



# ESG Initiatives Under Our Growth Strategy

December 15, 2023  
Sysmex Corporation

Together for a better  
healthcare journey

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Kaoru Asano, President

## **2 Human Capital Strategy**

Kenji Tachibana, Member of the Managing Board and Senior Executive Officer  
Senior Managing Director

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Takashi Ono, Member of the Managing Board and Senior Executive Officer  
Managing Director

1

# Sustainability Management

Kaoru Asano, President

# An Ideal Unchanged Since Our Founding: Instilling Confidence

Management and behavior always cognizant of the value provided to stakeholders

## 1968 Founding philosophy, the “Three Aspects of Confidence”

Instilling confidence in  
customers, employees and  
business partners

経営基本方針  
「需要者が安心して使用  
できる製品をつくる  
」取引先が安心して取引  
できるようにする  
「従業員が安心して働け  
るようにする  
」

東亜医用電子株式会社

- Total customer confidence in all of our products.
- Total confidence in our business partners in all our business transactions.
- Total confidence of our employees in themselves and all their work.

2007

## Systemex Way and Shared values

Added “shareholders” and “society” to the list of stakeholders in which to instill confidence

### Systemex Way

#### Mission

Shaping the advancement of healthcare.

#### Value

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

#### Mind

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

### Shared values

Key stakeholders

#### Customers

(Medical institutions, universities, research institutes, etc.)

#### Business partners

(Suppliers, joint research partners, etc.)

#### Employees

#### Shareholders

#### Society



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

## Creating innovation in a healthy society (S)

1963 First Japanese-made hematology analyzer



1990 Development of the world's first hematology transport system



Equalization of medical care and improvement of safety

## Improvement in accessibility to healthcare (S)

Global scientific activities



Expansion in emerging markets



Operations spanning more than 190 countries and regions

## Governance (G)

- 2005 Introduced executive officer system
- 2006 Established Compliance Committee
- 2007 Formulated corporate philosophy for the Sysmex Group
- 2016 Transitioned to a company with an Audit and Supervisory Committee (with outside directors accounting for 33% of members of the Managing Board)
- 2020 Established an Internal Control Committee

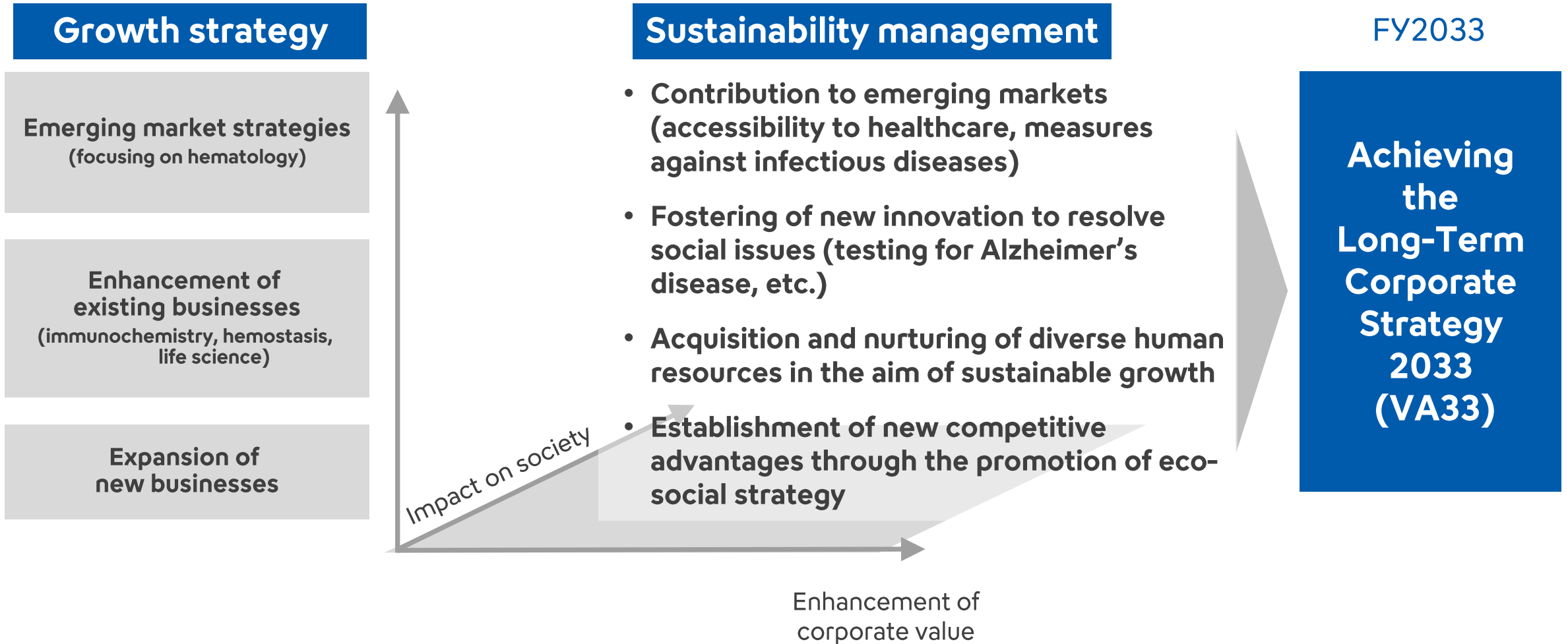
## Human resources (S)

- 2007 Formulated a human resource strategy
- 2009 Established position grading system and commenced global talent management (assessment, remuneration)
- 2019 Digitalization of HR information
- 2020 Established a job-based human resource system

## Environment (E)

- 2000 Obtained ISO 14001 certification (Kakogawa Factory)
- 2004 Formulated an environmental policy
- 2006 Established a Group Environmental Management Committee
- 2010 Set Long-Term Environmental Objectives
- 2020 Endorsed TCFD recommendations
- 2022 Declared our intention to achieve carbon neutrality

# Sysmex's Growth Strategy and Sustainability Management

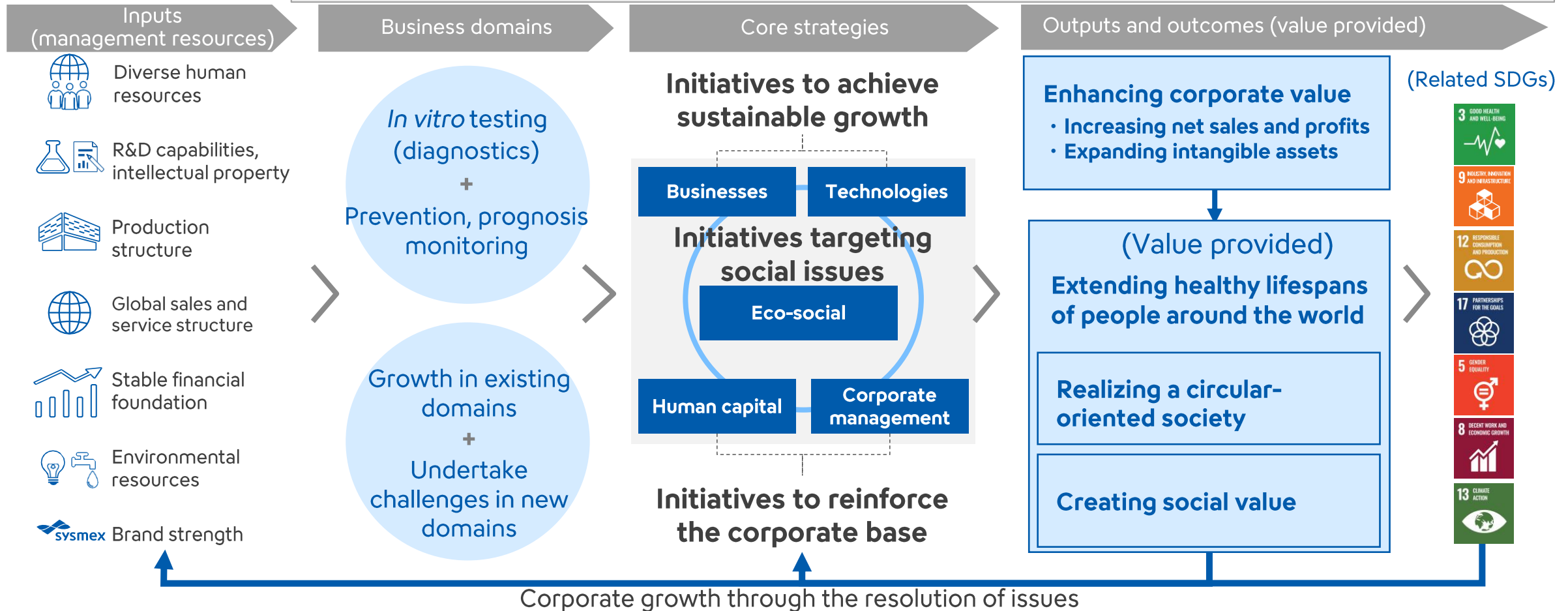


# Story of Value Creation

Our core strategy includes eco-social and human capital, and clearly state the value provided to society and the environment.








