



**Sysmex**

# Sustainability Report 2012



# About this Report

## Editorial policy

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

In this sixth issue, we prepared two versions of the report: a digest version focused only on activities of high importance and a full version with more detailed information. We also regularly disclose policy, system and other CSR information on our website. In this way, we enable the reader to select the report format most appropriate to their level of specialization and interest.

## Scope of this Report

### Period reported

Fiscal 2011 (from April 1, 2011 to March 31, 2012). Some activities conducted outside of this period are also included.

### Organizations covered

Sysmex Group (Sysmex Corporation and its subsidiaries both in Japan and abroad). For the purpose of this report, "Sysmex" refers to the Sysmex Group and "Sysmex Corporation" refers to the Sysmex Corporation on a non-consolidated basis.

## Guidelines referenced

- The Japanese Ministry of the Environment's Environmental Reporting Guidelines (2012 ed.)
- The Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines 2006

## Date of publication

September 2012

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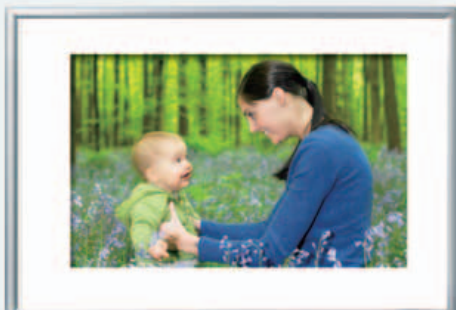
## Cautionary statements

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



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# Contributing to the Realization of a Healthy Society through Healthcare Testing

There are two kinds of healthcare testing received at regular health checkups and hospitals. One is in-vivo diagnosis, such as X-rays, performed directly on the body. The other is in-vitro diagnostics, which examines a patient's blood, urine and cells. Based on an integrated system, from research and development, to production, sales, after-sales support, Sysmex provides all devices, reagents and software necessary for in-vitro diagnostics. Through providing these products, we contribute to the early detection of disease, optimal disease management selection and the prevention of disease.

## Sysmex Business Process



### Creating valuable healthcare testing and diagnostic technologies

We strive to create valuable healthcare testing and diagnostic technologies for a wide spectrum of ailments, including blood/immunity diseases, infectious diseases, cancer and chronic disorders.



### Ensuring high quality and stable product supply

Our quality control system is extensive and thorough. We have also established a global production system to ensure the stable supply of reagents.



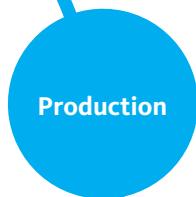
### Providing products and services to more than 170 countries

Through our global sales network, we provide high-quality products and services to healthcare facilities in more than 170 countries around the world.



### Responding accurately to each and every inquiry

We take special effort to respond accurately to inquiries received through our call center and over the network. We also provide extensive academic support.



