours a day, 365 days a year (separate contact necessary).

Inquiries to the Customer Support Center



By creating a database containing maintenance histories and the details of past inquiries from customers to ensure quick reference, the Center responds to inquiries and requests both quickly and carefully. In fiscal 2009, operators at the Center were given training on telephone manners and technological knowledge regarding our products to improve the quality of customer contacts. We also maintain customer service contacts at our regional headquarters in the four regions outside of Japan (the Americas, Europe, China, and the Asia-Pacific region).

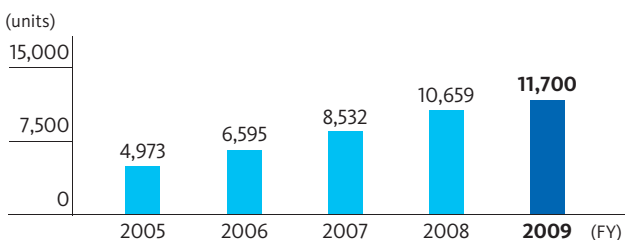
Supporting Customers' Quality Control on a Daily Basis

At hospitals and other medical institutions, the accuracy of instruments is controlled to consistently maintain the reliability of testing data. The condition of their instruments is checked by comparing the measurement results of special reagents known as "control samples" with results from the previous day or with "standard values" (measurements of control samples made by appropriately controlled instruments).

Sysmex Corporation supports customers' quality control by offering such control samples and standard values. Customers' testing instruments are connected to the Customer Support Center via our on-line Sysmex Network Communication Systems (SNCS). Measured values of control samples sent via the SNCS from customers' testing instruments are received by the Customer Support Center, which checks to see if anything is wrong and then sends its analysis back to the customers. The SNCS also helps customers to prevent instrument failure, as it detects signs of problems even before customers have become aware of them. Going forward, we will further advance this support service with a focus on "prediction" and "prevention."

In fiscal 2009, we replaced the SNCS communication lines with high-speed versions. Our next plan is to add to the menu of support content that has been made possible by the high-speed lines, such as videos describing how to maintain our instruments.

Testing instruments registered with the on-line quality control service (worldwide)



Academic Activities

Holding Scientific Seminars for Healthcare Professionals

Sysmex keeps healthcare professionals updated on cutting-edge

scientific information by sponsoring seminars and study sessions for doctors, nurses, and clinical technologists.

In June 2009, we held the 32nd Sysmex Scientific Seminar. Meeting annually in Japan, this open seminar is an opportunity to catch up with the latest in medical research closely related to clinical testing. Held on the subject of "Autoimmune Diseases – The Forefront of Research and Progress in Clinical Testing," the latest seminar was attended by 832 people.

We also sponsor similar seminars in China and other countries (See P13-14).



The 32nd Sysmex Scientific Seminar

Picture Books Explaining Diseases and Testing

Sysmex compiles picture books to educate children on diseases and testing. These books are distributed free of charge to clinics and other establishments that keep them in their waiting rooms. To keep children and readers without medical knowledge interested as they read, the picture books narrate the characteristics of diseases and the significance of testing and treatment in a simple way. We have received favorable feedback from readers of these books.

The books are made available in English, Chinese, and Vietnamese, and are distributed free of charge in many other countries as well.



Distributed at health consultations sponsored by medical associations



Picture books published in fiscal 2009
 "The Story of Diabetic Nephropathy," "The Story of Thrombosis," "The Story of Iron Deficiency Anemia," "The Story of Acute Leukemia," "The Story of Hemophilia," and "The Human Body (Lift-the-flap Book)"

Supporting Self-realization and Growth

Aspiring to be a “company where each and every employee works on his or her own initiative, without any fear of taking up challenges,” Sysmex provides employees with opportunities for self-fulfillment by equitably evaluating and rewarding them for their accomplishments and offering a diverse range of human resources development programs. We also strive to improve the workplace environment so that diverse individuals can concentrate on their work with confidence.

Employee Evaluation / Treatment

Equitably Evaluating Personnel based on Merits and Accomplishments

At Sysmex, we value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

Endorsing the merit system and performance-based wage system, we have also introduced the “Management By Objective (MBO)” system, by which the progress and process of achieving objectives is evaluated, thus grading employee performance equitably regardless of seniority, academic background, or gender. To maintain fairness, we disclose to our employees the expected levels of skills and achievements for each hierarchical layer and function, as well as the entire process from setting objectives to evaluation. The MBO system helps ensure the acceptability of evaluation as objectives are set after extensive discussions by employees and their superiors and, after their rating has been given, employees are then given the opportunity to discuss

evaluation results with their superiors. Part-timers, too, are subject to such merit rating, so that talented individuals may be recommended by their respective function head to interview for positions as regular employees. In fiscal 2009, 8 part-time employees were placed on the regular payroll.

At present, we are working on personnel system reform in a bid to live up to our Group Corporate Philosophy, the “Sysmex Way.” Our plan is to review systems for personnel evaluation, treatment, development, and the like over the next several years.

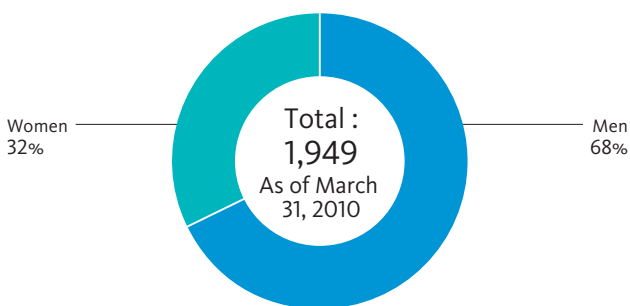
Human Resources Development

Focusing on HR Development on a Global Basis

Sysmex Corporation offers a wide variety of training programs that are designed to help employees to develop their skills and increase their job satisfaction.

