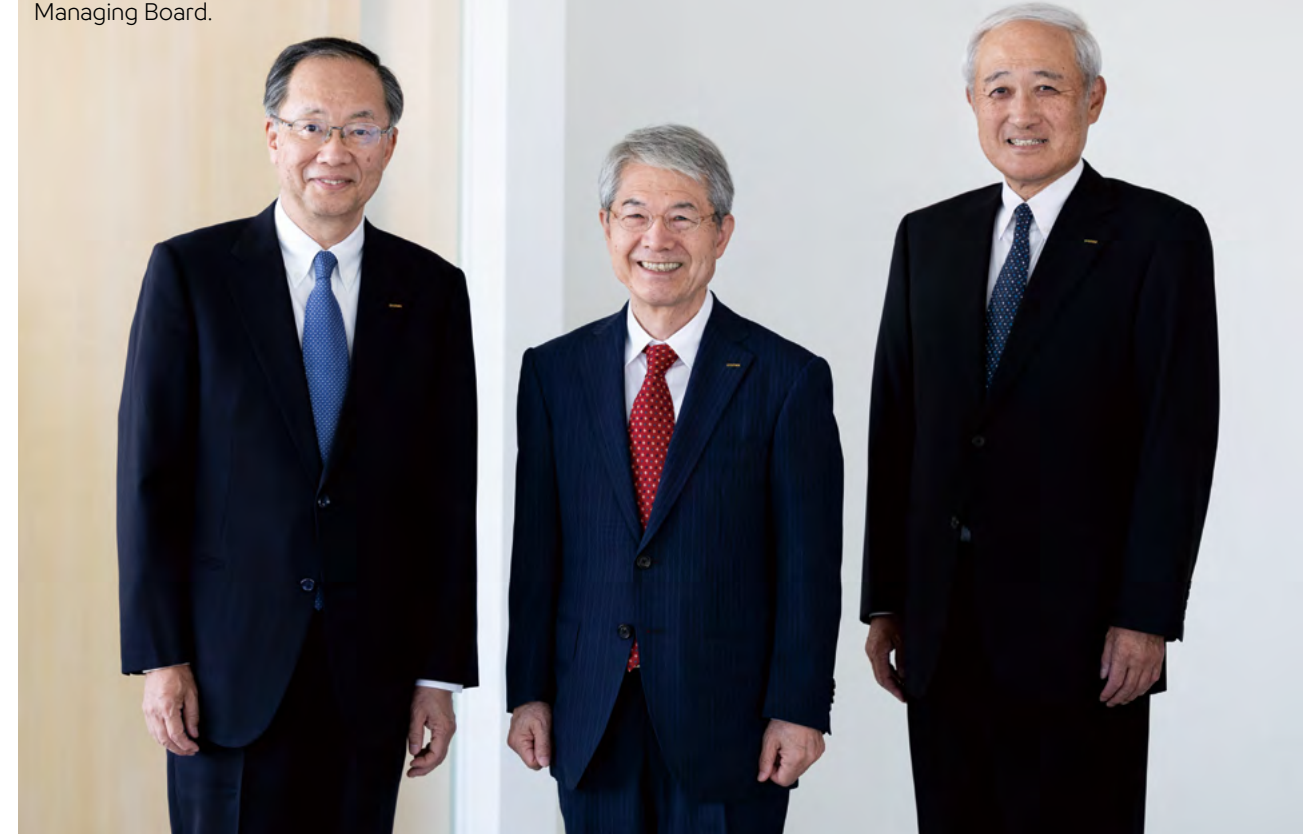


Corporate Governance

Sysmex recognizes that reinforcing corporate governance is an important management issue. We are working to maximize the corporate value of the overall Group by increasing management speed and efficiency.

Roundtable Discussion among Outside Members of the Managing Board

We held a roundtable discussion among outside members of the Managing Board to learn about progress on strategies and future issues from the perspectives of the chairperson of the Nominating Committee and the Compensation Committee, members of the Audit and Supervisory Committee, and newly appointed outside members of the Managing Board.



Haruo Inoue

Member of the Managing Board (Outside), Independent Director
Member of the Nominating Committee and the Compensation Committee

Kazuo Ota

Member of the Managing Board (Outside), Independent Director
Chairperson of the Nominating Committee and the Compensation Committee

Michihide Iwasa

Member of the Managing Board (Outside), Independent Director
Member of the Audit and Supervisory Committee, the Nominating Committee and the Compensation Committee

Please share your expectations for and assessment of the long-term vision and long-term corporate strategy.

Ota: As mentioned in last year's Sysmex Report, the Company can achieve stable growth just through the expansion of its existing business. However, we have defined our value proposition under the concept of a "health-care journey" and have formulated a long-term corporate strategy towards its realization. Prioritizing the allocation of management resources and acknowledging the need for discontinuous growth are essential to realizing this strategy. It is not an easy path, but declaring our future vision, has clarified intentions of our management team have become clear. Over the past year, I feel that discussions on specific measures to achieve our vision have deepened.

Iwasa: I also believe the current long-term vision will serve as a driving force for the Company's future, and in 10 or 20 years we will look back and see this as a turning point. I see the path of expanding our business globally, with a focus on extending healthy lifespans, as a suitable direction for the Company to broaden its value. However, achieving the targets of ¥1 trillion in net sales and an

operating margin of 20% will require significant innovation and evolution in new businesses such as medical robotics and regenerative and cellular medicine, in addition to the existing diagnostics business, which is highly profitable. Fortunately, the Company has a flexible corporate culture that has actively promoted open innovation and fostered growth. I believe that strategic investments, including acquisitions, and a human capital strategy that evolves as our scale increases will be important.

Inoue: I was appointed as an outside member of the Managing Board just this year, but I can sense two strong sets of determination in the vision and strategies. One is the determination to play a greater role in the socially significant healthcare sector, rather than just being content with the current situation. The other is the determination to achieve discontinuous growth, rather than following the same path as before. I also feel the pride and engagement of the management team and employees, as they are in markets and positions where they can achieve these ambitious goals, and they have the strengths to do so. I am proud and excited to be an outside member of the Managing Board.

How would you evaluate fiscal 2023, and what were particular points of emphasis for the Managing Board?

Ota: Fiscal 2023 was our first year for the long-term corporate strategy and the mid-term management plan (fiscal 2023–fiscal 2025), and things went generally according to plan. We achieved double-digit growth, which is one of our commitments, and made steady progress on each of our strategies. One notable example is the successful growth of our business in India, including the factory that is under construction there. Our business scale tends to be proportional to the population, and in recent years we have seen our operations in China expand. Our next focus is on emerging markets, including India. In addition to sales growth, in fiscal 2023 we established a solid business foundation ahead of our competitors, which gives us great potential for significant future expansion. Furthermore, taking into account our prioritization in the allocation of resources, our pivot to life science has been a significant step forward.