## Main Products

Automated hematology analyzer

Coagulation analyzer

Gene amplification detector

Self-Medication support software

Amplification reagent LYNOAMP® BC

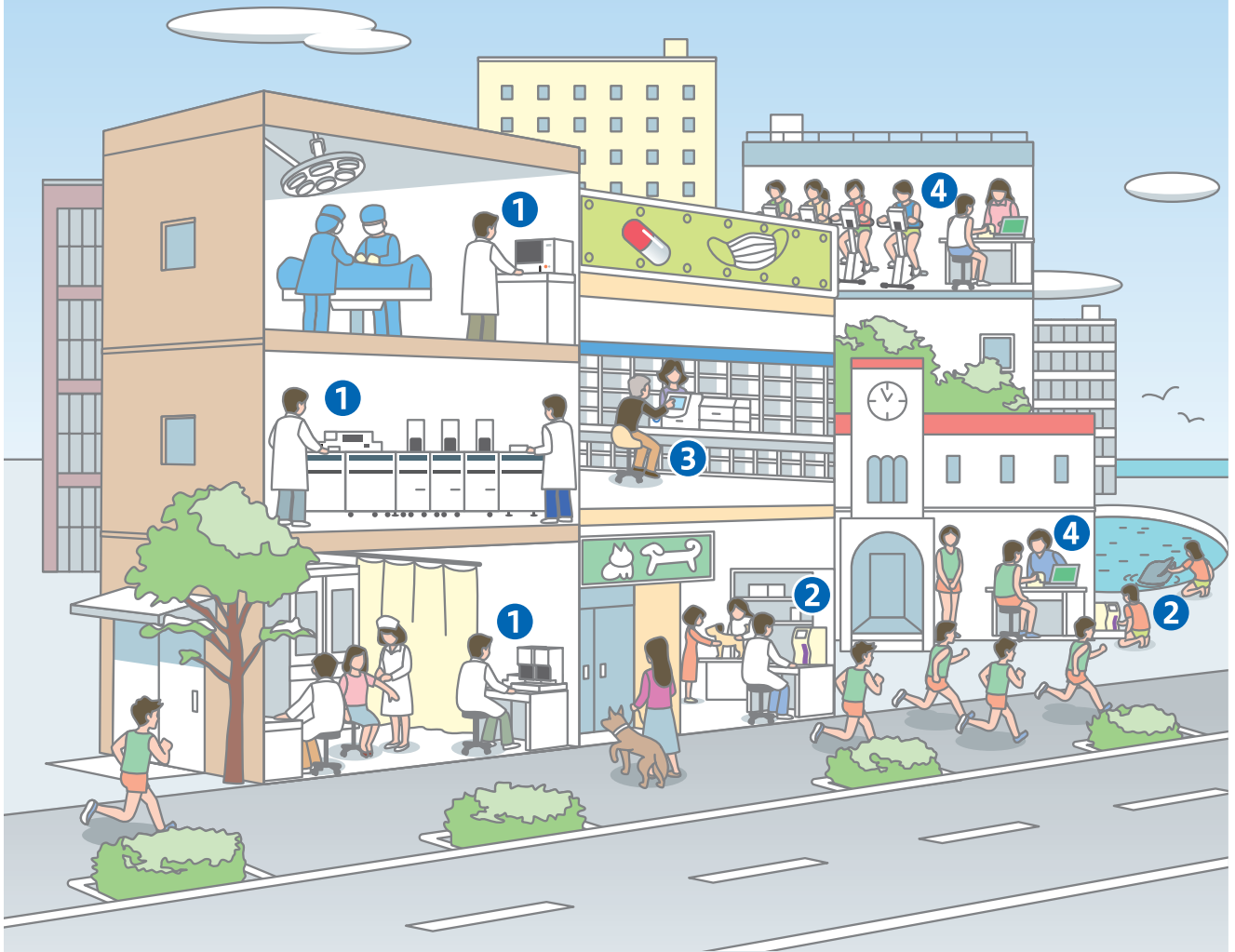
## 1 Hospitals

Blood tests are always performed at regular and physical examinations. Irregularities or changes in organs and systems in the body show up easily in blood components, resulting in the early detection and treatment of disease.



## 2 Animal Hospitals

Just like humans, health maintenance is indispensable for animals to stay healthy. Hematology tests are useful for the health maintenance of dogs, cats and other pets, aquarium dolphins and zoo animals.



## 3 Pharmacies

Provides information related to health on an individual basis by conducting data analysis on results of simple anthropometric measurements such as body fat percentage and blood pressure conducted in-store and answers to lifestyle and diet questions.



## 4 Sports

Used for daily training programs and nutritional maintenance to regularly check the hemoglobin levels of sports gym, high school and college track teams and other athletes.



Message from the President

# We aim to build trust and confidence among our stakeholders through the creation of valuable healthcare testing technologies.

## Contributing to the “Advancement of Healthcare” through Testing

Ever since its founding in 1968, Sysmex has created a wide spectrum of products and services in the diagnostics field based on advanced technologies. Diagnostics play a vital role in healthcare by enabling the early detection of disease, the determination of treatment and the prevention of illness. Presently, Sysmex’s products are being used at healthcare facilities in over 170 countries around the world.

The healthcare environment is currently undergoing dramatic changes due to shifting social structures. In emerging countries, economic development and population growth are rapidly increasing healthcare needs. On the other hand, advanced countries are facing declining birthrates and aging

populations, and individual values for healthcare are increasingly diversifying. Sysmex is responding to these changes and striving to create innovative values with the aim of contributing to the advancement of healthcare. We want to respond to the desire of people across the globe: “to stay healthy”.

In fiscal 2011, we launched a new product, the XN-Series, in our mainstay hematology field. Compared with conventional instruments, the XN-Series features improved functionality, performance and operability. In addition, the series offers new functions, such as providing a reportable parameter that assists clinicians in the diagnosis of thrombocytopenia, thereby adding new value that contributes to clinical site. The XN-Series offers various innovations that help reduce the workload on medical technologists and to prevent misdiagnosis. At the same time, extensive network-based and preventive maintenance are available as online services. The user-friendly design has earned high marks, winning the series the Good Design Gold Award 2011. The XN-Series is environmentally conscious, as well. Its use of concentrated reagents helps to reduce waste and substantially reduces product lifecycle CO<sub>2</sub> emissions, compared with conventional models.