Long-term vision: Together for a better healthcare journey

Materiality



# Redefining Materiality

## Redefining our materiality according to seven priority SDGs

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

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

# Creating New Value for a Healthy Society

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

Creating better tests to help realize a better healthcare journey

Number of dementia patients globally

More than 55 million\*

Social implementation of a simple blood-based Alzheimer's disease test



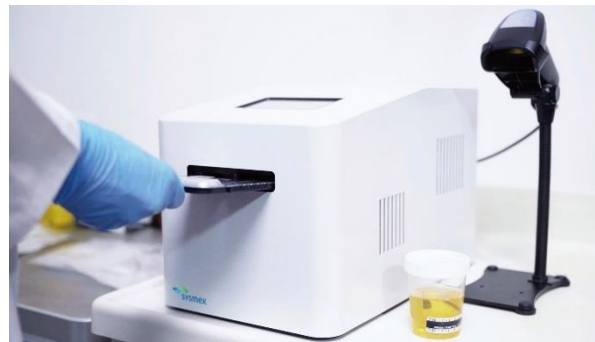
\*Source: Global status report on the public health response to dementia executive summary (Sep. 2, 2021, World Health Organization)

Predicted number of deaths due to antimicrobial resistance (2050)

10 million\*

(If no measures to counter AMR are taken)

Suppression of drug-resistant bacteria through rapid drug susceptibility testing



\*Source: Antimicrobial Resistance: Tackling a crisis for the health and wealth of nations. The Review on Antimicrobial Resistance, Chaired by Jim O' Neill.

Number of patients with inherited retinal dystrophy

Approx. 30,000\* (in Japan)

Gene panel testing to contribute to low-vision care and in improved quality of life



\*Source: Sysmex estimate based on the Japan Intractable Diseases Information Center website



# Creating New Value for a Healthy Society

## Examples of “Improvements in Accessibility to Healthcare”

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

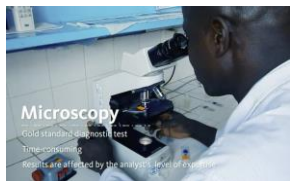
### Development of malaria tests using hematology systems

Automatic measurement to test whether and what percentage of blood cells infected by malaria parasites in approximately 1 minute



XN-31

Previously: 15–30 minutes



Microscope testing



Rapid diagnostic test kit

### Activities to support improvements in testing quality and accuracy

Areas of implementation:



China



Mongolia



Cambodia



Myanmar



Thailand



Philippines

Examples of support in China:

- **Installation of national standard instrument for hematology**
- Technology transfer and exchange of blood test and reference measurement operation methods
- Support for the development of national guidelines for clinical laboratories

### Enhancement of medical professionals’ knowledge and skills

- Seminar participants in the private–public JICA collaboration program for disseminating automated urinalysis diagnosis technology (Ghana):

Approx. **860**\*

\*Total between 2018 and 2022

- Training in instrument maintenance, management, hospital management, etc. (JICA trainees):

More than **1,000** people\*

\*1994–2022

# Strengthening Governance

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

## Enhancing the Managing Board's effectiveness

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

## Reinforcing the diversity of executive officers

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

## Sustainability management

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

## Future topics

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

## Nominating Committee

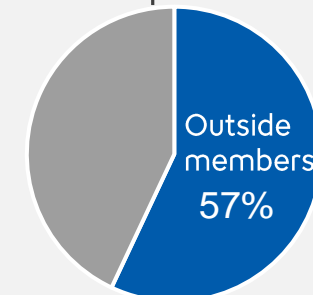
Chairperson



**Kazuo Ota**

Member of the Managing Board (outside), independent director

Composition



## Compensation Committee

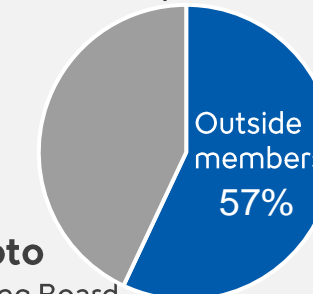
Chairperson



**Hidekazu Fukumoto**

Member of the Managing Board (outside), independent director

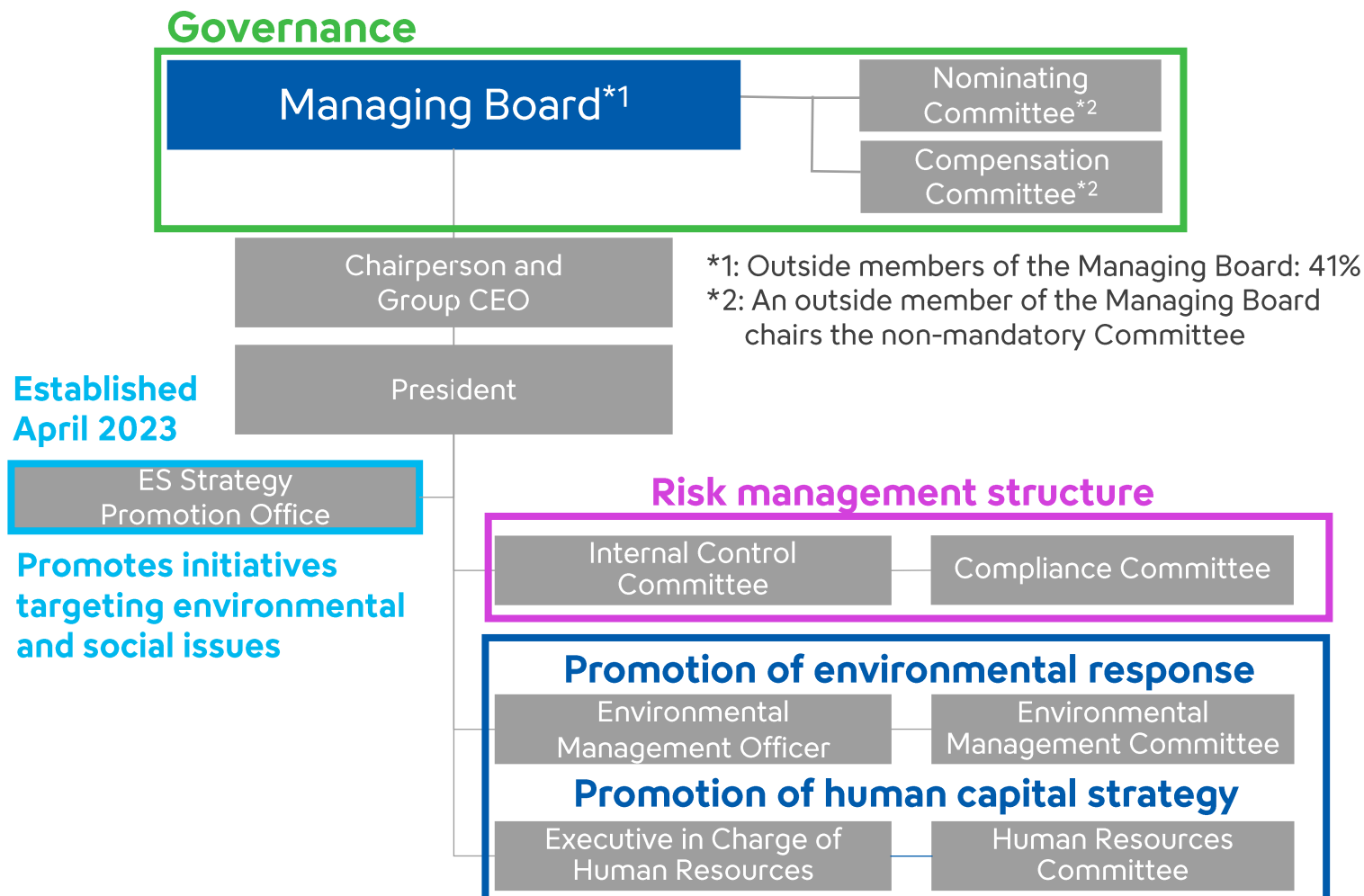
Composition



# Structure for the Promotion of Sustainability Management



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



**Kaoru Asano**  
President

- Responsible for the Internal Control Committee



**Kenji Tachibana**  
Member of the Managing Board and Senior Executive Officer  
Senior Managing Director

- Executive in Charge of Human Resources
- Responsible for the Compliance Committee



**Takashi Ono**  
Member of the Managing Board and Senior Executive Officer  
Managing Director

- Environmental Management Officer
- Executive in Charge of Eco-Social Strategy and Business Strategy Development



# 2

## Human Capital Strategy

Kenji Tachibana, Member of the Managing Board and Senior Executive Officer  
Senior Managing Director

# Corporate Philosophy



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

## Sysmex Way

### Mission

Shaping the advancement of healthcare.