Iwasa: We got off to a smooth start in fiscal 2023. In particular, our emerging markets strategy, Alzheimer's disease testing, and the medical robotics business have all shown promising results—the seeds we planted in the past are now blossoming into tangible businesses. By managing and operating our indicators and milestones with greater precision, we have also increased the speed and flexibility of decision-making in resource allocation and strategy execution. Furthermore, as part of our efforts to be mindful of capital costs, we have decided to implement return on invested capital (ROIC) sensitivity management and strengthen our management of the balance between strategy and investment. Rather than simply adopting ROIC as a formality, we aim to develop and utilize methods that are suitable for our company, in the expectation that they can be applied effectively in management.

Inoue: I also recognize the importance of considering capital costs and ROIC, as they are essential when making investments and venturing into new businesses. When taking investments risks, you need an evaluation mechanism that goes beyond just assessing investments and returns, and also evaluates the process itself.



That said, we should not forget that achieving precise calculations is not the purpose of the exercise. For companies like ours that engage in cross-sector business activities, it can be challenging to measure sector-specific ROIC. What matters is to evaluate the process by tracking trends and through analysis, and to implement the plan-do-check-act (PDCA) cycle.

Ota: Indeed. As was mentioned earlier, President Asano and the management team have carefully considered and introduced ROIC management, which is a type of pivot. Adopting such management practices is one way to respond to the demands of shareholders and investors. However, the Company has not met expectations in terms of ROE and a stock price that has remained unchanged over the past five years. Therefore, I believe the Company needs to demonstrate clear progress in terms of strong growth in emerging markets and the early monetization of new businesses in the investment stage, followed by high growth.

Iwasa: Yes, I agree. It is essential to provide a clear roadmap for achieving the quantitative targets for fiscal 2033. While existing businesses have a solid growth foundation and resource allocations, new business ventures have longer investment payback periods and higher levels of uncertainty. It is important to share investment plans and risk management methods that are convincing and acceptable to all stakeholders.

Inoue: When sounding out outside members of the Managing Board, I found that a PBR of approximately 3.5 times and a PER of approximately 30 times reflected high expectations from investors. But Sysmex is not a company that can be satisfied with these levels. To meet higher price expectations, the Company must present a strong commitment to discontinuous growth and the process to achieve it. I believe that the size and robustness of our vision will create such expectations.

What items will you focus on monitoring under the long-term corporate strategy and mid-term management plan?

Ota: As we have discussed already, the Managing Board is placing a strong emphasis on monitoring the effectiveness of investments and strategizing for discontinuous growth. Additionally, we have been closely monitoring internal DX initiatives and IT investment governance. However, we have identified areas for improvement in project management and risk management, as investment durations and spending amounts for the internal DX project has exceeded initial plans. We should apply the lessons learned from this experience to our future investments.

Iwasa: The Audit and Supervisory Committee has set two key priorities. The first to manage and use a PDCA cycle on investment plans, which includes verifying specific operational methods with a focus on capital cost-conscious management. The second is to strengthen the Group's governance structure. As the Company grows larger, it needs to enhance the internal control system on a global scale. The governance structure is particularly vital, given our emerging markets strategy. The Company has delegated significant authority to its four overseas regional



headquarters, and we will be monitoring the progress of these reforms to the governance structure.

Inoue: The Company has a recurring-revenue business, in which it provides reagents and services following the introduction of testing instruments, as well as a new business that takes risks to achieve growth based on the revenue generated. It is essential to manage both aspects of the business effectively, taking both offensive and defensive approaches, and gain a deep understanding of the execution process through discussion. In terms of sustainability, we place particular importance on matters related to talent within our materiality framework. In addition to relying on indicators and systems, we will check their effectiveness and assess their impact on enhancing corporate value.

Iwasa: The Company is deeply committed to sustainability. I personally believe that promoting DE&I under the materiality item of “creating an attractive workplace” is key. As the business expands, it becomes increasingly important to foster a culture where every employee can engage in healthy dialogue and thrive.

Ota: Indeed, Sysmex strongly embraces the mission of the healthcare business, and a strong awareness of technology, quality, and sustainability permeate the organization. This attitude also provides a competitive advantage in attracting talent. Recently, I have received word about excellent professionals joining the Company, including from overseas.

What are the activities of Nominating and Compensation committees?

Ota: Last year, we saw the effective succession of top management, as Mr. Asano assumed the position of president. I believe this was a timely personnel decision, as we embarked on our long-term corporate strategy. In fiscal 2023, the Nominating Committee discussed succession plans that extend to the executive officer level. We previously had opportunities to exchange views among outside members of the Managing Board, as well as internal Board members, and executive officers. Currently, we are also engaging in discussions with department heads. Through these discussions and by getting to know the people, I feel that we are able

to have meaningful discussions regarding succession planning based on each individual's reality. Meanwhile, the Compensation Committee is working on the reassessment of officer compensation. Our compensation structure consists of 30% fixed compensation and 70% variable (performance-based) compensation. This proportion is high relative to other companies, and is highly regarded. Going forward, we intend to systematize the evaluation of performance from a medium- to long-term perspective and streamline the compensation system to contribute further toward the enhancement of corporate value.

Iwasa: Fiscal 2023 marked the start of an outside member of the Managing Board serving as chairperson of both the Nomination and Compensation committees, with Mr. Ota currently fulfilling that role. Having an outside member chair these committees makes it easier to incorporate diverse perspectives and deepen discussions. Going forward, I believe long-term assessment criteria will become a more important part of compensation systems, and I hope to encourage active discussions from various viewpoints.

Inoue: I am currently not attending committee meetings, but I would like to express my thoughts and aspirations. As Sysmex is a listed company, it is crucial for the Nomination and Compensation committees to be accountable by presenting an independent and objective perspective on executive appointments and evaluations. To ensure sustainable growth, we need to establish mechanisms that merit stakeholder approval. Given the changing external environment, succession planning and compensation systems must be continuously reviewed and revised in order to make a direct contribution to enhancing corporate value. It is important for me to engage in discussions using my own past experiences and to mobilize this knowledge to help establish systems and disclosure protocols that shareholders and investors can easily understand.

Ota: Yes, as outside members of the Managing Board, we strive to supervise the Company's management and leverage our respective experiences to help enhance corporate value. Thank you for your time today.

Iwasa and Inoue: Thank you.



Corporate Governance

Basic Policy on Corporate Governance

Based on the “Sysmex Way,” the corporate philosophy of the Sysmex Group, we are working to maximize corporate value by enhancing management soundness and transparency and raising management speed and efficiency.