“Shaping the advancement of healthcare” is Sysmex’s mission. In accordance with this affirmation, we aim to create valuable healthcare testing technologies that contribute to the quality of life (QOL) of people and reduce the burden on healthcare facilities.

### **Building Trust and Confidence among Our Stakeholders**

We aim to build trust and confidence among our stakeholders in accordance with our corporate philosophy, the “Sysmex Way.”

In fiscal 2011, we commenced the full-fledged use of silkworms to develop proteins, with the goal of providing products to engender even higher levels of confidence among our customers. Some of the diagnostic reagents that Sysmex provides are derived from animals including cattle, rabbits and other mammals, but in recent years the risk of procuring such ingredients has grown in line with the growth of emerging markets and concerns about bovine spongiform encephalopathy (BSE). Furthermore, individual differences can arise from such animal-derived ingredients, making it difficult to ensure the stable quality of ingredients supplied to us. To resolve these issues, we are reinforcing our design and mass-production technologies for proteins to produce reagents that do not rely on such animal-derived ingredients. Creating a protein development system using silkworms is one aspect of these efforts.

### **Contributing to a Healthy Society through Sports**

Sysmex is devoted to corporate citizenship activities and philanthropy that center on health and healthcare. In addition to our ongoing support of the Kobe Medical Industry Development Project, we provide scientific support, encourage the standardization of testing, promote organizations committed to eliminating cancer and take part globally in corporate citizenship activities and philanthropy designed to meet regional needs.

During fiscal 2011, we participated as a special sponsor

#### Corporate Philosophy

## **Sysmex Way**

### **Mission**

Shaping the advancement of healthcare.

### **Value**

We continue to create unique and innovative values, while building trust and confidence.

### **Mind**

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

in the Kobe Marathon 2011, staged by Kobe City. Based on the theme of “thanks and friendship,” the Kobe Marathon aims to express gratitude to everyone who supported the region’s recovery after the Great Hanshin-Awaji Earthquake. In addition to sponsoring the race based on its standing as a Kobe-based company, by operating in the healthcare sector Sysmex is well acquainted with the link between sports and health. Numerous employee volunteers participated, and assisting in event operations.

In February 2011, Sysmex joined the United Nations Global Compact, committing to uphold 10 principles in the areas of human rights, labor, the environment and anti-corruption. By joining the compact, we aim to move forward proactively with corporate social responsibility (CSR) activities befitting a global company.

Sysmex will continue working to achieve sustainable development of the Group and the global community. We would like to ask our stakeholders for their continued support and understanding of all our endeavors.



Hisashi Ietsugu  
President and CEO

## Highlight 1

# Development of Hematology Analyzers Contributing to Usability and the Environment

In May 2011, Sysmex launched its new XN-Series of products on global scale.

Pursuing the provision of comfortable healthcare sites, we designed the user-friendly analyzer from the user's point of view, focusing efforts on improving environmental performance, specifically reductions in waste and CO<sub>2</sub>.



### Development of Analyzers Equipped with New Technologies

In May 2011, Sysmex launched its XN-Series analyzers for the global market. This product is a hematology analyzer that checks patient's health by measuring and analyzing blood samples to determine the number, types and sizes of red and white blood cells and platelets and other elements.

The XN-Series significantly improves measurement accuracy for low platelet counts, useful for the diagnosis of diseases such as thrombocytopenia and is equipped with a body fluid measurement mode, helpful for the indication of meningitis antimicrobial treatment. In addition to its functions and performance, usability and eco-friendliness are the most prominent features of the XN-Series.

### Supporting Accurate Test Data with Design Contributing to the Prevention of Misdiagnosis and Improved User-Friendliness

The XN-Series attempts to improve usability in an aim to prevent misdiagnosis, lessen the workload of medical technologists and improve the laboratory site. The human-centered design takes operator motion into account, resulting in significant improvements in operability, including the simplification of operating panels. The design concept unifies analyzer, operating panel and disposable reagents with the aim of realizing a quick and accurate analyzer.

The XN-Series also features further enhancements in online service. The device and reagents can be monitored remotely, enabling data from device sensors to be analyzed via a connection to the Sysmex Network Communication Systems (SNCS), Sysmex's online system. (See page 28 for details.) This enables the detection of problems and preventative maintenance before failure occurs to avoid sudden malfunctions in support of stable device operation.