### Value

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

### Mind

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

## Shared Values

### To our Customers

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

### To our Employees

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

### To our Business Partners

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

### To our Shareholders

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

### To Society

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

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

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

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

### Sysmex Way

#### Mission

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

Previous Long-Term Corporate Strategies  
(Commencing: FY2007, FY2013, FY2018)

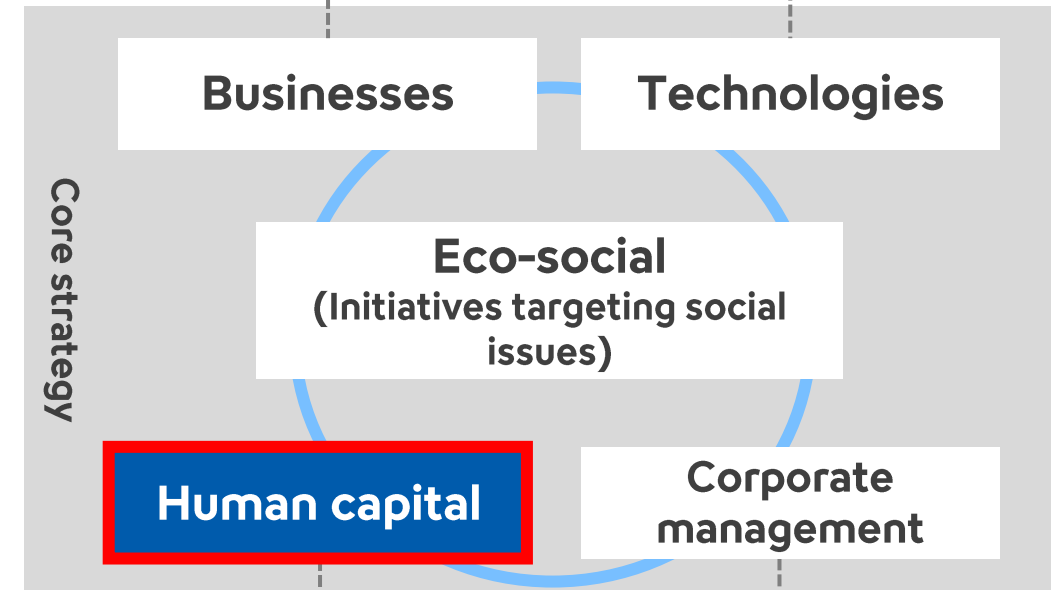
“A Unique & Advanced  
Healthcare Testing Company”



New Long-Term Corporate Strategy, VA33  
(Commencing: FY2023)

“Together for a better healthcare journey”

Initiatives to achieve  
sustainable corporate growth

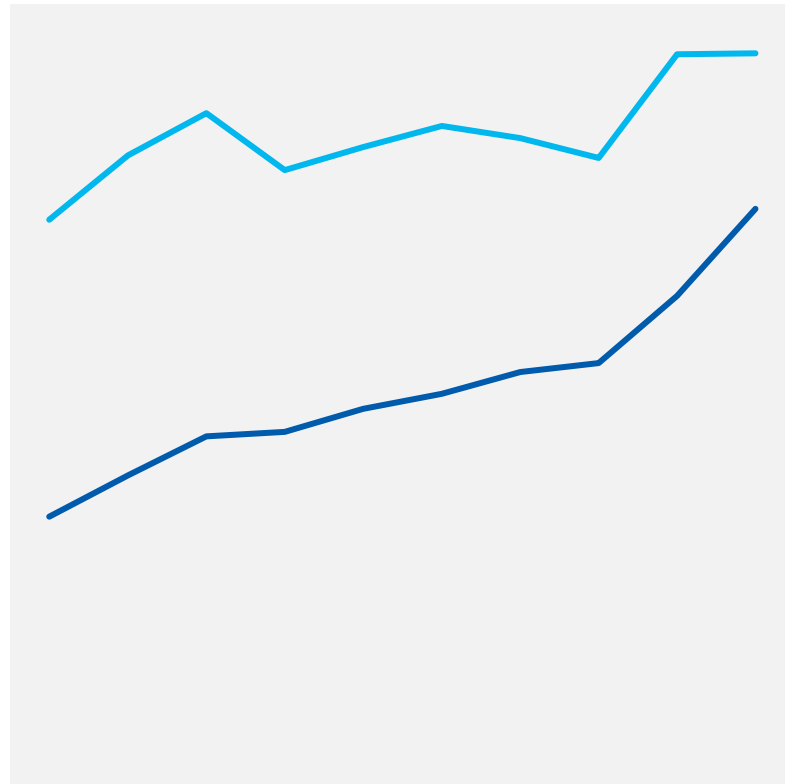


Initiatives to reinforce  
the corporate base

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



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



Value-Added Productivity

**¥18.74 million**

Amount of human capital investment

**¥110.6 billion**

**Value-Added Productivity**

=

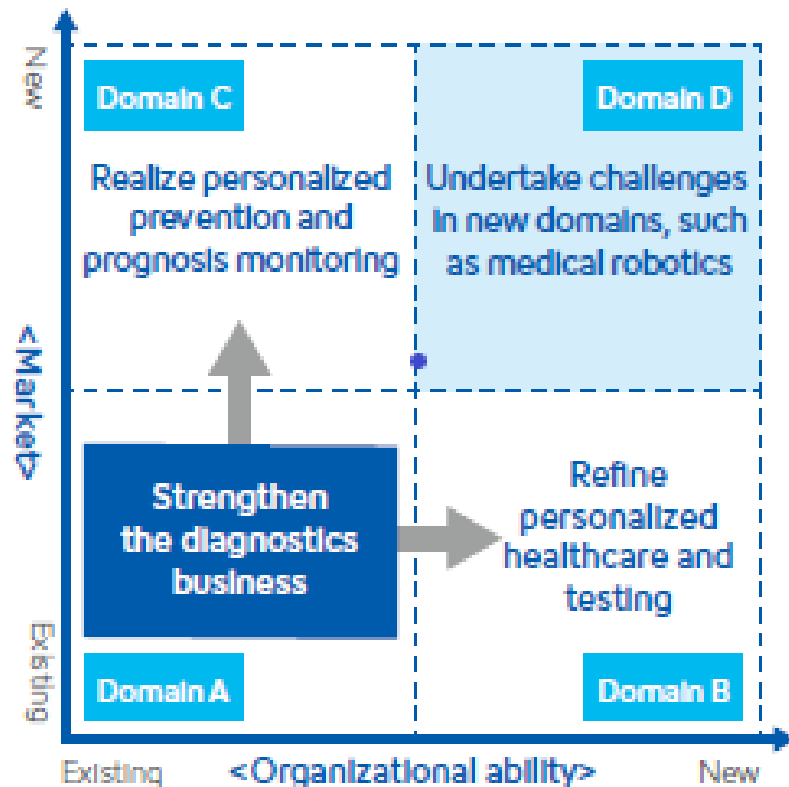
$$\frac{\text{Operating profit + personnel expenses + depreciation expenses}}{\text{number of employees}}$$

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 (Fiscal year)