In its efforts to date to shore up corporate governance, Sysmex has established an Audit and Supervisory Committee and sought to enhance the Managing Board’s effectiveness. In addition, we have appointed outside members of the Managing Board, thereby strengthening the board’s supervisory function. Furthermore, we have introduced an executive officer system to accelerate decision-making on business execution and respond swiftly to changes in the business environment.

Management Organization

The Company currently has 12 members on the Managing Board (of whom five are outside members). Also, three board members are members of the Audit and Supervisory Committee. (Two members of the Audit and Supervisory Committee are outside members of the Managing Board.) The Company also has 16 executive officers (of whom four concurrently serve as members of the Managing Board). We have also established the Nominating Committee and the Compensation Committee as advisory bodies. In fiscal 2022, we aimed to have the majority of members of the Managing Board be independent outside members, and since fiscal 2023, independent outside members of the Managing Board have served as the chairs of each committee. In June 2024, we welcomed new independent outside members to further improve the independence of the Managing Board, increasing the ratio of

independent outside members of the Managing Board from 33% to 42%. We are committed to continuously working on improving our independence.

To facilitate accurate and timely decision-making, we have established and operate various committees in addition to our Managing Board. These committees include the Global Strategy Committee, which discusses and examines the mid- to long-term management direction, important strategies, and issues within the Group, and the Steering Committee, which conducts discussions, deliberations, and reports on important matters related to the implementation of annual plans.

In addition, to enhance the audit and supervisory function of the Managing Board and improve transparency and objectivity in management, the Audit and Supervisory Committee conducts audits using the internal control system.

>>Status of Each Committee in Fiscal 2023 P79

Compliance with Japan’s Corporate Governance Code

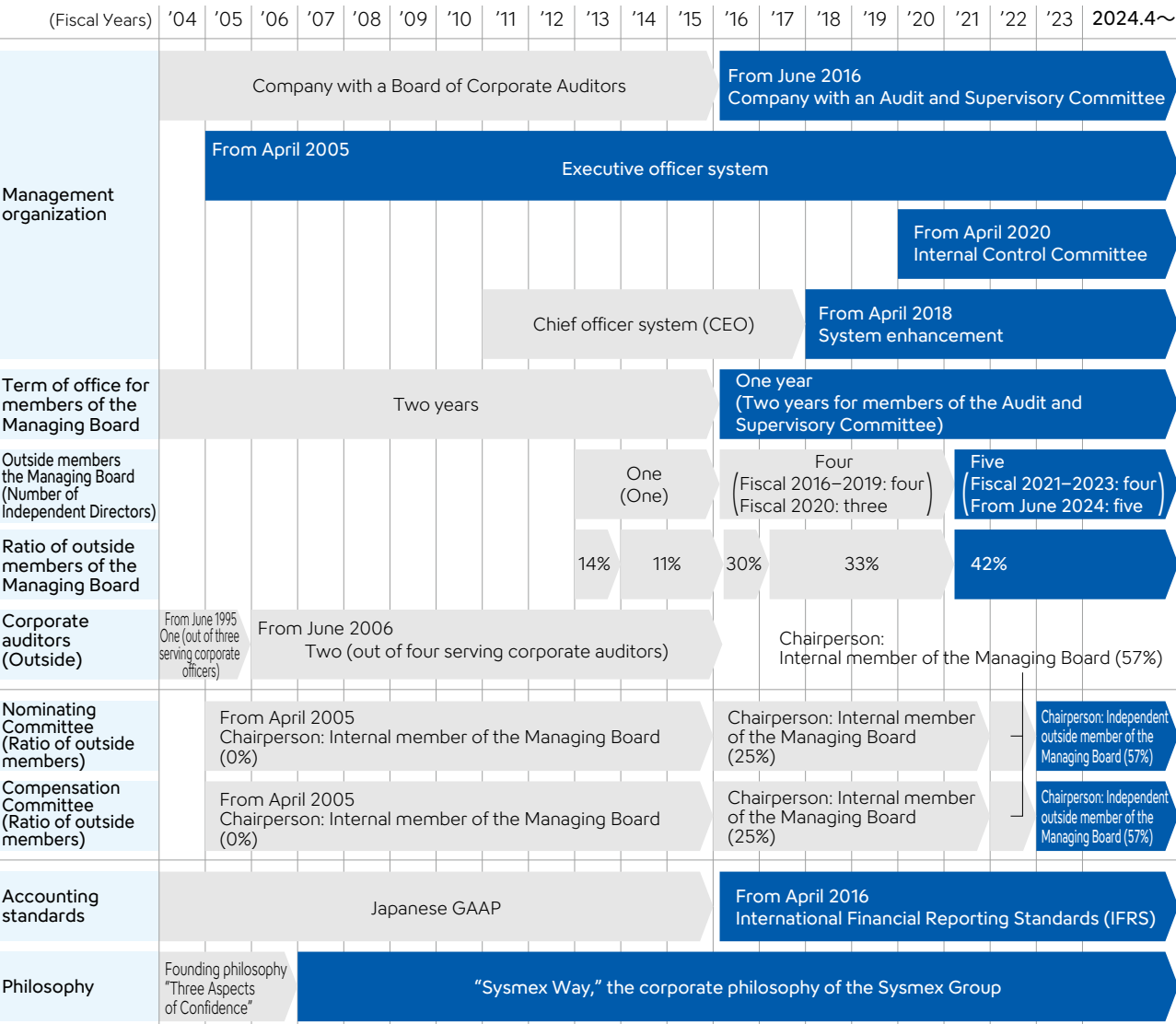
Sysmex complies with each of the principles of Japan’s Corporate Governance Code, introduced by the Tokyo Stock Exchange. Please see our website for details.