### Contributing to the Reduction of Waste and CO<sub>2</sub> Emissions with Concentrated Reagents

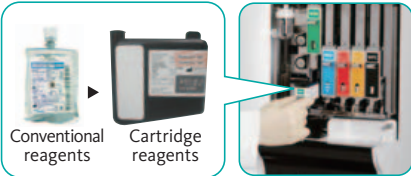
The XN-Series employs concentrated reagent CELLPACK DST, which is 25 times more concentrated than conventional reagent CELLPACK (II). CELLPACK DST is diluted and used in conjunction with reagent preparation unit RU-20. Using this



## New Technologies Improving Usability



**1** Equipped with touch panel that is easy to read and operate



**2** Cartridge-type reagent enables one-touch replacement

XN-Series Multiparameter Automated Hematology Analyzers



**GOOD DESIGN AWARD 2011**

Received Good Design Gold Award 2011 for design recognized as contributing to enhanced usability by healthcare facilities



**3** Installed operation buttons in easy to push location in consideration of operator motion



**4** ID tags appended to agent simplify reagent management and prevent improper connections

concentrated reagent enables facilities that process high volumes of tests each day to reduce the frequency of reagent changes to one fifth that usually required in one day.

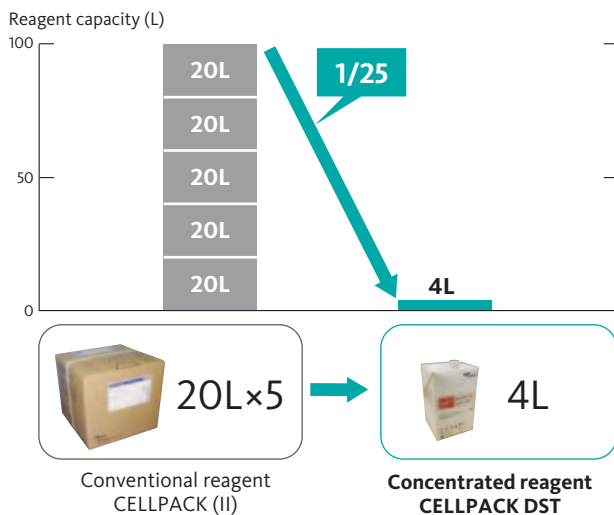
Concentration also makes reagents compact, which contributes to resource conservation by reducing container and packaging materials, enabling a significant decrease in waste generated by laboratories. Furthermore, switching from polyethylene to paper reagent containers is helpful for conserving petroleum resources.

Concentrated reagents also contribute to the reduction of CO<sub>2</sub>

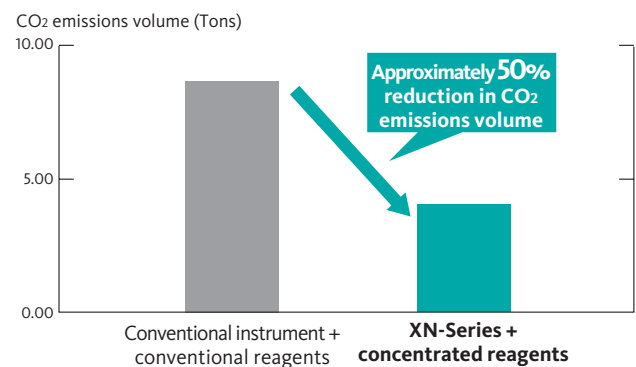
emissions throughout the product lifecycle. CO<sub>2</sub> emitted during transportation accounted for 40% of CO<sub>2</sub> emitted throughout the entire product lifecycle of conventional products, from manufacture to shipment, use and disposal. Concentrated reagents are designed to be lightweight and compact, significantly improving transportation efficiency with decreased weight and volume. We calculate this enables around 50% reduction of CO<sub>2</sub> throughout the entire product lifecycle compared to conventional products.

Going forward, Sysmex will continue efforts to create valuable healthcare testing technologies by providing new products and services able to meet increased demand and diverse testing needs that contribute to the evolution of clinical development.

### XN-Series reagents are 25 times more concentrated than conventional reagents



### CO<sub>2</sub> Emissions of XN-Series + Concentrated Reagent and Conventional Instrument + Reagent



## Words from a Customer

The XN-Series significantly improves the measurement accuracy of low white blood cell and platelet counts, offering hope for the support of new testing knowledge based on this reliability and contributions to healthcare research. In addition, reducing the weight and number of exchanging times the reagent needs to be changed reduces our workload and contributes to the reduction of waste after usage, making it an instrument that is gentle on people and the environment.