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

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

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



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

## ◆ Different expertise and awareness required in each area

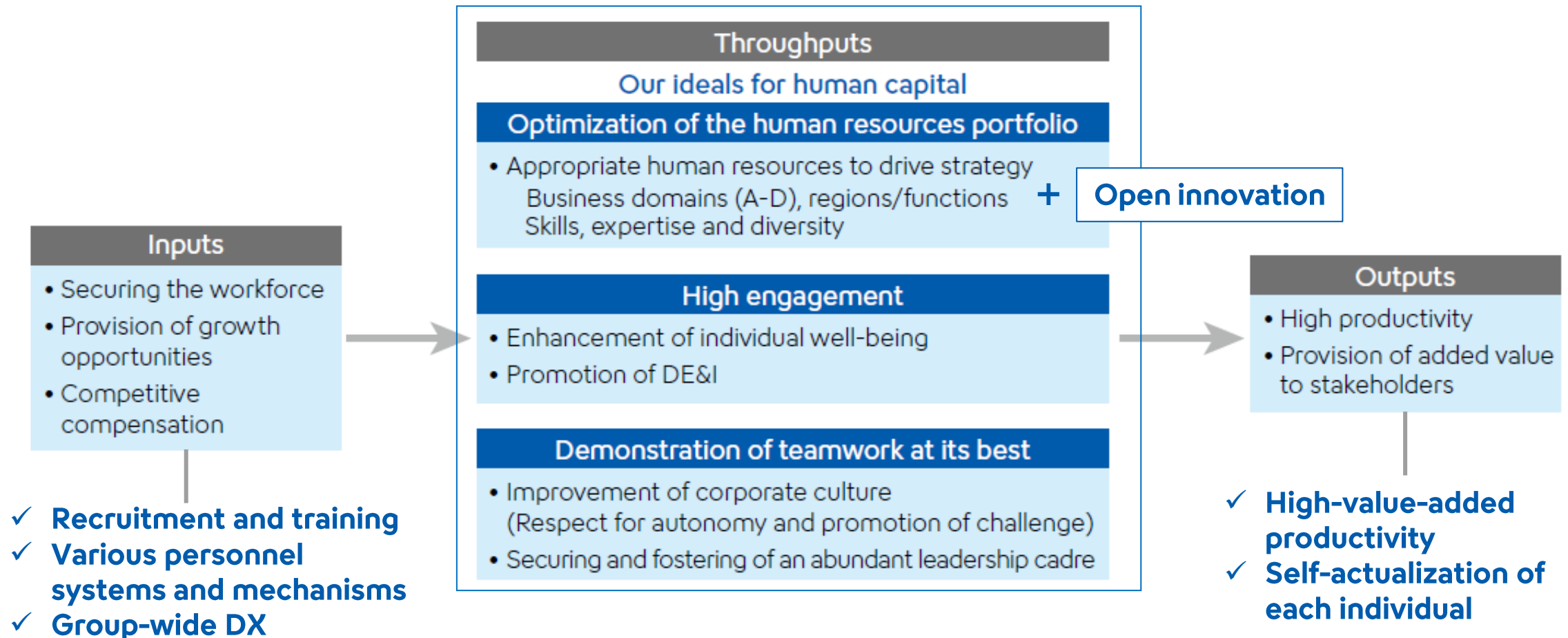
- ✓ Diagnostics
- ✓ Personalized medicine, digital medicine
- ✓ Medical robotics, new domains (promotion of open innovation)

## ◆ Expanding business opportunities globally

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

# Human Capital Strategy Framework

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



# Changes in Human Capital Initiatives



## Groupwide

- 2020 Digitalization of HR information (global human resource management system)
- 2022 Introduction of value-added productivity as an indicator
- 2023 Start of succession management for key Group positions
- 2023 Introduction of trust-type stock compensation plan (ESOP) for employees

- > ✓ FY2024 Introduce overseas for people in specific key positions
- ✓ From FY2025: Rollout to key Group positions

## Japan

- 2020 Introduction of a job-based human resource system  
Succession management(talent review)
- 2021 Expansion of working from home to smart working  
(All employees, remote, able to take breaks during the day, etc.)
- 2021 Introduction of a matching algorithm for new graduates
- 2022 Introduction of an apprentice System (support for autonomous career development)
- 2023 Multi-stakeholder policy development
- 2023 Obtained ISO 30414 conformance certification  
(international standard for disclosure of human capital)

- ✓ Significant decrease in the number of applicants requesting transfers within a year of joining

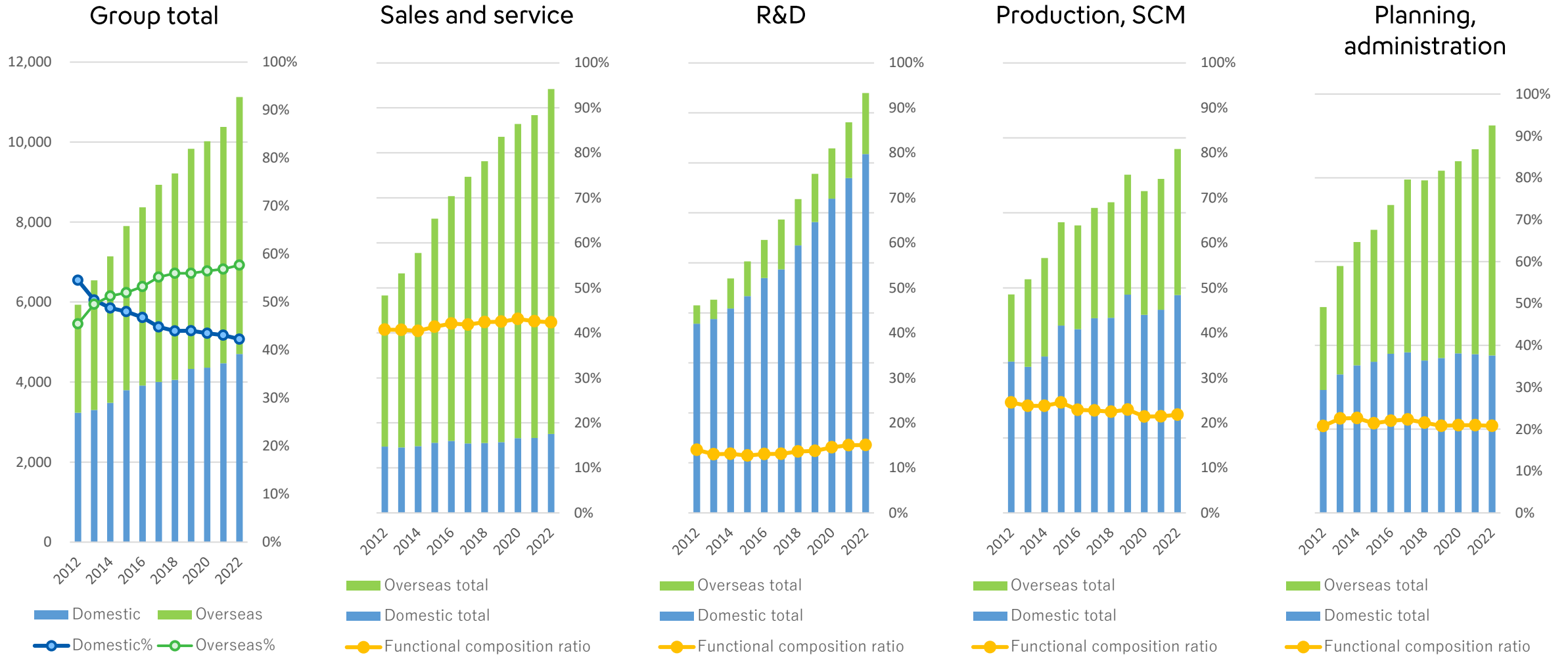


- > ✓ In future, will expand globally
- ✓ Utilize in sustainable growth initiatives



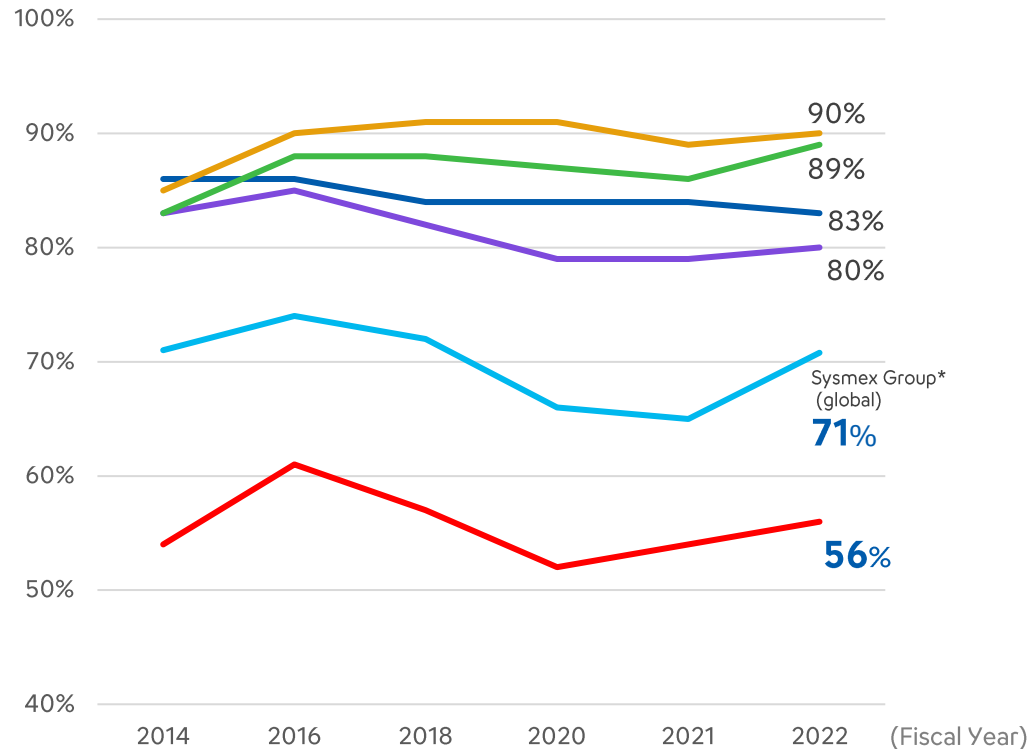
# Trends in Metrics Related to Human Capital (1)