>>Website >About Sysmex >Corporate Governance

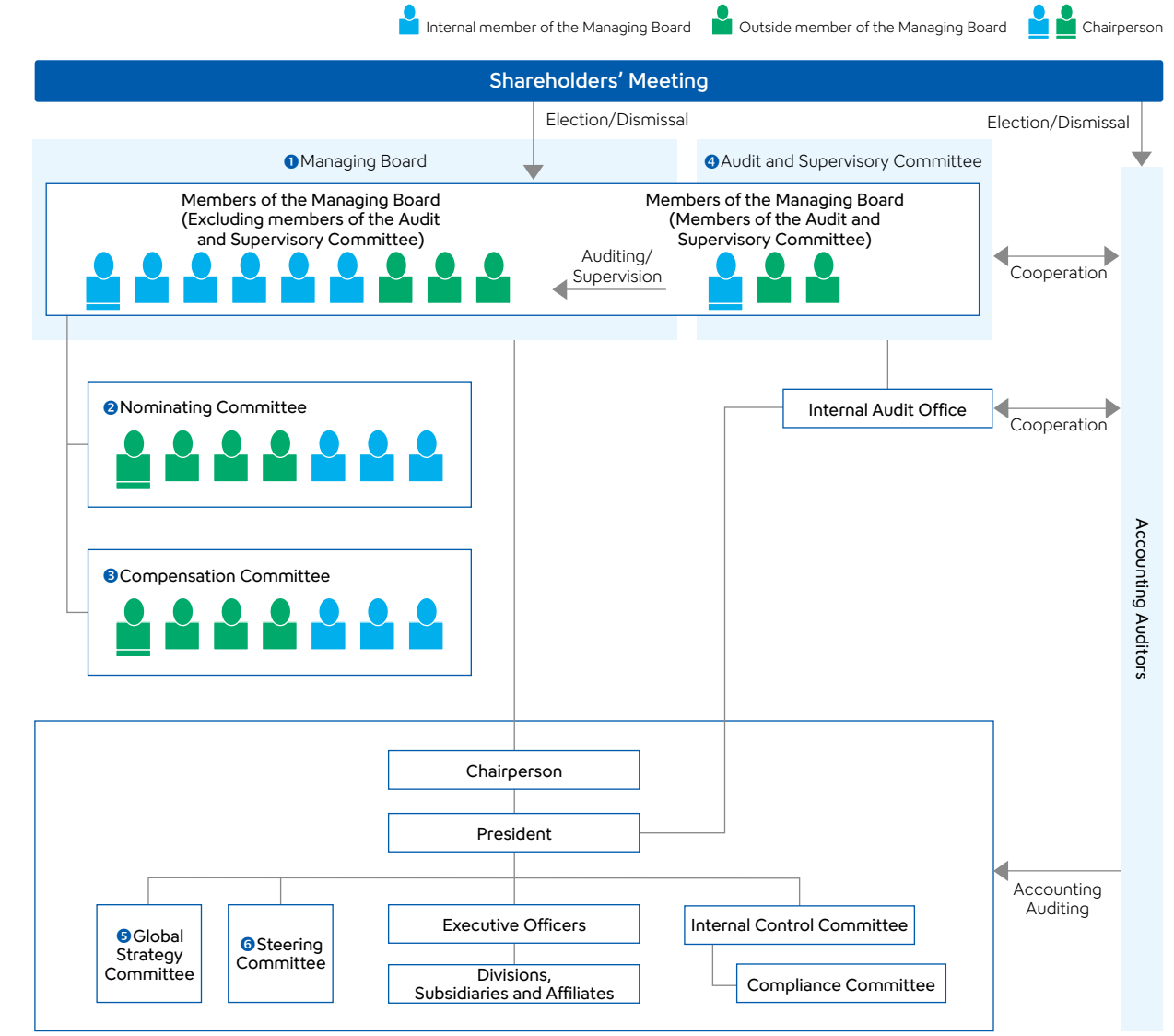
Appointing Members of the Managing Board

Internal members of the Managing Board are appointed based on a balance of knowledge, experience, and ability to make accurate and prompt decisions, manage risks appropriately, monitor business execution, and cover each functional and business unit of the Company, as well as those with sufficient social credibility. People appointed as outside members of the Managing Board (excluding Audit and Supervisory

Advances in Corporate Governance



Corporate Governance Structure



■ Status of Organizations in Fiscal 2023

Organization	Agenda items and reporting Items	Composition	Meetings Held in Fiscal 2023
① Managing Board	Making important management decisions and supervising the execution of duties <Agenda items and reporting Items> <ul style="list-style-type: none">• Appointments and dismissals of members of the Managing Board, compensation-related matters• Reports on the status of business execution by members of the Managing Board• Evaluation of the Managing Board's effectiveness• Audit policy, audit plan, and audit implementation report (members of the Audit and Supervisory Committee)• Matters related to the Group's internal control• Matters related to sustainability• Group operating performance; quarterly, semiannual, and annual results• Matters related to long-term strategy and investment• Plans for addressing risks and the status of activities	Members of the Managing Board	17
② Nominating Committee	A Managing Board advisory body involved in executive appointments <Agenda items and reporting Items> <ul style="list-style-type: none">• HR matters related to succession of the president• Matters concerning the election and dismissal of members of the Managing Board and executive officers• Proposals to be submitted to annual shareholders' meetings concerning the election and dismissal of the members of the Managing Board	Chairperson and Group CEO, President, members of the Managing Board (1), outside members of the Managing Board (4)	2
③ Compensation Committee	A Managing Board advisory body involved with decisions on executive compensation <Agenda items and reporting Items> <ul style="list-style-type: none">• Details of members of the Managing Board and executive officers' remuneration (policy for determining the amount of remuneration, etc. and the method for calculating it)	Chairperson and Group CEO, President, members of the Managing Board (1), outside members of the Managing Board (4)	2
④ Audit and Supervisory Committee	An independent body that primarily audits the members of the Managing Board in the performance of their duties. <Agenda items and reporting Items> <ul style="list-style-type: none">• Audit policy and audit plan, contents of audit report, decision on the appropriateness of reappointing the accounting auditor, agreement on remuneration of the accounting auditor, etc.• Status of activities of each Audit and Supervisory Committee member (important meetings, committee reports, approval decisions, etc.), audit plans of important subsidiaries, internal audit reports, and evaluation of the accounting auditor, etc.	Audit and Supervisory Committee	17
⑤ Global Strategy Committee	Deliberates on and discusses medium- to long-term Group management directions, important strategies and issues	Chairperson and Group CEO, President, senior executive officers, member of the Audit and Supervisory Committee (1)	13
⑥ Steering Committee	Discusses and reports on projects that are important from the perspective of making progress on the Group fiscal yearly plan	Chairperson and Group CEO, President, executive officers, member of the Audit and Supervisory Committee (1)	20

■ Members of Major Boards (As of June 21, 2024)

Board		Rate of Attendance at Meetings of the Managing Board	Rate of Attendance at Meetings of the Nominating Committee	Rate of Attendance at Meetings of the Compensation Committee	Rate of Attendance at Meetings of the Audit and Supervisory Committee
Internal	Name	Hisashi Ietsugu	100% ●	100%	—
	Kaoru Asano	100%	100%	100%	—
	Kenji Tachibana	100%	100%	100%	—
	Iwane Matsui	100%	—	—	—
	Tomokazu Yoshida	100%	—	—	—
	Takashi Ono	100%	—	—	—
	Tomoo Aramaki	100%	—	—	100% ●
External	Masayo Takahashi*1	88%	—	—	—
	Kazuo Ota	100%	100% ●	100% ●	—
	Hidekazu Fukumoto*1	100%	100%	100%	—
	Haruo Inoue	—*2	—	—	—
	Yuka Fujioka	—*2	—	—	—
	Kazumasa Hashimoto	100%	100%	100%	100%
	Michihide Iwasa	100%	100%	100%	100%

Note: Rates of attendance are for fiscal 2023. ● Chair (fiscal 2024) *1 Stepped down in June 2024. *2 Member from June 2024

Committee members) must have abundant work experience and broad insight, and be able to provide appropriate advice to the Company's management. Nominations for members of the Managing Board are made on the basis of a comprehensive evaluation of all candidates, regardless of their professional experience, age, nationality, race or ethnicity, or gender.

