

June 2018

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

Dear Shareholders and Investors:

We, SYSMEX CORPORATION (“Sysmex”), would like to write to you regarding a certain bill that we plan to submit at the 51<sup>st</sup> Ordinary General Meeting of Shareholders, which will take place on June 22, 2018. While we plan to appoint three candidates to the position of Outside Directors, who are also members of the Audit and Supervisory Committee via the Bill No. 3, we became aware that Institutional Shareholder Services, Inc. (“ISS”) recommends to vote against two of the candidates: Messrs. Koichi ONISHI (Candidate number 2) and Kazuhito KAJIURA (Candidate number 3).

We therefore would like to supplement our explanation of the Bill as follows, and kindly ask for your understanding.

Yours faithfully,

Hisashi IETSUGU,  
Representative Director, Chairman and CEO  
SYSMEX CORPORATION

**1. Outline of ISS’s Grounds to Recommend to Vote Against**

Mr. Onishi formerly worked at Kobe Steel, Ltd. which has some business relationship with Sysmex. On that basis, ISS considers Mr. Onishi to not meet ISS’s criteria for independency and recommends to vote against him.

Mr. Kajiura formerly worked at Deloitte Touche Tohmatsu LLC, which serves as the Accounting Auditor of Sysmex. On that basis, ISS considers Mr. Kajiura to not meet ISS’s criteria for independency and recommends to vote against him.

**2. Our Grounds to Believe that Mr. Koichi Onishi is a Valid Candidate to be Elected as an Independent Outside Directors and Member of the Audit and Supervisory Committee**

Mr. Onishi was elected as Corporate Auditor in 2014, and became an Outside Director and member of the Audit and Supervisory Committee in 2016. Mr. Onishi has audited the management of Sysmex 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, thus ensuring the soundness and transparency of management at Sysmex.

Sysmex conducted one business transaction with Kobe Steel, Ltd. in July 2012, which was a purchase of real estate and nothing else. Moreover, Mr. Onishi was not involved in the transaction.

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 any conflicts of interest with general shareholders.

### **3. Our Grounds to Believe that Mr. Kazuhito Kajiura is a Valid Candidate to be Elected as an Independent Outside Director and Member of the Audit and Supervisory Committee**

Mr. Kajiura formerly worked at Deloitte Touche Tohmatsu LLC, which serves as the Accounting Auditor of Sysmex. Mr. Kajiura was elected as an Outside Director and member of the Audit and Supervisory Committee in 2016, and since then has audited the management of Sysmex by utilizing his expertise and insight.

Currently overseas transactions play a significant role in Sysmex's business, and the weight of overseas transactions is likely to increase in line with further promotion of globalization. In addition, Sysmex has fully adopted 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 even more important, and Mr. Kajiura is clearly suitable for the position of Outside Director of Sysmex owing to his business acumen, auditing experience, and risk management of global companies, as well as his knowledge of Sysmex's overseas transactions. 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 five 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 also unlikely to have conflicts of interest with general shareholders.

Recently there seems to be negative opinions towards a company's bill of election of Outside Directors who have formerly worked at firms that have had business relationships with the company<sup>1</sup>; however, we firmly believe that it would be very desirable for shareholders if Mr. Kajiura is afforded the opportunity to provide Sysmex with advice, proposals, and other things based on his expertise and insight, as an Outside Director for Sysmex.

End of document

---

<sup>1</sup> The criterion of ISS seems to generally recommend voting against a company's bill of election of an Outside Director who has formerly worked at an audit firm which has had/has 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.