Functional composition ratio:  
Balance appropriately in line with business expansion



# Trends in Metrics Related to Human Capital (2)

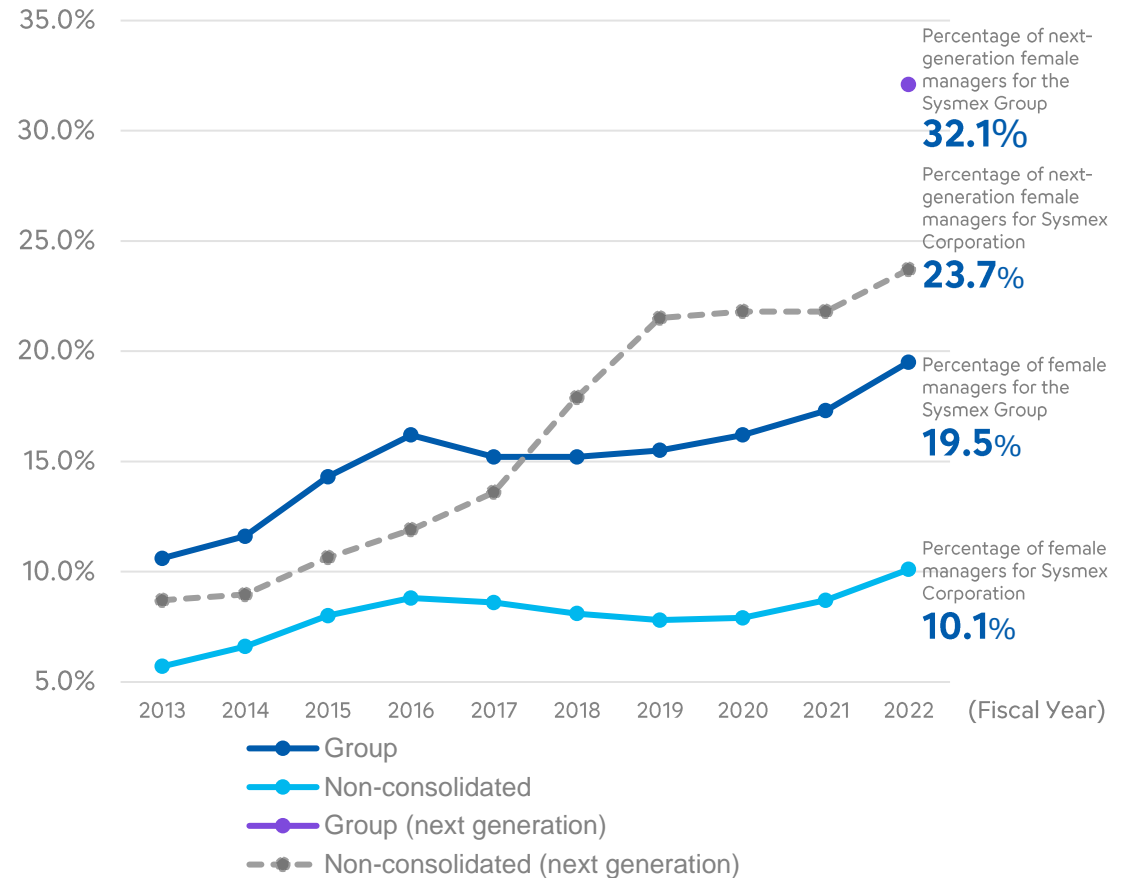
## Engagement Score



— Group — Japan — Americas — EMEA — China — AP

※Sysmex group : Exclude EMEA in FY2020 and 2021  
 ※AP : Exclude East Asia

## female managers ratio



● Group  
 ● Non-consolidated  
 ● Group (next generation)  
 ● Non-consolidated (next generation)

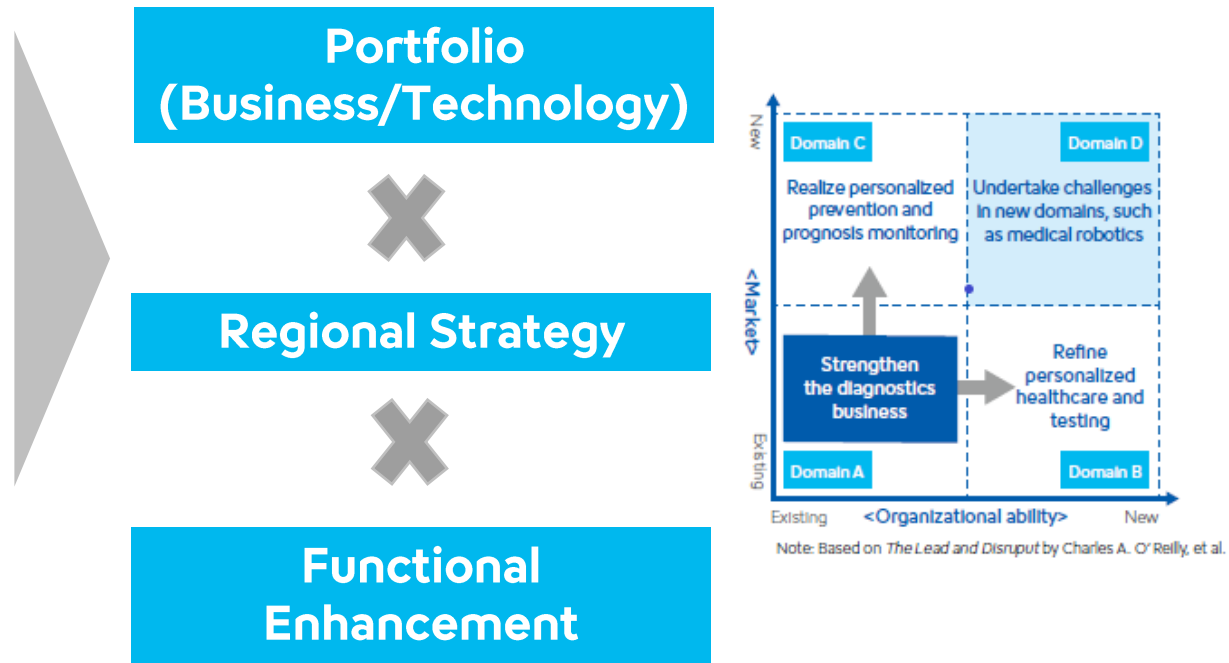
# Key Areas and measurements to Be Strengthened under the Human Capital Strategy (1)

## Promotion of growth strategies

Note: Mainly in Japan

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

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



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



## Improvement of human capital metrics

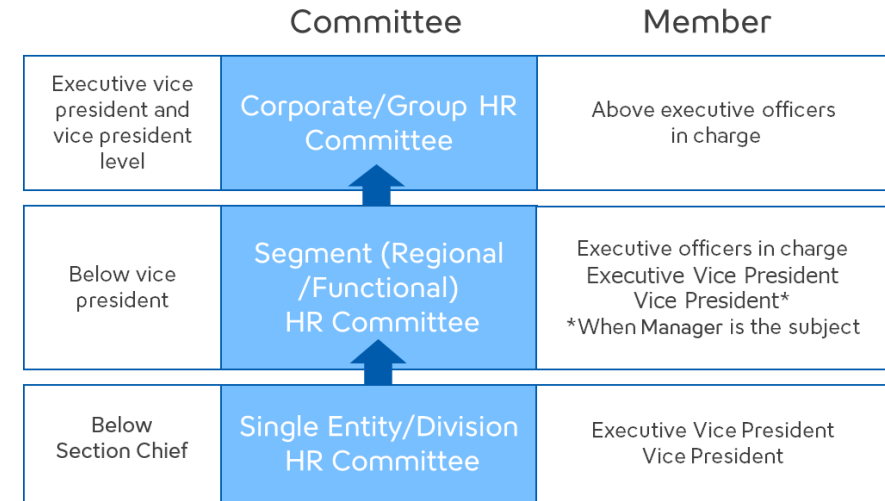
Note: Mainly in Japan

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

## Digitalization

- Use of DX to improve efficiency and productivity

- Discussion of talent management according to grade level



- Promotion of DE & I  
Enhance recruitment of non-Japanese employees, embrace diverse talent, and provide fair and equitable opportunities  
Raise awareness of unconscious bias and create a work environment offering reasonable consideration