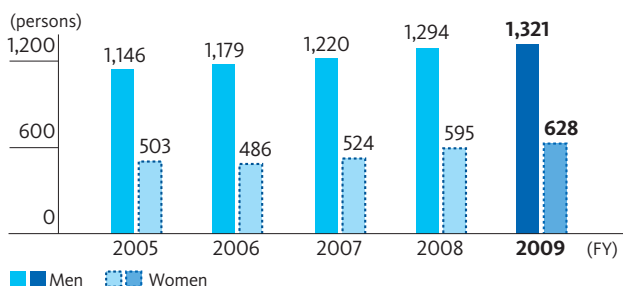
To train candidates for global assignments, the Company sends its employees to overseas subsidiaries for practical work experience (Assignment at Overseas Subsidiary Training), and to universities and other specialized institutions for research activities (Professional Development Training). The Company also invites transferees from subsidiaries and affiliates outside of Japan as a way of promoting personnel exchange across the globe.

Employees by Gender (Sysmex Corporation)



The above numbers include both regular and part-time employees of the Company.

Number of Employees



The above numbers include both regular and part-time employees of the Company.



Shigeki Iwanaga
Central Research Laboratories

Involved in the development of fluorescence molecular imaging technology at Stanford University during Professional Development Training



Yoichi Sumida
Product Planning Div.

Dispatched to Sysmex America for Assignment at Overseas Subsidiary Training to acquire marketing and linguistic skills

Supporting Employees in Striking a Balance between Work and Family

Offering Various Systems for Childcare Support

Sysmex Corporation offers childcare leave and shorter work hour systems to ensure that parents can spend as much time together with their children as possible during their most critical period. Employees whose children have yet to complete their third year at elementary school are eligible for the shorter work hour system, while those whose children have not yet finished their second year qualify for the childcare leave system. In fiscal 2009, 18 employees applied for the former, and 32 for the latter.

To further support employees' childrearing, in fiscal 2009 it was made possible for employees to take up to ten reserve paid leave days per year when necessary to attend to any sick children who have yet to begin junior high school. In addition, in order to provide employees who were forced to suspend their career paths due to child raising with opportunities to resume their work, a "reemployment system" was introduced at the Company. As of March 2010, a total of 5 employees qualified for the system.

The Company also launched the intranet-based "portal site of good working conditions," which provides information in plain language about how to apply for these systems. Employees can also download guidebooks on childrearing and nursing care on this website.



Portal Site of Good Working Conditions

Maintaining an In-house Daycare Center

As Japan's society grays rapidly and its population continues to decline, businesses are more than ever required to support the development of future generations. It is also important to create an environment where employees can confidently pursue their jobs on a continuous basis, without having to suspend their career paths due to childbirth and childrearing.

In April 2009, Sysmex Corporation opened "Sysmex Kids Park," an in-house daycare center within the Company's Technopark R&D core. Employees with children who have yet to enter elementary school may take advantage of this service. In April 2010, the center extended the scope of its service to include short-term daycare, in addition to full-time daycare, so that employees whose spouses work on a part-time basis or who find it difficult to take care of their children due to caretakers' illness, bereavement, or other circumstances may also temporarily utilize the service.

As of May 2010, the center looks after 10 infants and young children.

Health and Safety Considerations

Maintaining and Improving Both Physical and Mental Health

Sysmex Corporation encourages its employees to undergo thorough physical examinations and cancer tests for women, in addition to more basic tests, for the early discovery of illness.

To improve employees' mental health, the Company established a health consultation contact throughout the company, where employees can have face-to-face visits with industrial psychiatrists, public health nurses, and counselors. We also offer an annual "Mental health Checkup" service via the intranet. After the checkup, employees may seek consultation on their health via telephone or through an interview.

We also invite doctors to give lectures for employees. In fiscal 2009, two such lectures were given.

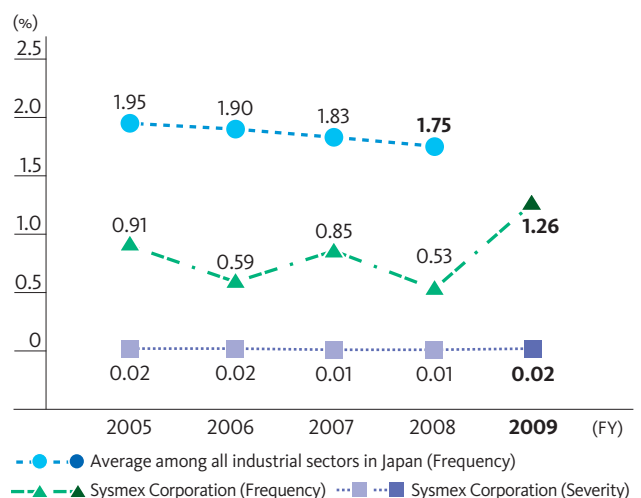
Ensuring Safety and Health at Each Office

For the enhanced security of its workers, Sysmex Corporation laid down guidelines for ensuring the safety and health of employees in its "Safety and Health Regulations," and established a Safety and Health Committee at each of its offices.

Employees are given training on emergency measures, how to evacuate when an accident occurs, and how to handle machinery and raw materials that are potentially dangerous, as well as how to use an automated external defibrillator (AED). We are also developing citizen emergency medical technicians.

Furthermore, the Company organizes evacuation drills and fire drills in cooperation with local fire stations as a precaution against earthquakes, fires, and other disasters.

Frequency of Work-related Injuries*1 / Severity of Work-related Injuries*2 (Sysmex Corporation)



*1 The ratio of the number of employee deaths or injuries resulting from work-related accidents per million work hours

*2 The ratio of the number of days absent from work due to work-related injuries per every thousand hours worked

Enduring Relationships of Mutual Trust

Systemex hopes to grow and develop along with its suppliers, distributors, and alliance partners. By building partnerships that are based on mutual trust, while maintaining fair and transparent trading, we strive to supply superior products that contribute to healthcare.

