

## **RE: View with respect to Bill of Election of Directors**

Dear Shareholders and Investors:

We, SYSMEX CORPORATION (“Sysmex”), plan to submit bills with respect to transition into a Company with an Audit and Supervisory Committee, election of directors, and other matters at the 49th Ordinary General Meeting of Shareholders.

We hereby would like to explain the view with respect to the election of directors as follows and appreciate your understanding.

Yours faithfully,

Hisashi IETSUGU,  
Representative Director, Chairman and CEO  
SYSMEX CORPORATION

### **1. Basic View**

Sysmex plans to make the transition into a Company with the Audit and Supervisory Committee by resolution of amendment of the Articles of Incorporation at the 49th Ordinary General Meeting of Shareholders. Sysmex considers reinforcement of corporate governance as one of the most important business challenges. Sysmex always aims to maximize the corporate value of the whole group through improvements of sound management, management transparency, and management speed and efficiency. Fortunately, Sysmex has achieved steady improvements with your understanding and cooperation.

Sysmex intends to maintain its policy as Sysmex’s management base whilst aiming to strengthen the audit and supervisory functions, improve management transparency as well as management objectivity, and further enhance the corporate governance system. Therefore, Sysmex plans to make the transition into a Company with the Audit and Supervisory Committee.

For this transition, we would like to appoint the current nine directors as candidates for directors of Sysmex and four persons as candidates for newly elected directors.

## **2. Candidates for Directors**

Nine persons (currently elected directors): Hisashi IETSUGU, Masayoshi HAYASHI, Yukio NAKAJIMA, Koji TAMURA, Kazuya OBE, Mitsuru WATANABE, Kaoru ASANO, Kenji TACHIBANA, Susumu NISHIURA (Outside Director)

Four persons (newly elected directors): Yukitoshi KAMAO (Audit and Supervisory Committee Member), Masayo TAKAHASHI (Outside Director), Koichi ONISHI (Outside Director, Audit and Supervisory Committee Member), Kazuhito KAJIURA (Outside Director, Audit and Supervisory Committee Member)

## **3. Candidates for Newly Elected Directors**

Yukitoshi KAMAO (Audit and Supervisory Committee Member):

Mr. Kamao joined Sysmex in 1978. He has worked mainly at the corporate business administration and the corporate planning department, worked as an Executive Officer since 2013, and contributed to the stable growth of our business performance. Our expectation is that he will contribute to the enhancement of the management base, appropriate operation of the Audit and Supervisory Committee, and other matters by utilizing his deep profound and abundant experience regarding Sysmex's business.

Masayo TAKAHASHI (Outside Director):

Ms. Takahashi has a great deal of experience as a clinician and researcher specializing in ophthalmology, such as researching experience in the U.S. She is a renowned pioneer of advanced medical research and the project leader of the Laboratory for Retinal Regeneration Research, Riken Center for Developmental Biology. Also, she has a strong commitment to supporting the visually-impaired through employment, which shows her consideration of the socially-disadvantaged. Therefore, she has abundant knowledge, experience and deep insight with respect to life science, advanced medical research, medical ethics, and other matters; in addition to medical expertise.

Our expectation is that she will contribute, with her abundant knowledge, experience, and deep insight, to the research and development of new products for improvements of clinical values in Sysmex's existing business, and to the development of Sysmex's new business in the field of life science, such as individualized medical care and further development of technology

for cell and gene analysis, leading to future growth.

There are neither personal relationships between her and officers of Sysmex nor any likelihood for her to influence decisions by shareholders or investors. She is unlikely to have conflicts of interest with general shareholders.

Koichi ONISHI (Outside Director, Audit and Supervisory Committee Member):

Since 2014, Mr. Onishi has audited the management of Sysmex from the Corporate Auditor's viewpoint by utilizing his abundant experience and profound insight based on his career as a corporate manager. Our expectation is that he will adequately use his experience and insight to perform his important duties as an Outside Director in order for Sysmex to ensure the soundness and transparency of management.

Mr. Onishi formerly worked at Kobe Steel, Ltd. and retired from his position as Executive Officer of Kobe Steel, Ltd. in 2010. Sysmex and Kobe Steel, Ltd. do not have any business relations, however, in 2012 Sysmex conducted one business transaction with Kobe Steel, Ltd., which was a purchase of real estate for an instrument factory. The value of the real estate was less than 0.5% of the consolidated sales and 0.5% of the consolidated total assets of Sysmex.

There are neither personal relationships between him and officers of Sysmex nor any likelihood for him to influence decisions by shareholders or investors. He is unlikely to have conflicts of interest with general shareholders.

Kazuhito KAJIURA (Outside Director, Audit and Supervisory Committee Member):

Mr. Kajiura formerly worked at Deloitte Touche Tohmatsu LLC which has a business relationship with Sysmex, and he has much expertise as a certified public accountant in the fields of accounting, audit, and others. Also, he is well acquainted with the overseas situation and global management through his abundant experience, such as working abroad and providing instructions, advice, and audits to global companies; and he has an adequate understanding of Sysmex's management environment and commitment to new business and promotion of globalization.

Currently overseas transactions have a significant weight in Sysmex's business, and the weight of overseas transactions is likely to be higher in connection with further promotion of globalization. In addition, Sysmex has fully applied International Financial Reporting Standards (IFRS) since the beginning of the fiscal year from April 1, 2016. In these situations, risk management in global business becomes more important, and Mr. Kajiura is clearly appropriate for an Outside Director of Sysmex because he is well acquainted with business, audit, and risk management of global companies, as well as overseas transactions of Sysmex. Our expectation is

that he will contribute to ensuring the soundness and transparency of the Board of Directors, strengthening its audit and supervisory functions, and others.

More than three years have already passed since he retired from Deloitte Touche Tohmatsu LLC. There are neither personal relationships between him and officers of Sysmex nor any likelihood for him to influence decisions by shareholders or investors. He is unlikely to have conflicts of interest with general shareholders.

Recently there seem to be negative opinions regarding a company's bill of election of an Outside Director who formerly worked at an audit firm having a business relationship with the company<sup>1</sup>; however, we firmly believe that it will be very desirable for shareholders if Mr. Kajiura provides Sysmex with advice, proposals, and other things based on his expertise and insight, as an Outside Director for Sysmex.

As described above, the total number of Outside Directors, including Susumu NISHIURA, a current Outside Director, will be four. Sysmex plans to notify the Tokyo Stock Exchange, Inc. of all of these four Outside Directors as candidates for Independent Directors.

Based on the "Sysmex Way"<sup>2</sup> which is the Sysmex group corporate philosophy, Sysmex further aims to ensure sound management and management transparency as well as improve management speed and efficiency in order to enhance and reinforce corporate governance through transitioning into a Company with an Audit and Supervisory Committee, increasing the number of Outside Directors, and others, and to obtain stakeholders' understanding and cooperation.

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<sup>1</sup> A criterion of Institutional Shareholder Services, Inc. (ISS), a proxy advisory firm, seems to generally recommend voting against a company's bill of election of an Outside Director who formerly worked at an audit firm having a business relationship with the company, without applying a cooling-off period. However, the criterion of Glass Lewis & Co., LLC (Glass Lewis), another proxy advisory firm, applies a three-year cooling-off period.

<sup>2</sup> Sysmex Way, Core Behaviors: 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.