# Effectiveness of Human Capital Strategies



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

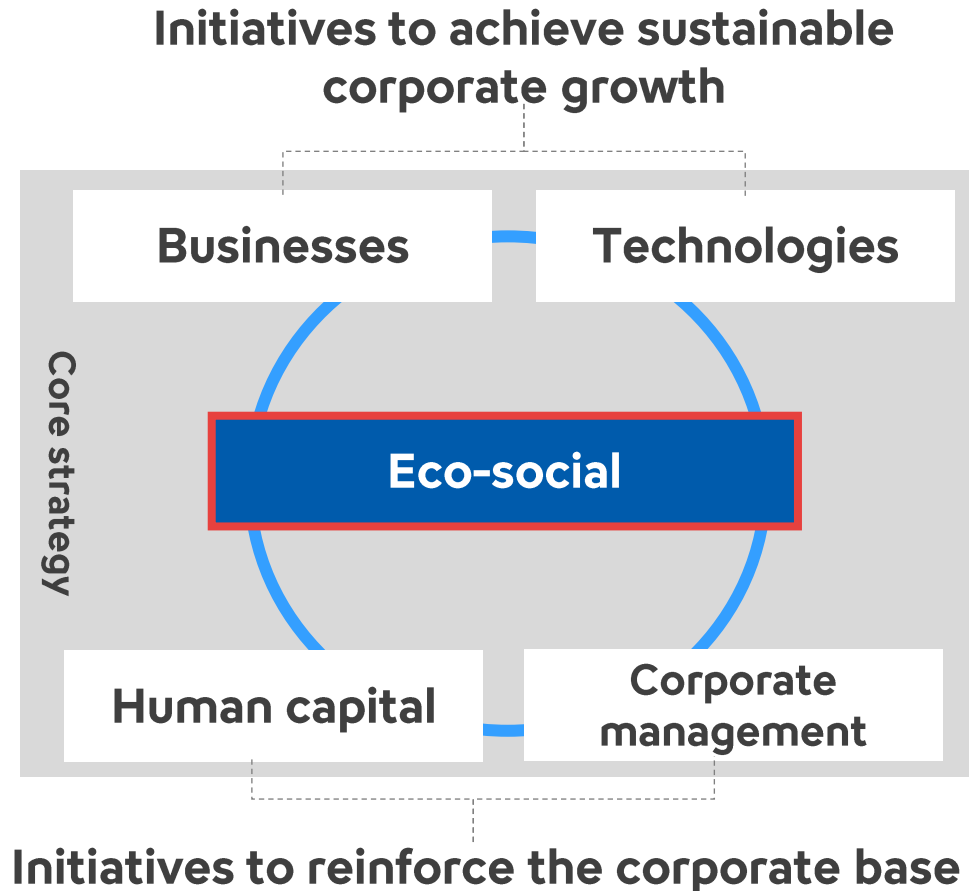
**High value-added productivity and fulfillment of each individual**

# 3

## **Eco-Social Strategy**

Takashi Ono, Member of the Managing Board and Senior Executive Officer  
Managing Director

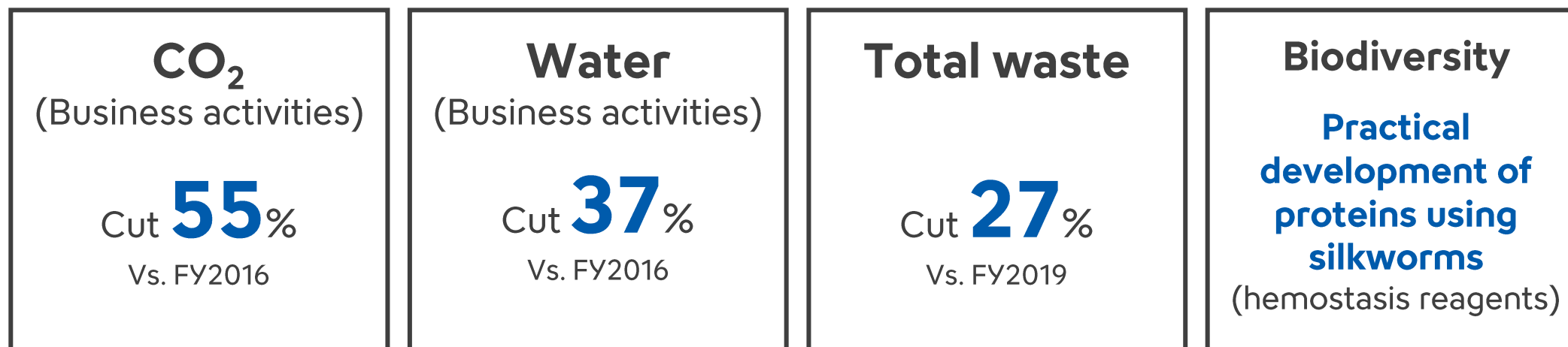
# ES Strategy Objectives



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

# Results Related to Reduction in Environmental Burden

## ■ Sysmex Eco-Vision 2025 Achievements



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



## ■ Declaration of our intention to achieve carbon neutrality



**2040**



# Recognition by Third Parties

## Selection for Global Sustainability Indices

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

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

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

\* Out of 76 companies

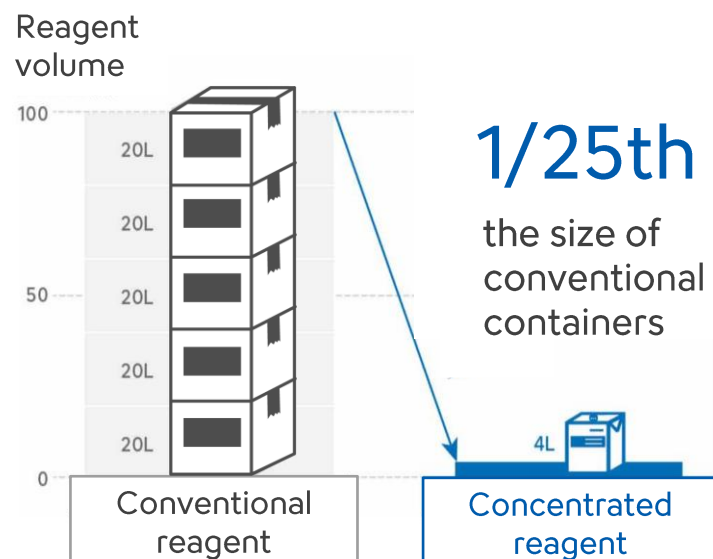


2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX



## Concentrated reagents

- Reduction in CO<sub>2</sub> emissions during transportation
- Decrease in waste
- Significant reduction in workload



## Reduction of electricity used by products

- Reduction of CO<sub>2</sub> emissions by products when in use

Results of electricity savings by the XR-Series

Approx. **40%**\*



\*Comparison of rated power for the XR-9000 system (compared to the XN-Series)

## Dry Ice-Free Transportation

- Reduction of CO<sub>2</sub> emitted during transportation
- Substantial safety improvement