Relationships with Suppliers

Procurement Policies

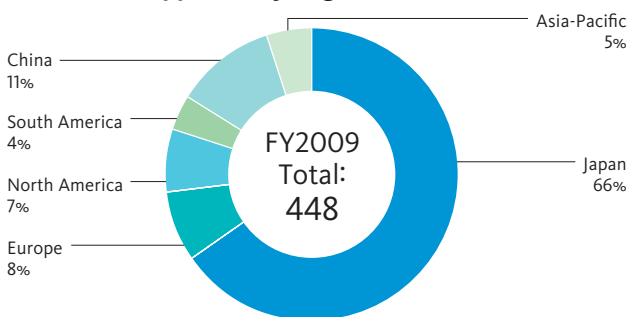
- To contribute to healthcare through the supply of superior products
- To achieve mutual growth and development based on mutual trust with business partners
 - Better partnerships
 - Fair, transparent procurement
 - Compliance with applicable laws, confidentiality
 - Environmental considerations

Joining Forces to Improve the Quality of Supplied Parts and Raw Materials

In order to supply top quality products to customers in a stable manner, it is essential to maintain and improve the quality of supplied parts and raw materials. Toward this end, Systemex supports quality assurance of its suppliers in various ways, such as providing them with checklists by which they can self-examine their own quality management systems, and sending Procurement and Quality Management members to suppliers' manufacturing plants to assist them in improving quality on the shop floor.

In fiscal 2009, we drew up a Quality Agreement that defines the quality requirements for suppliers, and began encouraging suppliers to sign it.

Number of Suppliers* by Region



* Suppliers of parts and raw materials

Sponsoring a Systemex Suppliers Conference

The annual Systemex Suppliers Conference is an opportunity for us to meet with suppliers and brief them on the course of our business and our purchasing policy, thereby forging relationships with them. At the latest conference in February 2010, 323 people from 216 suppliers attended briefings on our business activities and purchasing policy and heard special lectures given by outside speakers. On that occasion, 10 suppliers were commended for their contributions to Systemex's business development through their solutions to technical issues.



FY2009 Systemex Suppliers Conference

Relationships with Distributors

Thorough Compliance Campaign

Systemex rigorously ensures compliance in order to build sustainable and fruitful partnerships with its distributors. We oblige employees to not abuse any dominant bargaining position, offer excessive entertainments or presents, or the like when dealing with distributors.

At the same time, we take advantage of the opportunities presented by product briefings, which are held on occasions such as new launches, in order to share our policies and activities with our distributors so that we may help them to deepen their understanding of the importance of compliance. In fiscal 2008, we bolstered our drive to prevent corruption by establishing a Systemex Promotion Code (SPC) in an attempt to involve distributors in the initiative to maintain fair business (See P26).

Interaction through Frequent and Varied Communications

Systemex aims to sustain its growth by striking a balance between returns to shareholders and investment in growth opportunities. In order to achieve a greater understanding of our management and business operations among our shareholders and other investors, we work proactively to ensure external information disclosure and take advantage of every opportunity to interact with such parties directly.

General Meeting of Shareholders

Organizing an R&D Tour after the Meeting

Systemex encourages as many shareholders as possible to attend the General Meeting of Shareholders, which is an opportunity for us to interact directly with our valued shareholders.

In fiscal 2009, we invited shareholders to visit Technopark, an R&D core of the Systemex Group. Through oral explanations, product exhibits, and panels, they took this opportunity to increase their comprehension of our new R&D activities, which are summed up as the "Creation of 'Knowledge' and Its Inheritance."

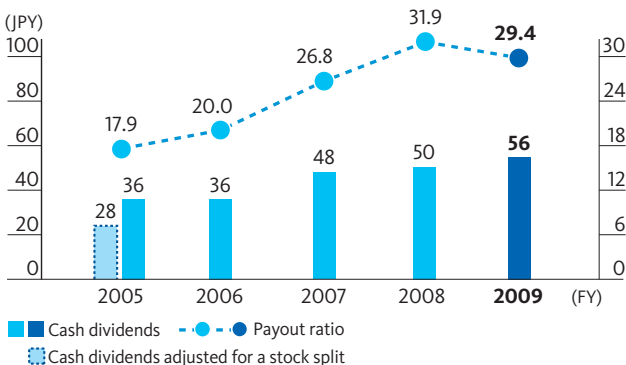
Shareholders who find it difficult to attend a shareholders' meeting may exercise their voting rights by mail or via the Internet. We also issue an English version of the notice of convocation and notice of resolutions.

Dividends

Working toward Stable Dividend Payment

Our basic policy on returning profits to shareholders is to ensure a regular level of stable dividends, with such distributions being backed up by successful business performance, while also taking into account our consolidated earnings results and payout ratio. In order to sustain high growth into the future, we ensure that our internal reserves are put to efficient use for R&D and capital expenditures.

Payout Ratio / Dividend per Share (Consolidated)



A two-for-one stock split took place on November 18, 2005.

Information Disclosure

Proactively Disclosing Information According to Self-set Standards

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

In the case of any serious problem, the Information Disclosure Committee deliberates on whether such information should be disclosed and, if so, how to go about such disclosure.

Investor Relations

A Key Tool for Direct Interaction

Systemex creates as many opportunities as possible to directly interact with its investors and share management policies, business strategies, and the like with them.

In fiscal 2009, we held a total of 290 one-on-one meetings with institutional investors and analysts around the world. As a new initiative, we invited the participants to tour our Chinese Group company Systemex Shanghai Ltd.

In order to help private investors to get to know the Company better, we held a joint informational meeting with Kirindo Co., Ltd. and Omron Corporation in order to appeal to an even broader investor base.