Compliance

Based on the "Sysmex Way" and our Shared Values, we define our view of compliance as "conducting business activities not only in compliance with applicable laws and regulations, but also based on fairness and high ethical standards." We have established a Global Compliance Code, in which particularly important conformance rules and behavioral guidelines for all Group executives and employees to abide by are set out, and we conduct

training and work to instill this code. The code describes our thoughts on ethics in relation to research and development, prevention of bribery, and adherence to international guidelines such as the Universal Declaration on Human Rights, as well as conserving the global natural environment. Sysmex has established and operates an internal reporting system for all Group companies.

>>Risk Management P83
>>Website >Sustainability >Governance >Compliance Management

Effectiveness of the Managing Board

The Managing Board is composed of members having diverse knowledge, experience, expertise and high level of specialization. We strive to ensure appropriate diversity and scale, taking into account the overall balance of the Managing Board, and respect the opinions of outside members of the Managing Board.

■ Skill Matrix for Members of the Managing Board (As of June 21, 2024)

	Name	Gender	Year	Initial appointment	Independent	Knowledge and experience								
						Corporate management	Management and business planning	Global	Sales and service	Research and development	Production/SCM	IT/DX	Finance/accounting	Human resources/general affairs
Internal	Hisashi Ietsugu	M	1949	1986		●	●		●				●	●
	Kaoru Asano	M	1958	2014		●	●			●		●		
	Kenji Tachibana	M	1957	2014		●	●	●	●		●	●	●	●
	Iwane Matsui	M	1961	2019		●	●	●	●			●		
	Tomokazu Yoshida	M	1964	2021		●	●			●				
	Takashi Ono	M	1965	2023		●	●		●		●			
	Tomoo Aramaki	M	1966	2022				●					●	
External	Kazuo Ota	M	1955	2019	○	●	●	●				●	●	●
	Haruo Inoue	M	1957	2024	○	●	●		●			●	●	
	Yuka Fujioka	F	1969	2024	○	●		●						●
	Kazumasa Hashimoto	M	1953	2020	○	●	●		●				●	●
	Michihide Iwasa	M	1956	2020	○	●					●			

Note: The above represents the main skills and experience of each Member of the Managing Board and does not represent all skills and experience.

■ Definition of skills and experience

Item	Definition
Corporate management	Management experience as a representative, executive director, executive officer, etc. at a company, organization, etc.
Management and business planning	Experience and knowledge of management planning, risk management, business strategy, planning, promotion, etc. as a practicing, managing, or executive officer in charge, etc.
Global	Experience of overseas assignment.
Sales and service	Experience and knowledge of domestic and overseas sales, marketing, technical services, etc. as a practicing, managing, or executive officer in charge, etc.
Research and development	Experience and knowledge of technology strategy, technology and product development, IT development, intellectual property, etc. as a practicing, managing, or executive officer in charge, etc.
Production/SCM	Experience and knowledge of production, procurement, logistics, quality, etc. as a practicing, managing, or executive officer in charge, etc.
IT/DX	Experience and knowledge of IT/DX, etc. as a practicing, managing, or executive officer in charge, etc.
Finance/accounting	Experience and knowledge of accounting, finance, business administration, etc. as a practicing, managing, or executive officer in charge, etc.
Human resources/general affairs	Experience and knowledge of human resources, labor affairs, human resources development, diversity, legal affairs, compliance, etc. as a practicing, managing, or executive officer in charge, etc.

Note: Judgment is made based on whether or not the Member of the Managing Board has a total of about three years of experience in each of the items stated on the left.

To enhance the functions of the Managing Board, the Company conducts a document-based questionnaire survey of all members of the Managing Board (including members of the Audit and Supervisory Committee). The Board's effectiveness is determined on the basis of deliberation by the Managing Board of the aggregate results. The questionnaire survey conducted in fiscal 2023 confirmed that the Managing Board is functioning effectively and fulfilling its role appropriately. In addition, we have recognized the need for a continued response, undertaking initiatives to further enhance effectiveness.

Executive Compensation

Compensation for members of the Managing Board makes a clear link between operating performance and responsibility for achievements. Compensation for members of the Managing Board (excluding members of the Audit and Supervisory Committee and outside members of the Managing Board) is divided into three

Evaluation Criteria

Size, balance and diversity of the Managing Board

- The number of members of the Managing Board and outside members of the Managing Board, and the diversity of the members of the Managing Board (balance of knowledge, experience, ability, and expertise).

Provision of materials and information necessary for sufficient discussion of each agenda item

- The timing and content of materials and other information necessary to understand the background of the Managing Board's agenda

Effectiveness of deliberations and discussions at the Managing Board

- Number of agenda items/contents, deliberation time, useful deliberations and discussions, activation of discussions through free expression of opinions, and appropriate decision-making after sufficient deliberations

Execution of duties by members of the Managing Board (for stimulating discussion)

- Reviewing materials in advance, providing necessary and sufficient information on the agenda in advance, and providing clear explanations and answers to questions

Training opportunities for members of the Managing Board

- Provision of appropriate training opportunities for members of the Managing Board