Reduction in dry ice\*

Approx. **1.8** tons



\*Total amount used between December 2021 and September 2023

# The Global Environmental Movement

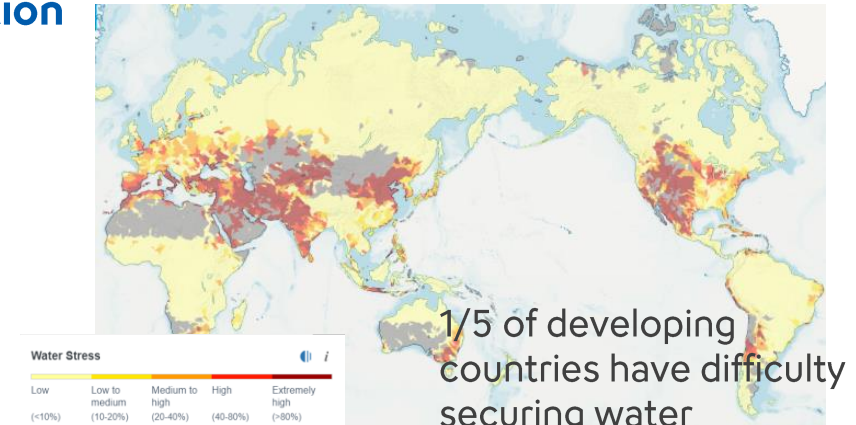
## Climate change

Endorsement of move to secure power from decarbonized sources\*



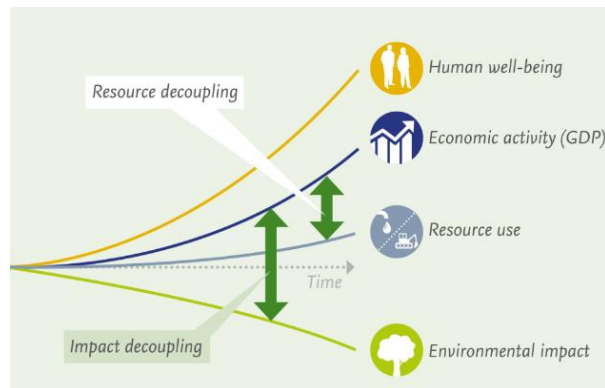
## Water conservation

0.01% of water available on earth



## Resource circulation

Double material mining volume by 2050 from current level\*



## Biodiversity

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



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

# Regulations in Environmentally Advanced Regions



## Chemical substances

• Chemicals Strategy

• Restriction of PFAs

## Waste

• Waste Framework Directive (WFD)  
• Waste from Electrical and Electronic Equipment Directive (WEEEED)

• Packaging and Packaging Waste Directive

## Energy savings Resource conservation

• Eco-design for Sustainable Products

## Product information disclosure labeling

• Green Claims Directive

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

Japanese healthcare company  
(Major commercial labs)

Establishment of long-term environmental goals

**Net zero CO<sub>2</sub> emissions (2050)**  
**100% waste plastic recycling rate (2050)**

The National Health Service of  
the United Kingdom

Commitment to carbon neutrality

**Achievement within the hospital group (2040)**  
**Achievement throughout the supply chain (2045)**

Healthcare company in EU  
(provides clinical testing)

Commitment to carbon neutrality

**Groupwide achievement (2050)**

Australian healthcare company  
(provides clinical testing)

Issuance of supplier policy

**Evaluation of environmental policy and trust in supplier selection**

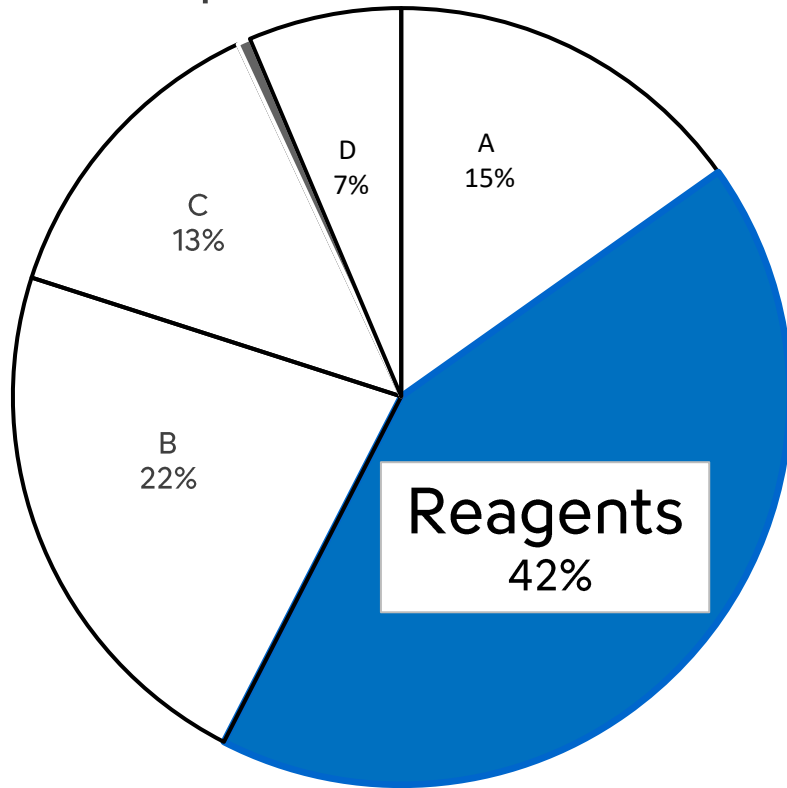
# Green Innovation in Products



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

# Employing Material Science to Extend Reagent Expiration Dates

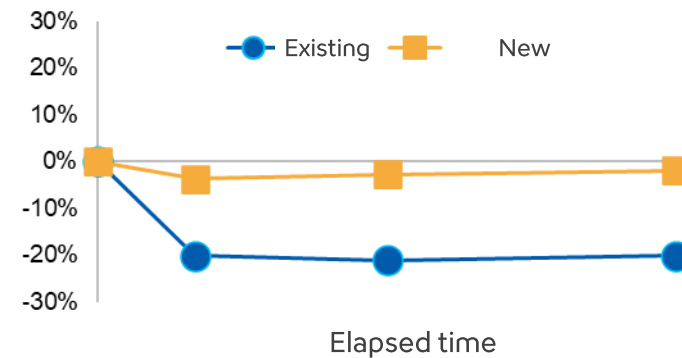
- Breakdown of reagent disposal
  - ✓ Major reason is passing of reagent expiration dates



Material that suppresses sensitivity loss and approximately doubles shelf life

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

## ■ Sensitivity test results



# Reduced Power Use by Products, Space Savings

## XN-Series (2017)



## XR-Series (2021)



Processing capacity: 600 samples/hour

Width: 2,620mm

Rated power: 1,950VA

10% up

15% down

40% down

660 samples/hour

2,230mm

1,150VA

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

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



# Development of Non-Animal-Derived Substances

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

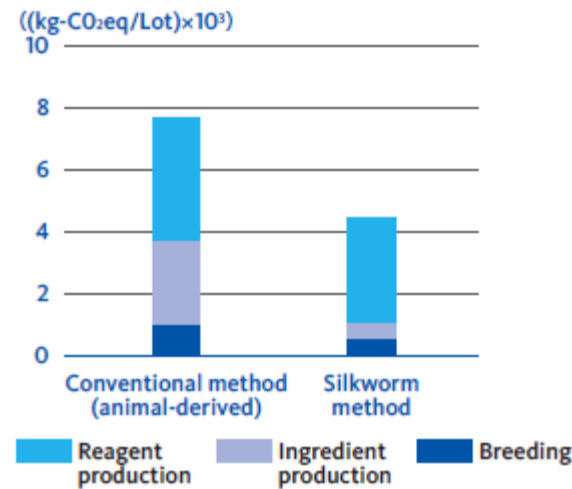
## Selection of product characteristics

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

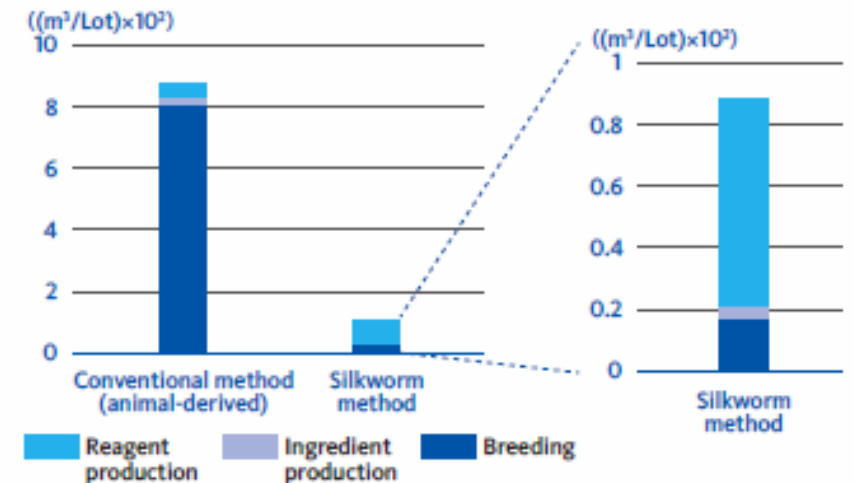


■ Comparison of method using silkworms with conventional method (hemostasis reagents)