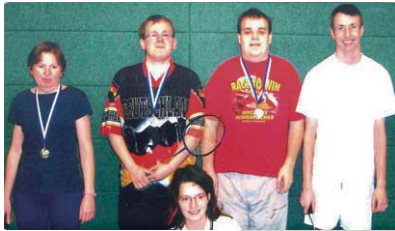


Conference on FY2009 Results

Contributing to a Global Society

With a full awareness of its responsibility as a corporate citizen, Sysmex is actively involved in a range of vibrant corporate philanthropic activities in such areas as science, culture, and the environment, as well as healthcare. Founded in Kobe, Japan, Sysmex has been expanding globally and joining hands with host communities to resolve any issues that they may have.

In Europe...



Supporting developmentally delayed athletes in Germany



Donating a testing instrument for a Croatian boy battling leukemia



Supporting areas affected by a typhoon in the Philippines

In Asia...



Sponsoring the 2nd International Scientific Seminar in Vietnam

In Europe

Supporting Developmentally Delayed Athletes in Germany

Through donations, we supported 48 developmentally delayed athletes who competed for a German Special Olympics held in June 2010.

Donating a Testing Instrument for a Croatian Boy Battling Leukemia

As a Christmas gift, we presented our hematology analyzer to a boy fighting leukemia who lives on an isolated island with no doctors, so that he can undergo testing at home.

In Asia

Sponsoring the 2nd International Scientific Seminar in Vietnam

In December 2009, we sponsored the second round of the International Scientific Seminar to update healthcare professionals on cutting-edge scientific information.

Supporting Typhoon Victims in the Philippines

In September 2009, a major typhoon hit Manila in the Philippines, causing serious damage. Our Singaporean subsidiary, Sysmex Asia Pacific Pte Ltd. passed the hat around to employees and donated the money to the victims.

In Japan

Participating in the Kobe Medical Industry Development Project

The Kobe Medical Industry Development Project aims to create

a focal point among healthcare industries in Kobe through industry-government-academia cooperation. Sysmex established the Sysmex-Asano Laboratory at the Translational Research Informatics Center (TRI), one of the core facilities of this project. Under the direction of Dr. Shigetaka Asano (Professor Emeritus, The University of Tokyo, and Professor of the Faculty of Science and Engineering, Waseda University), a leading expert on hematology, we are working on research that will improve the efficacy and safety of cell therapies such as bone marrow transplantation (BMT).

Funding a Course at the Kobe University Graduate School of Medicine

Since fiscal 2004, Sysmex Corporation has contributed funds to a course at the Kobe University Graduate School of Medicine. The course, entitled "Assessment of Clinical Testing," aims to establish methods of diagnostic testing that are based on scientific evidence in the area of autoimmune diseases.

Providing Research Grants through the Nakatani Foundation of Electronic Measuring Technology Advancement

We provide assistance for research into electronic measuring technology through this foundation, which was established in 1984 using funds contributed by our late founder Taro Nakatani and others.

In Japan...



Supporting the Pink Ribbon charity organization for breast cancer patients



Teaching a class at a junior high school



Launching the "Research Society on the Building of Children's Sound Development Systems"



Participating in a high school science fair



Accepting trainees via JICA

In the Americas...



Participating in an event for eliminating cancer in the United States



Organizing a workplace tour for children of employees in the United States



Sysmex products in high demand at the Vancouver 2010 Winter Olympic Games

Accepting JICA Trainees

Every year, Sysmex Corporation provides training on the use of testing instruments to researchers from developing countries who visit Japan on a program offered by the Japan International Corporation Agency (JICA). In fiscal 2009, we accepted 48 trainees from 27 countries.

Endorsing "Pink Ribbon" to Support Breast Cancer Patients

Since fiscal 2004, we have been endorsing activities organized in the name of Pink Ribbon. At the Pink Ribbon Symposium held in October 2009, we presented our technology for detection of breast cancer lymph node metastasis.

Participating in a High School Science Fair

At the 2nd Science Fair in Hyogo* held in January 2010, we held an exhibition of our products, complete with spoken explanations.

* An event designed to promote exchange among high school students within Hyogo Prefecture who have an interest in science and mathematics and to help them decide on a career course

Teaching a Class at a Junior High School

Beginning in fiscal 2008, we began teaching a class on hematology for junior high school students in the host city of Kobe. Inviting the students to measure the hemoglobin levels of their own blood, the 2nd round of this event took place in February 2010, with 87 students in attendance.

Launching the "Research Society on the Building of Children's Sound Development Systems"

In October 2009, several private enterprises, including Sysmex Corporation, governments, and sports instructors worked together to set up the "Research Society on the Building of Children's Sound Development Systems." In February 2010, the Society sponsored a "Symposium on Raising Children who Grow up in Good Health While Enjoying Sports."

In the Americas

Participating in an Event for the Elimination of Cancer in the United States

November 2009 saw 20 employees from Sysmex America and their family members participate in the Making Strides Against Breast Cancer five-mile walk, sponsored by the American Cancer Society.

Inviting Children to Visit their Parents' Workplace in the United States

In August 2009, Sysmex America invited the children of its employees to take the opportunity to tour their parents' company.

Sysmex Products Underpinning the Vancouver 2010 Winter Olympic Games, Canada

Sysmex testing instruments were installed at the speed skating venue and neighboring hospitals for doping inspection and maintaining the physical condition of athletes.

Protecting a Sound Global Environment

Moving ahead to become an “environmentally-advanced company” in the healthcare sector, Sysmex makes efforts to reduce the environmental impact which may result from each stage of our business activities, from product design, development, procurement, and production, to logistics, sales, support, and product usage, in the pursuit of harmony with the global environment.