■ Status of the Managing Board in Fiscal 2023

	Issues in fiscal 2022 Issues and status of response in fiscal 2023	Survey results and issues in fiscal 2023	Policy for response to fiscal 2024
Structure	Issue: Increase the ratio of independent outside members of the Managing Board Response: Ratio of independent outside members of the Managing Board increased from 33% to 42% as of June 2024. Issue: Ensuring diversity Response: Discussions centered on the Nominating Committee	Result: The size of the Managing Board, the ratio of outside members of the Managing Board, and their qualifications and experience are generally appropriate. Issue: Establishment of organizational structure to further improve effectiveness going forward	• Consideration of candidates for appointment considering the balance of knowledge, experience, and capabilities of the members of the Managing Board and their diversity
Operation	Issue: Improve operation, more lively discussion Response: Provision of advance explanations to outside members of the Managing Board each time there is an agenda item for discussion Early presentation of meeting materials	Result: Provision of information necessary for discussion of the Managing Board agenda Issue: Although the early provision of materials improved compared to the previous year, continued efforts are called for to accelerate the provision of materials	<Consideration of the following measures to stimulate discussion> • Further enhancement of prior explanations to outside members of the Managing Board • Holding meetings for exchange of opinions among outside members of the Managing Board only • Consideration for the introduction of quantitative indicators for investment projects and periodic reporting of past investment projects
Status of Agenda Items and Deliberations	Issue: Increased opportunities for discussion of key management indicators Response: Discussions held on ROIC, one of the indicators in the long-term corporate strategy	Result: Agenda items and discussion time at the Managing Board are appropriate, and decisions are being made appropriately Issue: More opportunities to discuss important indicators and agenda items	• Continuous enhancement of prior explanations and securing sufficient time for deliberations <Strengthening of sustainability management> • Further discussion of important management indicators with an awareness of capital cost management, human capital enhancement, environmental considerations, etc.

■ Examples of Managing Board Agenda Items and Discussions

Theme	Specific Discussions and Deliberations
Initiatives to achieve the long-term corporate strategy and the mid-term management plan	• Progress and measurement of effectiveness of internal digitalization (progress monitoring, future direction, risk management, and specific return on investment) • Business opportunities and risks associated with the acquisition of Megakaryon Corporation based on its affinity with the Company's business and its monetization structure, financing plans, etc.
Efforts to improve capital efficiency and other aspects of corporate value	• Introduction of ROIC (effects of introduction, plan for Company-wide adoption, importance of enhancing corporate value, consideration of disclosure targets for key drivers) • Debt financing (necessity and future investment plan for further growth)
Sustainability-related	• Sustainability targets (progress on each materiality, future initiatives) • ESOP implementation (importance of engagement improvement, human resource development, and acquisition, careful examination and schedule for key positions to be applied overseas and throughout the Group)

broad categories: fixed compensation, performance-linked compensation, and non-monetary compensation.

Fixed compensation comprises compensation for members of the Managing Board and compensation for business execution. Position-specific factors (related to the scale of responsibility of members of the Managing Board, as well as the degree of their impact on Group management) are used to determine disbursements. Performance-linked compensation is linked to consolidated operating performance for the Group, using profit attributable to owners of the parent as an indicator. In addition, calculations are based on the results of evaluation of the degree of achievement of important priorities in the mid-term management plan and the sustainability targets linked to the materiality that we have identified. This indicator refers to net earnings for the consolidated fiscal year (sales net of expenses and profit or loss), which the Company considers an appropriate indicator for performance-linked compensation. As non-monetary compensation, Sysmex encourages officers to acquire Company shares. Sysmex's aims to enhance corporate value from a shareholder perspective, boost the incentive to enhance corporate performance over the medium- to long-term, and augment personnel retention.

A certain portion of fixed compensation for members of the Managing Board and executive officers is applied

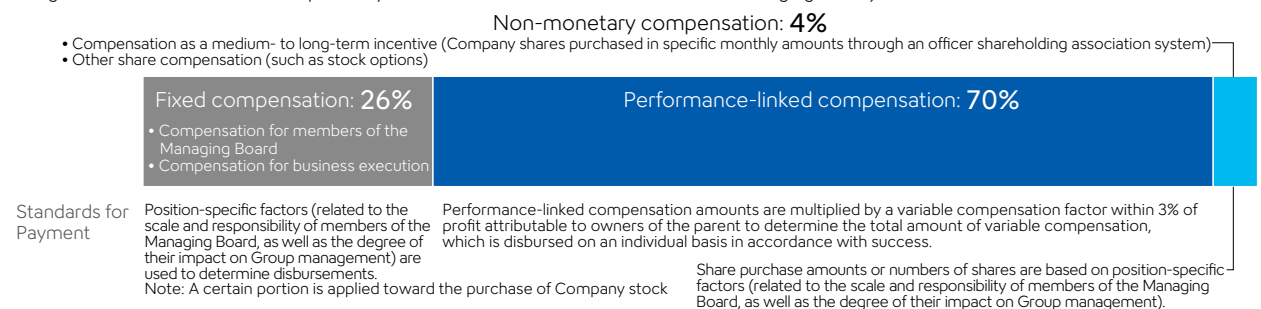
toward the purchase of the Company's stock. The Company aims for the Chairperson and Group CEO to hold shares worth five times his fixed compensation, and for other members of the Managing Board and executive officers to hold shares worth twice their fixed compensation, holding the acquired shares during their terms of office. As of March 31, 2024, the Chairperson and Group CEO held 616,000 shares (94 times his fixed compensation), and other members of the Managing Board and executive officers (those who hold shares) held an average of 13,000 shares (5 times their fixed compensation).

Compensation for members of the Managing Board who are members of the Audit and Supervisory Committee, and outside members of the Managing Board, comprises fixed compensation only.

Being delegated this resolution by the Managing Board, the Company's Compensation Committee determines the specific details of remuneration, etc. for each individual member of the Managing Board, excluding Audit and Supervisory Committee members. The Managing Board confirms the appropriateness of the process for determining officer compensation and compensation amounts via the Audit and Supervisory Committee. This committee has three members (of whom two are outside members of the Managing Board). >>Shares Held by Individual Directors P87

■ Breakdown of Executive Compensation (Fiscal 2023)

Compensation for members of the Managing Board
(excluding members of the Audit and Supervisory Committee and outside members of the Managing Board)



Members of the Audit and Supervisory Committee and outside members of the Managing Board

Fixed compensation: 100%
(Compensation for members of the Managing Board only)

■ Actual Executive Compensation (Fiscal 2023)

Executive category	Total compensation	Amount of compensation by type			Number of executives Receiving compensation
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Members of the Managing Board (excluding members of the Audit and Supervisory Committee and outside members of the Managing Board)	807	213	565	28	7
Members of the Audit and Supervisory Committee (excluding outside members of the Managing Board)	20	20	—	—	1
Outside members of the Managing Board	36	36	—	—	5

■ Executives Receiving Total Compensation of ¥100 Million or More (Fiscal 2023)

Name	Executive category	Company category	Amount of compensation by type			Total compensation
			Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Hisashi Ietsugu	Member of the Managing Board	Submitting company	52	184	6	243
Kaoru Asano	Member of the Managing Board	Submitting company	52	163	6	222
Kenji Tachibana	Member of the Managing Board	Submitting company	31	86	4	122
Iwane Matsui	Member of the Managing Board	Submitting company	30	72	4	106

Risk Management

Our Perspective on Operating Risks

Sysmex is responsible for the steady provision of products and services to customers in more than 190 countries and regions around the world, ensuring that testing operations (which are essential to healthcare) are not interrupted. For that reason, we have formulated countermeasures from a short- to long-term perspective to ensure that operations continue under any circumstances. In addition to risks related to economic trends, we consider natural disasters, climate change, and other environmental and geopolitical risks. We also consider increasingly stringent healthcare regulations in individual countries, the emergence of product quality issues, and information

leaks to be significant risks. Risk management also supports our ongoing growth. By responding swiftly in a rapidly changing operating environment, we strive to earn the support of our stakeholders and to maintain or increase our position in the market.