### CO<sub>2</sub> Emissions



### Water Resources

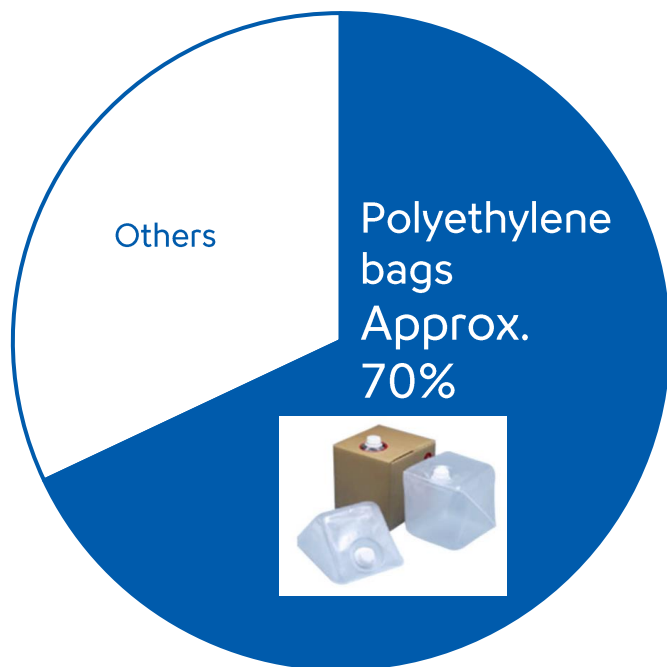


\*Calculated on the basis of multiple products under development in the hemostasis and LS fields

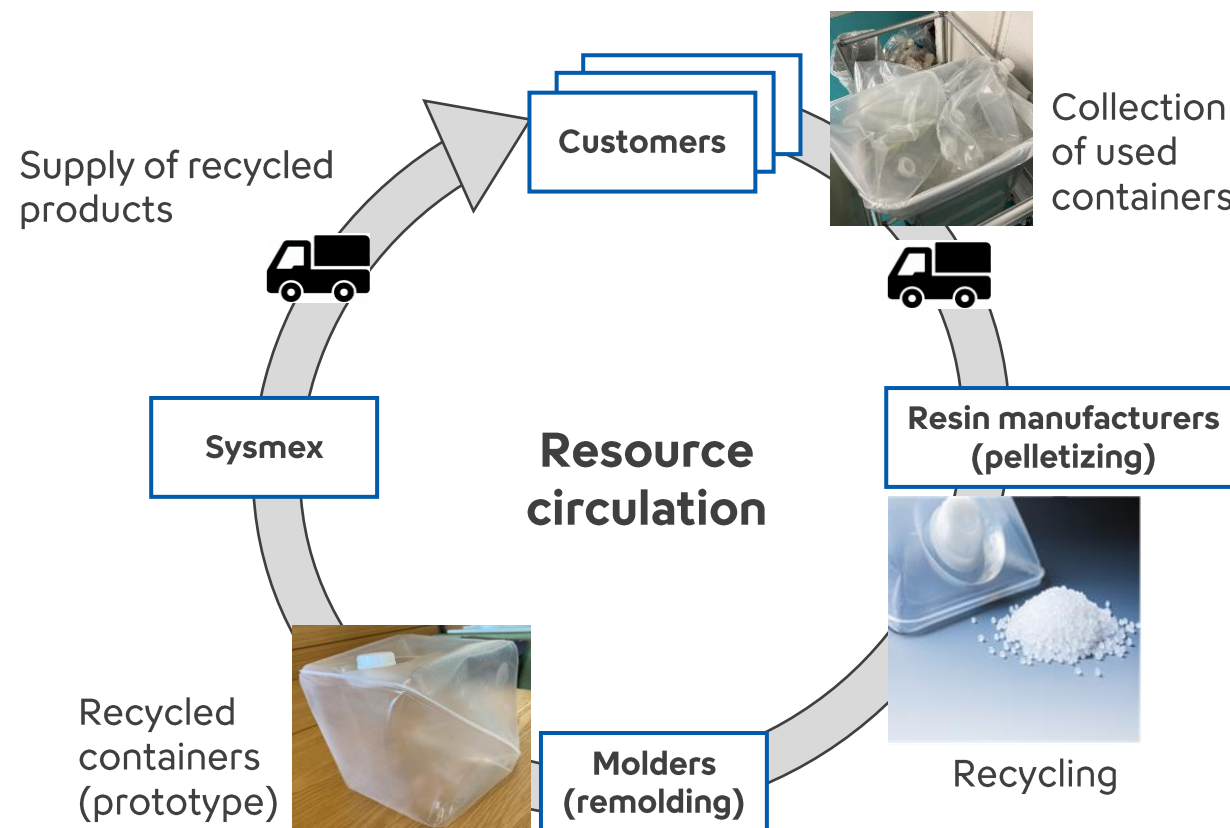
Moved away from use of animal products on multiple reagents

# Horizontal Recycling of Plastic Reagent Containers

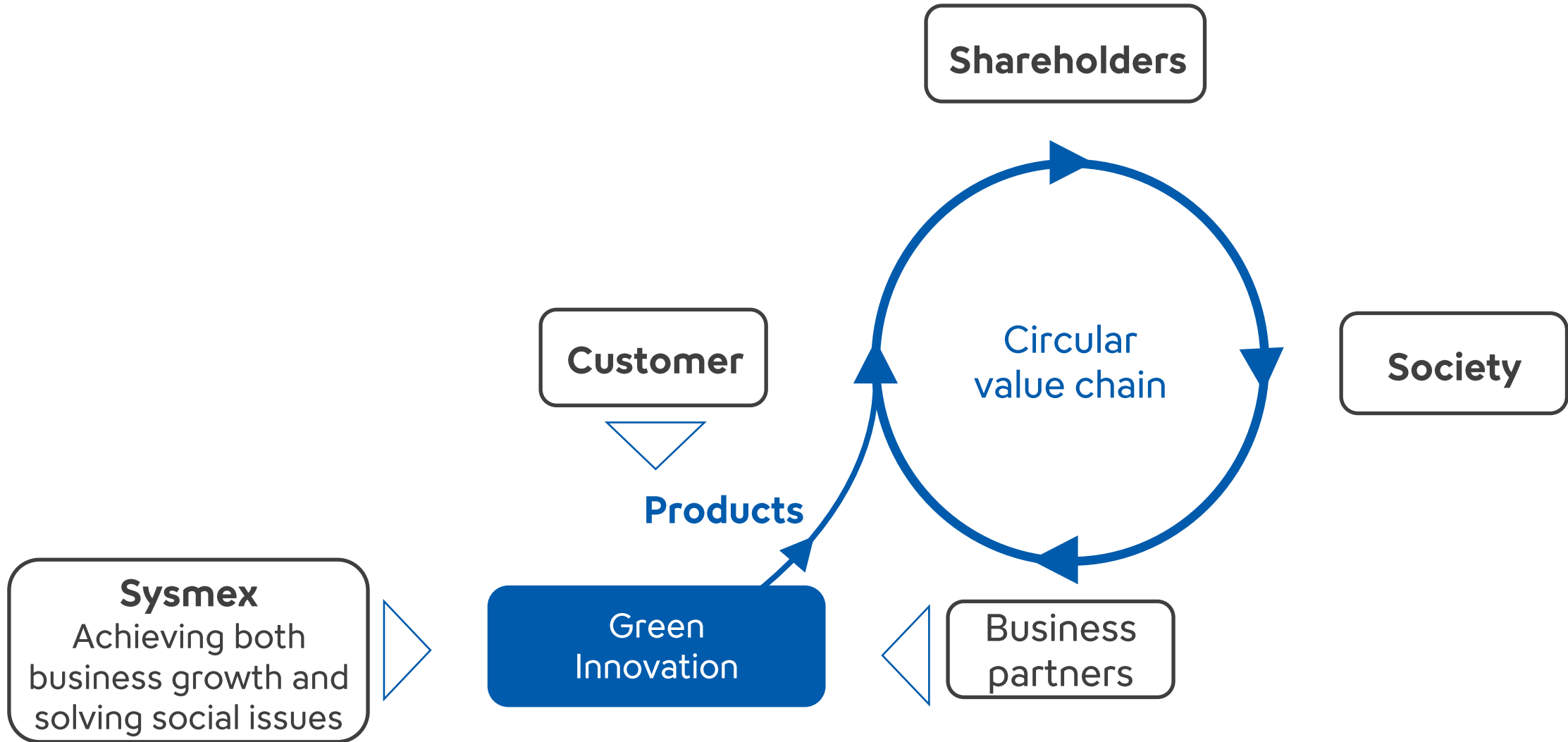
## ■ Results of plastic material procurement (Weight of the resource)



## ■ Industry's first collaboration with stakeholders



# Virtuous Circle through the Implementation of ES Strategies



Together for a better  
healthcare journey