Environmental Management

Environmental Policy

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

Core behavior

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

May 7, 2009
Hisashi Ietsugu
President & CEO

The Sysmex Environmental Policy was established in March 2000, and amended in May 2009.

Environmental Policy

Revised in Fiscal 2009, the new Environmental Policy clearly states that, as a responsible company in the medical/healthcare domain, we will contribute to the realization of a society where people the world over can lead healthy lives through environmental conservation activities.

Under this Environmental Policy, we are focusing on the reduction of environmental impact throughout the entire product life cycle, thus introducing a series of programs designed to reduce such impact at each stage of our business activities, from product design, development, procurement, and production, to logistics and product usage.

Encouraging ISO 14001 Certifications

Following certification at Sysmex Corporation's Kakogawa

Factory in 2000, Sysmex has encouraged all of its key operations to be certified for ISO 14001 international environmental management standards.

In Japan, each of our nine key operations for development, manufacturing, and logistics, including those of affiliates, have obtained this certification.

Overseas, we are promoting ISO 14001 certification at the manufacturing factories of our subsidiaries. In December 2009, two of our subsidiaries, Sysmex America, Inc. and Sysmex Reagents America, Inc., both gained this certification.

Suppliers in Building an Environmental Management System

Sysmex encourages its suppliers to develop an environmental management system at Sysmex Suppliers Conferences (See P31) and on other occasions. In order to help more suppliers to develop such a system, we distribute a self-checklist and questionnaire to them, in the hopes that they will appreciate the necessity of building an environmental management system.

In fiscal 2009, five of our key suppliers were certified for ISO 14001, raising the percentage of our key suppliers with such a system to 69%.

Environmental Auditing

At Sysmex, all of our ISO 14001 certified sites are subject every year to auditing by external authentication authorities.

They are also subject to internal auditing by a subordinate organization of the Environmental Management Committee. Fiscal 2009 audits found eight nonconformities, all of which were adequately dealt with. We have striven to improve the skills of our internal auditors on a continuous basis, and in fiscal 2009 guest lecturers were invited to give a training seminar for internal environmental auditor candidates.



Internal Environmental Auditor Training Seminar

Establishing Long-term Environmental Objectives Leading up to 2020

In April 2010, Sysmex established the Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020), which sets forth its long-term environmental objectives toward the target year of 2020.

In an effort to realize those objectives, we will promote the

development and spread of eco-friendly products and services and energy/resource conservation through increased efficiency in our business activities.

Long-term Environmental Objectives (toward fiscal 2020)

Global warming countermeasures	<ul style="list-style-type: none"> ● Reduce the power consumption of diagnostics instruments by 25% (in comparison with conventional models) ● Reduce greenhouse gas emissions at business offices by 50% (per unit of consolidated sales) ● Reduce domestic carbon dioxide emissions for logistics by 11% (per unit of parent-only sales) ● Set a target of reducing global carbon dioxide emissions for logistics ● Reduce carbon dioxide emissions from domestic company cars by 50% (per unit of domestic sales)
Effective use of resources and waste reduction	<ul style="list-style-type: none"> ● Reduce domestic materials for containers and packaging for products and packing for transportation by 15% (per unit of parent-only sales) ● Set a global target of reducing materials for containers and packaging for products and packing for transportation ● Reduce waste etc. emissions at business offices by 15% (per unit of consolidated sales) ● Domestic : Achieve a recycle rate of 99% or higher at all business offices covered ● Overseas : Achieve a recycle rate of 95% or higher at all business offices covered
Effective use of water resources	<ul style="list-style-type: none"> ● Reduce water usage at business offices by 30% (per unit of consolidated sales)
Others	<ul style="list-style-type: none"> ● Develop products with no animal-derived ingredients ● Develop paper containers for reagents ● Establish and operate guidelines for eco-friendly designing ● Achieve a 100% environmental management system development rate among major suppliers ● Obtain the ISO 14001 certification at business offices covered ● Promote eco-friendly service models ● Promote life cycle assessment

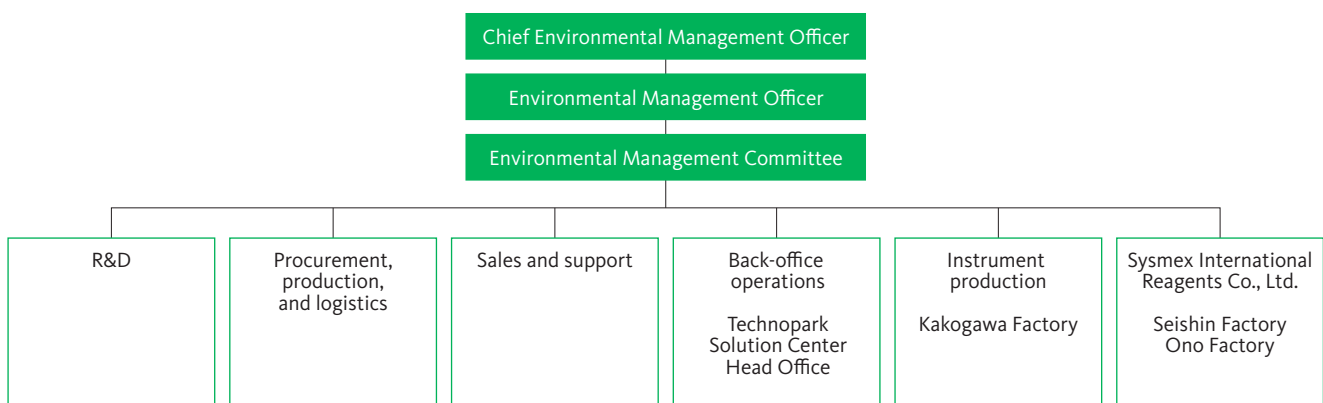
Environmental Management Structure

At Sysmex Corporation, a Director and Executive Officer in charge of the CSR Promotion Div. has been appointed concurrently as a Chief Environmental Management Officer and an Environmental Management Officer, who then formulates policies and plans, monitors progress in plans, and evaluates results as a part of

the Environmental Management Committee.