Risk Management Structure

Sysmex has established an Internal Control Committee as the organization overseeing risk management for the entire group. This committee is chaired by the president and consists of members of the Managing Board (excluding outside members), with the Internal Control Office, an organization independent of the business

divisions, serving as the secretariat. Outside members of the Managing Board participate as observers. The committee conducts risk assessments annually and identifies and implements countermeasures for risks that have significant impacts on the business.

For example, we have formulated a Business Continuity Plan (BCP) to ensure a stable supply of products and services to medical institutions and the stable operation of Sysmex products at medical institutions, if risks such as disasters and cyber threats materialize. The BCP involves the establishment of regulations and manuals for responding to crises, and identifies important products to be given supply priority.

In fiscal 2023, an earthquake on the Noto Peninsula

in Japan affected multiple raw material supplier factories. Despite this, we swiftly responded to supply issues and continued to supply products to our customers without interruption. We also supported the rapid restoration of testing systems for our affected customers.

In terms of information security, we established a Global Information Security Committee in May 2023 to strengthen the overall management structure of the Group. In addition to enhancing internal measures, we have implemented a Product Security Incident Response Team (PSIRT) to ensure that our products and services have robust cybersecurity measures in place, providing peace of mind for our customers.

>>Website >Sustainability >Governance >Risk Management

Principal Operating Risks

Materiality	Risks	Major Content	Principal Responses
Healthy society	Technological innovation	<Threat> Decrease in competitive advantage due to delayed response to technological innovation <Opportunity> Enhance added value through innovation	<ul style="list-style-type: none">Continue to invest aggressively in the development of new technologiesPromote open innovation to integrate Sysmex's technologies with those of universities, research institutes, companies, etc.Establish R&D bases around the world. In addition to conventional <i>in vitro</i> diagnostics (IVD), expand initiatives in personalized medicine and preventive medicine, etc.
	Healthcare reform	<Threat> Decrease sales opportunities due to inadequate or delayed response to healthcare reforms <Opportunity> Increase competitive advantage through rapid response to regulations and needs	<ul style="list-style-type: none">Obtain and maintain regulatory approvals in a timely and accurate manner by building a global networkDevelop new diagnostic technologies that contribute to personalized medicine by accurately ascertaining the diversifying and increasingly sophisticated needs of customers in each region.Develop and market products and services that contribute to the efficiency of medical workflow, work toward the early detection of diseases, and improve access to healthcare
	Intellectual property	<Threat> Impact on business due to infringement or violation of intellectual property rights <Opportunity> Provide unique products and services by acquiring intellectual property rights	<ul style="list-style-type: none">Obtain patents and thoroughly eliminate counterfeit products in countries around the worldStrengthen competitive advantage and promote innovation through active rights acquisition and licensing of intellectual property rightsPromote business activities that respect intellectual property rights through employee education. Introduce an employee award system related to intellectual property.
Responsible products	Quality	<Threat> Reduce reliability due to poor quality of products and services <Opportunity> Improve reliability and competitive advantage by improving quality	<ul style="list-style-type: none">Establish a Group quality policy to monitor and improve the quality and safety of products and services.Obtain certification under international standards for quality management systems at all production sitesCollect and analyze information on product reliability and safety from Japan and overseas, and reflect the results in our products and services
	Stable supply	<Threat> Impact on product supply due to interruptions or delays in procurement or production <Opportunity> Provide peace of mind and improve reliability through efforts to ensure stable supply of products and services	<ul style="list-style-type: none">Ensure inventories of parts and raw materials and purchase from multiple suppliersEnhance prevention and recovery measures against large-scale disasters such as earthquakes, typhoons, and floods at factories and warehousesProduce reagents at multiple sites and establish a mutual supply network among major sites
	Geopolitics	<Threat> Impact on operations of rising geopolitical tensions <Opportunity> Enhance reliability through an ongoing supply of products and services	<ul style="list-style-type: none">Continuously monitor the situation in each country and region by utilizing our global networkPromote the transfer of local production of reagents
Attractive workplace	Human resources	<Threat> Decline in competitiveness due to intensifying competition for human resources and outflow of human resources <Opportunity> Strengthen management foundation by creating an attractive workplace	<ul style="list-style-type: none">Create a work environment in which diverse human resources can fulfill their potential with confidenceAdopt a Group-wide job-based personnel system and provision of educational programs as a foundation for supporting the realization of autonomous careersIntroduce the Stock-Granting Compensation Plan (ESOP Trust) that also contributes to employee asset formationStrengthen transparency in the disclosure of human resources-related information by acquiring international standard certification for human capital disclosure, in order to enhance the human resources system that supports sustainable growth
Environment	Climate change and other environmental factors	<Threat> Impact on business due to inadequate environmental response or natural disasters <Opportunity> Improving reliability and competitive advantage by addressing environmental issues	<ul style="list-style-type: none">Establish the Environmental Management Committee to promote environmental managementEndorse TCFD recommendations, establish 2040 carbon neutrality target and science based targets, and accelerate initiativesEstablish Sysmex Eco-Vision 2033 and promote initiatives that contribute to both environmental friendliness and business growth
Governance	Economic trends	<Threat> Decline in sales opportunities due to deteriorating economic conditions <Opportunity> Increase investment in healthcare infrastructure due to favorable economic conditions	<ul style="list-style-type: none">Promote standardization and efficiency of testing by providing solutions utilizing robotics, AI, and other technologies that contribute to improving the profitability of medical institutions.Expand sales opportunities by promoting the development and introduction of products suited to the diverse needs of emerging markets (India identified as a key market)
	Exchange rate fluctuations	<Threat> Negative impact on consolidated results, including decreases in overseas sales and assets due to yen appreciation <Opportunity> Positive impact on consolidated results, including increases in overseas sales and assets due to yen depreciation	<ul style="list-style-type: none">Hedge risks of foreign currency-denominated receivables and payables mainly through forward exchange contracts.Reduce the impact of foreign exchange rate fluctuations by diversifying reagent production bases globally
	Human rights	<Threat> Loss of public trust due to inadequate response to human rights <Opportunity> Improving reliability through appropriate human rights measures	<ul style="list-style-type: none">Human rights policy stipulates the implementation of due diligence. Promote efforts to prevent and mitigate negative impacts on human rights, including those of external partners involved in the supply chain.Establish whistleblower hotlines in Japan and overseasProvide education to prevent harassment and disseminate correct labor-related knowledge
	Information systems and security	<Threat> Impact on customers and business due to cyber-attacks <Opportunity> Improve reliability of products and services by strengthening security support	<ul style="list-style-type: none">Establish a product security policy and manage vulnerabilities in product design, production, and post-sale to provide reliable peace of mind to our customersImplement mechanisms to detect unauthorized communications and quarantine malware to minimize its impact on the Group's businessPromote efforts to familiarize employees with the rules for using AI technology and to accelerate innovation through proactive use of AI technology
	Investment, including corporate acquisitions	<Threat> Delays in achieving strategic goals due to lack of investment effectiveness <Opportunity> Accelerate business by maximizing investment effectiveness	<ul style="list-style-type: none">Strengthen monitoring of investment considerations, decision-making, and the post-merger integration (PMI) processProactively take risks in necessary investments for business growth