Since fiscal 2009, the heads of each functional division are included in the Environmental Management Committee, so that they can efficiently incorporate environmental activities into their business undertakings.

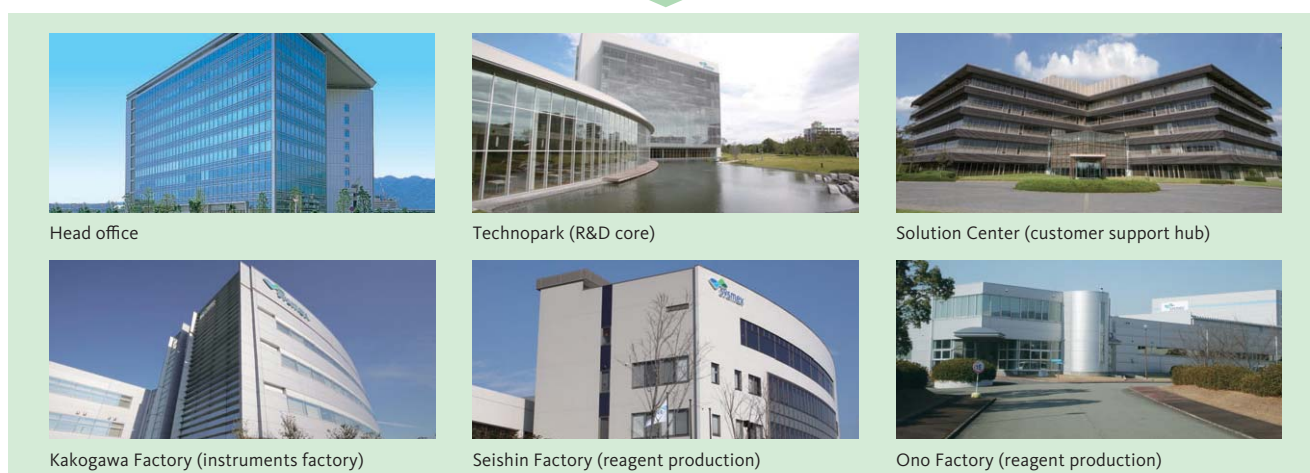
Environmental Management Committee










Environmental Impact of Business Activities

Period reported : April 1, 2009 to March 31, 2010

INPUT		Unit	FY2008	FY2009
 Total energy input	Electricity	1,000 kWh	16,799	17,498
	Fuel (city gas)	1,000 Nm ³	222.8	214.1
	Fuel (LPG)	t	48.1	47.9
	Fuel (gasoline for company cars)	kl	42.8	58.5* ¹
	Fuel (kerosene)	kl	41.6	45.2
 Total materials input	Printing paper (for use at offices)	t	41.5	41.6
	Volume of PRTR* ² chemicals handled	t	38.4	38.2
 Water	Water supply	m ³	124,206	143,339



Organizations covered : Data on environmental impact is collected from the above six business units of Sysmex Corporation and Sysmex International Reagents Co., Ltd.

OUTPUT		Unit	FY2008	FY2009
 Volume of greenhouse gas emissions		t-CO ₂	6,727* ³	6,947* ³
 Volume of greenhouse gas emissions from company cars		t-CO ₂	99	136
 Volume of chemicals released (PRTR* ² chemicals)		t	1.8	1.6
 Volume of waste		t	96	43
 Volume recycled [recycling rate]		t [%]	524 [84.5]	573 [93.0]
 Gross discharge of waste, etc.* ⁴		t	620	616
 Waste water		m ³	98,182	81,039

*¹ The volume of gasoline used for company cars was previously calculated by fuel efficiency and distance traveled. From fiscal 2009, however, the quantity of gasoline consumed is used as the basis for calculation.

*² PRTR : Pollutant Release and Transfer Register. A system used to collect, aggregate, and disseminate data on the quantity of toxic chemicals that have been released into the environment and their sources including those which have been transferred outside of facilities in the form of waste. In Japan, the system is applicable to 354 Class 1 designated chemical substances that are stipulated in the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances into the Environment and Promotion of Improvements to the Management Thereof.

*³ In establishing long-term environmental objectives, the method used to calculate the volume of greenhouse gas emissions was revised. Two of the key revisions included a change of the CO₂ emission coefficient of purchased electricity from 0.555 kg/kWh to a coefficient issued by a relevant electric power company, and an alteration which specifies that the volume of greenhouse gas emissions from company cars is now reported separately. If calculated using the previous method, the volume of greenhouse gas emissions would have been 10,134 t-CO₂ in fiscal 2008 and 10,549 t-CO₂ in fiscal 2009.

*⁴ Gross discharge of waste, etc. : Total volume of infectious waste, ordinary waste, and recycled waste. Tonnage when being transferred outside of facilities.

FY2009 Environmental Actions : Plans and Achievements

Function	Projects	Achievements in FY2009
Environmental management	Strengthening of management	<ul style="list-style-type: none"> Established long-term environmental objectives in order to promote the Group's environmental activities (April 2010) Expanded the scope of data collection to ensure compliance with the Act on Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures Established a subordinate organization of the Environmental Management Committee to improve internal environmental auditing and evaluation of compliance
	Eco-campaign by the environmental team	<ul style="list-style-type: none"> Continued planning/promotion of all-hands activities on the intranet. Planned and conducted cleaning activities in the surrounding neighborhoods of our offices/factories, setting up of a booth at recycling markets, an eco-friendly campaign at home, etc.
Product planning, design, development	Compliance with the RoHS Directive	<ul style="list-style-type: none"> Continued efforts made to have products comply with the RoHS Directive in anticipation of the enforcement of regulations on diagnostic instruments Verified compliance of our scientific measuring instruments (FPIA-3000)
	Reduction of chemical substances	<ul style="list-style-type: none"> Completed the introduction of a chemical substances management system in order to keep track of such substances more closely Developed and implemented a system for checking restricted substances at research and product development stages
	Recycling	<ul style="list-style-type: none"> Developed rules on making instrument packaging design more eco-friendly
	Development of no animal-derived ingredients	<ul style="list-style-type: none"> Continued design and development in order to expand reagents using no animal-derived ingredients
	Energy/resource conservation	<ul style="list-style-type: none"> Conducted design and development of instruments by setting reduction targets for power consumption, weight, and effluent Developed and implemented a system for eco-friendly design in the reagent development process Continued reducing the amount of metallic, non-metallic, and resin materials used by improving the design of instruments
Production	Promotion of "zero" emissions at factories	<ul style="list-style-type: none"> Promoted "zero" emissions at the three factories in Japan. The recycling rate decreased by 2.4 percentage points to 96.1% (Kakogawa : 100.0%, Seishin : 92.9%, Ono : 98.7%)
	Tighter control of chemical substances	<ul style="list-style-type: none"> Promoted reduced use of PRTR-restricted substances by replacing solder and abrasives Reduced reagent consumption by reviewing testing methods
Procurement	Saving resources on procured goods	<ul style="list-style-type: none"> Promoted use of returnable boxes to increase the reuse ratio at factories 
	Promotion of environmental activities with suppliers	<ul style="list-style-type: none"> Continued to support suppliers in introducing an environmental management system (suppliers' awareness raised through self-check)
Logistics	Monitoring and reduction of CO ₂ emissions	<ul style="list-style-type: none"> Despite the campaign to switch off the engine while parked at factories, efficiency declined over the previous year
	Reduction of packing material weight	<ul style="list-style-type: none"> Reduced weight of CA-8000 coagulation analyzer's packing materials by 29% 
	Promotion of eco-logistics	<ul style="list-style-type: none"> Downsized shipping containers and reviewed modes of transportation, etc. <p style="text-align: right;">Testing durability of downsized shipping containers</p> 
Sales and support	Proper disposal of waste	<ul style="list-style-type: none"> Strictly followed laws/ordinances by making on-site inspections to contract waste disposal services
	Reduction of environmental impact by increasing efficiency of services	<ul style="list-style-type: none"> Promoted an increase in the number of facilities in Asia participating in our service network
Offices	Reduction of paper, garbage, and electric power consumption	<ul style="list-style-type: none"> Reduced gross discharge of waste, etc. by introducing a garbage disposer (Kakogawa Factory) Continuously promoting "paperless meetings," recycling of paper, etc. to reduce printing paper consumption In order to reduce electric power consumption at offices, we ensured that lights are off when not in use and room temperature is controlled properly, and promoted the "cool biz" summer dress code. Replaced the air conditioning system at the Ono Factory.  <p style="text-align: right;">Garbage disposer</p>
Environmental Communications	Publication of environmental reports, etc.	<ul style="list-style-type: none"> Published CSR Report in Japanese and English Promoted environmental activities by concluding an agreement on environmental conservation with the government of the host community (Solution Center)

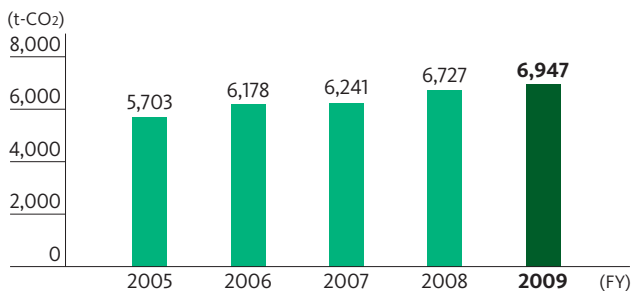
Environmental Considerations at Manufacturing Factories and Offices

Controlling CO2 emissions

More than 80% of CO2 emissions from manufacturing factories and offices are due to power consumption.

In fiscal 2009, we continued with the campaign to reduce power consumption by shortening the amount of work time per product and replacing electrical equipment at each factory with energy conserving models, such as spot air conditioners. Primarily owing to increased reagent production, however, CO2 emissions from the six key operations in Japan have increased by approximately 4.1% from the previous year.

CO2 Emissions (6 sites combined*)



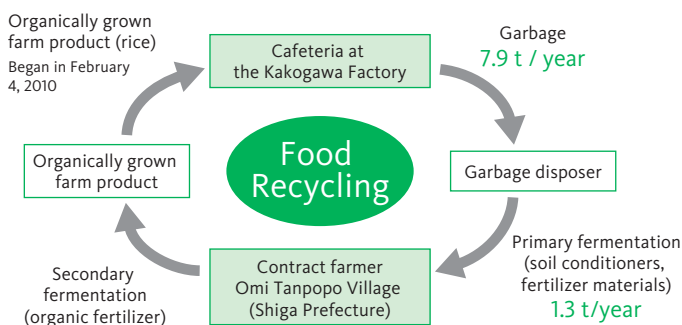
* Sysmex Corporation : Head Office, Technopark, Solution Center, Kakogawa Factory, Sysmex International Reagents Co., Ltd.: Seishin Factory, Ono Factory
 Note : From fiscal 2009, a revised method is used to calculate the volume of greenhouse gas emissions. Numerical values in the above graph were all calculated using the new method. Please see *3 on P37 for more details.

Waste Reduction

Since fiscal 2006, the Kakogawa, Seishin, and Ono Factories have been promoting the recycling of waste toward the ultimate goal of zero emissions.