Members of the Managing Board



Kenji Tachibana

Member of the Managing Board and Senior Executive Officer
Senior Managing Director
Corporate Management,
Regulatory Affairs & Quality Assurance
and DX Strategy Development

Hisashi Ietsugu

Chairperson and Group CEO

Kaoru Asano

President

Iwane Matsui

Member of the Managing Board and Senior Executive Officer
Senior Managing Director
Japan and International Business and
Medical Robotics (MR) Business

Kazumasa Hashimoto

Member of the Managing Board (Outside)
(Member of the Audit and Supervisory Committee)
Independent Director

Yuka Fujioka

Member of the Managing Board (Outside)
Independent Director

Kazuo Ota

Member of the Managing Board (Outside)
Independent Director

Tomokazu Yoshida

Member of the Managing Board and Senior Executive Officer
Managing Director, CTO
R&D

Takashi Ono

Member of the Managing Board and Senior Executive Officer
Managing Director
Eco-Social (ES) Strategy
Business Strategy Development

Haruo Inoue

Member of the Managing Board (Outside)
Independent Director

Tomoo Aramaki

Member of the Managing Board (Member of the Audit and Supervisory Committee)

Michihide Iwasa

Member of the Managing Board (Outside)
(Member of the Audit and Supervisory Committee)
Independent Director

Executive Officers (As of June 21, 2024)



Kensuke Iizuka
Senior Executive Officer
In charge of Corporate Strategy, Human Resources, and Next Generation Medical Business Development
Executive Vice President of Corporate Business Planning Div.



Frank Buescher
Senior Executive Officer
CEO, Sysmex Asia Pacific Pte Ltd.
Deputy in charge of DX Strategy Development



Mitsuhsa Kanagawa
Senior Executive Officer
In charge of Instrument Production and SCM.



Peng Zuo Hui
Executive Officer
President and CEO, Sysmex Shanghai Ltd.



Alain Baverel
Executive Officer
CEO, Sysmex Europe SE



Reiko Watanabe
Executive Officer
Executive Vice President of Medical & Scientific Affairs Div.



Kaoru Watanabe
Executive Officer
Supervision of JEA
Deputy in charge of Medical Robotics (MR) Business



Takaaki Nagai
Executive Officer
Deputy in charge of Instrument Production and SCM
Executive Vice President of Production Design Center



Kinya Uchihashi
Executive Officer
In charge of Reagent Production
Executive Vice President of Reagent Production Div.



Andy Hay
Executive Officer
CEO, Sysmex America, Inc.



Naohiko Matsuo
Executive Officer
Deputy in charge of Business Strategy Development
Executive Vice President of ICH Business Div.



Kenji Tsujimoto
Executive Officer
Executive Vice President of Next Generation Medical Business Development Div.

Executive Officers' Main Responsibilities

		Main Responsibilities Related to Key Actions for the Group and Areas in Charge						Main Responsibilities Related to Materiality				
		1	2	3	4	5	6	1	2	3	4	5
		Enhance competitiveness and expand markets through innovation in existing business domains	Accelerate commercialization centered on genetic testing in the domain of personalized medicine	Create a new business model in the domains of prevention and self-medication	Accelerate business growth in the therapeutic domain, centered on the medical robotics business	Realize a circular resource value chain and transform with a view to solving social issues	Enhance corporate value by strengthening human capital and management base	Creating new value for a healthy society	Providing Responsible of products, services and solutions	Creating an Attractive Workplace	Reducing in environmental impacts	Strengthening Governance
Posts and Responsibilities												
Kenji Tachibana	Member of the Managing Board and Senior Executive Officer, Senior Managing Director Corporate Management, Regulatory Affairs & Quality Assurance and DX Strategy Development											
Iwane Matsui	Member of the Managing Board and Senior Executive Officer, Senior Managing Director Japan and International Business and Medical Robotics (MR) Business											
Tomokazu Yoshida	Member of the Managing Board and Senior Executive Officer, Managing Director, CTO R&D											
Takashi Ono	Member of the Managing Board and Senior Executive Officer, Managing Director Eco-Social (ES) Strategy Business Strategy Development											
Kensuke Iizuka	Senior Executive Officer In charge of Corporate Strategy, Human Resources, and Next Generation Medical Business Development Executive Vice President of Corporate Business Planning Div.											
Fran Buescher	Senior Executive Officer CEO, Sysmex Asia Pacific Pte Ltd. Deputy in Charge of DX Strategy Development											
Mitsuhsa Kanagawa	Executive Officer In Charge of Instrument Production and SCM.											
Peng Zuo Hui	Executive Officer President and CEO, Sysmex Shanghai Ltd.											
Alain Baverel	Executive Officer CEO, Sysmex Europe SE											
Reiko Watanabe	Executive Officer Executive Vice President of Medical & Scientific Affairs Div.											
Kaoru Watanabe	Executive Officer Supervision of JEA Deputy in Charge of Medical Robotics (MR) Business											
Takaaki Nagai	Executive Officer Deputy in charge of Instrument Production and SCM Executive Vice President of Production Design Center											
Kinya Uchihashi	Executive Officer In Charge of Reagent Production Executive Vice President of Reagent Production Div.											
Andy Hay	Executive Officer CEO, Sysmex America, Inc.											
Naohiko Matsuo	Executive Officer Deputy in charge of Business Strategy Development Executive Vice President of ICH Business Div.											
Kenji Tsujimoto	Executive Officer Executive Vice President of Next Generation Medical Business Development Div.											