In fiscal 2009, we introduced a garbage disposer to the Kakogawa Factory, thereby establishing a “food recycling loop,” where garbage from the factory cafeteria is turned into compost, which is then provided to contract farmers who use it to grow the organic farm produce consumed at the cafeteria. This initiative was registered as a “Hyogo Biomass eco Model,” which recognizes and publicizes pioneering initiatives in the efficient utilization of biomass (organic resources derived from living biological organisms) in concert with the local community, with a view toward promoting greater biomass utilization in Hyogo Prefecture.

Recycling food waste (garbage)

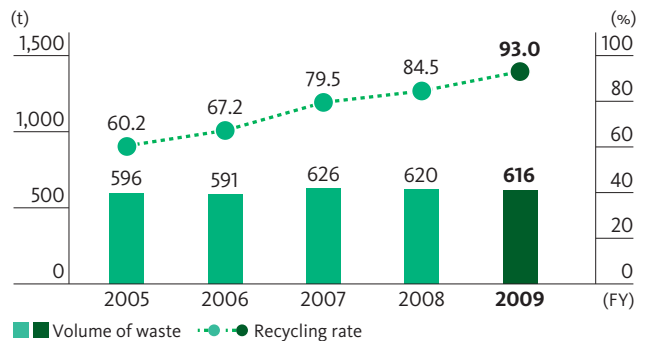


Hyogo Biomass eco Model : Certificate and recognition ceremony

We also continued with the initiative that we commenced in fiscal 2008 to support the social welfare corporation Himeji Gakuen in Himeji, Hyogo, which is a relief and rehabilitation facility for people with mental retardation. We provide waste oil collected from the cafeteria of the Kakogawa Factory and employees' homes to the facility for use as materials for biodiesel, thus providing them with employment both within and outside of the facility and supporting their independence.

On-site inspection of contract waste disposal services, which began on a trial basis in fiscal 2008 in the Head Office area only, was expanded to cover branches and sales offices across the country. We conducted on-site inspection at a total of 22 sites in accordance with the regulations of relevant municipalities.

Volume of waste, recycling rate (6 sites combined*)



* Sysmex Corporation : Head Office, Technopark, Solution Center, Kakogawa Factory, Sysmex International Reagents Co., Ltd.: Seishin Factory, Ono Factory

External Evaluation

Our R&D core Technopark is complete with environmental considerations. For example, more than half of its area is dedicated to green space and a pond, and its buildings are designed in such a way that the sun's rays are collected inside of the buildings themselves.

In fiscal 2009, Technopark received the Encouragement Award of the 29th Urban Green Space Award of the Urban Green Space Development Foundation for its superior design concept that blends into the surrounding environment and ecosystem. This R&D core also received the Promotion Award of the 22nd Best of New Offices award sponsored by the New Office Promotion Association.

On Reading the Sysmex Sustainability Report 2010

1. CSR founded on “trust and confidence”

Sysmex’s pledge to society is epitomized in its top management’s sincere aspiration to build “trust and confidence” among people the world over. In his message, the President shares Sysmex’s approaches to CSR activities, which are in accord with the company’s Corporate Philosophy and Core Behaviors. He also goes over its CSR activities during fiscal 2009, which included the establishment of long-term environmental objectives and of the Quality Compliance Policy based on a strong recognition of the importance of diagnostics-related product quality. These initiatives to fulfill Sysmex’s responsibility for the society that it serves are deserving of the highest recognition.

2. Global CSR activities

Building trust and confidence through the supply of its products and services to medical institutions in more than 150 countries around the world, Sysmex’s undertakings are introduced in the eight global Activity Reports, all of which are highly rewarding. It may be understood that preparing action plans with a focus on continuing product supply and instrument repairs amid the influenza pandemic constitutes business continuity planning and, as such, an attempt to discharge social responsibility. I expect that information on such activities will be disclosed in this report on a continuous basis.

3. Reports of concrete activities that are in line with the Core Behaviors

This Sustainability Report also details behaviors and commitment

toward the five stakeholder groups identified in the Core Behaviors, complete with detailed accounts of concrete activities. Each story is well focused, easy to read, and comprehensible. One that merits particular mention here is concerned with how the company promotes temporary and part-time workers to its regular payroll based on their merit rating, and its past records are also shown here. On the pages describing Behaviors and Commitment toward the Global Environment, the revision to the Environmental Policy and setting of the Environmental Objectives leading to fiscal 2020 are described, thus facilitating an understanding of Sysmex’s ambitious initiatives to reduce the impact on the environment.

4. Creation of CSR management expected

Reading this Sustainability Report, one cannot help but be impressed by Sysmex’s commitment to its CSR activities. I believe that the company needs to strengthen mutual communications with its stakeholders to form a clearer picture of what they need. The next step that the company should take is to establish a PDCA management cycle by way of, for example, setting goals

for CSR activities (qualitative goals may suffice) and verifying the effectiveness of its activities. I look forward to watching Sysmex advance its CSR activities even further.



Katsuhiko Kokubu

Professor, Graduate School of Business Administration, Kobe University

In Reply

First of all, I would like to express my most heartfelt appreciation to Dr. Kokubu for his sincere and scrupulous opinions.

We recognize that working to build “trust and confidence” among those at medical institutions and other stakeholders constitutes an extremely crucial social responsibility of the Sysmex Group and, as such, we will remain firmly committed to this effort. Concerning our long-term environmental objectives, which he placed a high value on, we have renewed our determination to closely monitor the environmental impact produced in the course of our business and the effects of our environmental conservation activities, while at the same time striving to strike a balance between conservation of the global

environment and business continuity. We will continue to make steady efforts toward this end.

For better CSR management, we will maintain close communications with our stakeholders and feed any input back to our CSR activities. We will give the most serious consideration to Dr. Kokubu’s valuable input, so that we can steadily advance our CSR activities even further.



Kenichi Yukimoto

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