I hope Sysmex continues listening to customers and developing good products that incorporate user needs.

**Shuichi Shiga**, Qualified Class 1 Laboratory Technologist, Manager, Department of Clinical Laboratory, Kyoto University Hospital



## Highlight 2

# Contributing to a Healthy Society through Sports

As a healthcare company, Sysmex supports the realization of a healthy society through sports. In addition to continued management of the Sysmex Women's Track & Field Team, in fiscal 2011 we were a special sponsor of the first citizen marathon ever held in our hometown of Kobe.

### Special Sponsor of the First Kobe Marathon, Run by 20,000 Participants

The first Kobe Marathon (sponsored by Hyogo Prefectural Government, Kobe City, Hyogo Prefectural Board of Education and Kobe City Board of Education, Hyogo Amateur Athletics Association) was held on November 20, 2011.

Sysmex became a special sponsor of the marathon, which had "Thanks and Friendship" as its theme, out of a desire to contribute to health maintenance and improvement through sports.

In addition to providing the bibs worn by the 20,000 participants during the race, we exhibited the ASTRIM at the Kobe Marathon EXPO event held prior to the marathon, conducting hemoglobin concentration estimation for an enthralled crowd. This instrument enables the estimation of hemoglobin concentration, closely connected to stamina, without requiring a blood sample. Popular with runners who checked on their health just before the marathon, in two days a total of 3,300 visitors measured their hemoglobin levels.



The First Kobe Marathon (image provided by The Kobe Shimbun)



Sysmex booth at the Kobe Marathon EXPO



Roadside supporters



Employees volunteers provide water

## Employee Volunteers Cheer Runners and Support Management

In the past, Sysmex employees have voluntarily formed teams to conduct volunteer activities such as coastline cleanup and afforestation efforts, but most activities were comparatively small in scale. The Kobe Marathon was our first large-scale activity, involving approximately 180 people, including employee volunteers and their families. Participants provided water at a beverage booth, handed out towels at the finish line and assisted with course cleanup activities. Many participants said the volunteer activities were excellent and provided them with valuable experiences.

On the day of the event, among the approximately 520,000 people shouting encouragement to over 20,000 runners, 150 of those voices came from roadside Sysmex participants supporting runners with their "A Smile from Kobe" message. Employee participants provided the Kobe Marathon with entertainment, voluntarily assembling a band that performed at a specially constructed roadside studio.

The second marathon will be held on November 25, 2012. Sysmex plans to provide ongoing support for the Kobe Marathon.

## Managing a Women's Track & Field Team Training Globally Active Athletes

Sysmex conducts several other sports support activities in addition to sponsorship of the Kobe Marathon. One of those is management of the Sysmex Women's Track & Field Team, which includes Mizuki Noguchi, active all over the world, and young athletes who aim to become world-class competitors. The Sysmex Women's Track & Field Team won second place at the West Japan Women's Industry Group Ekiden Race, held in October 2011, making their mark at a national event.

At present, the Women's Track & Field Team practices in Kyoto's Ukyo Ward, but in April 2013, they will move to practice facilities in Kobe City in Hyogo Prefecture, where Sysmex head office are located, to further energize interactions with the local community in Kobe.

Sysmex will continue to support the realization of a healthy and prosperous society through sports promotion.

### Words from an Employee

I participated in the First Kobe Marathon, hanging medals on runner's necks as they completed the race. The sense of accomplishment in the expressions on the faces of runners as they approached the finish line was moving and motivational. Also, I got a sense of the connection and feeling of oneness shared among local runners and participants from all over Japan and the world, making this a treasured experience.

**Kumiko Ikushima**, Human Resources Department



### Internal Lectures on Sports and Nutrition Conducted by Senior Nutritionists

In December 2011, Sysmex provided second-year students from the Dietary Nutrition Department of the Osaka Yuhigaoka Gakuen Junior College with a lecture on sports and nutrition. They introduced athlete diets and essential nutrients, explaining athlete performance and hemoglobin using real-life examples. At the end of the lecture, we had the students experience use of Sysmex instruments for estimating hemoglobin concentration.



### Words from a Participant Importance of Doing Sports Science from a Nutritional Perspective

At this lecture, the students taught me that an athlete's diet has an enormous influence on their competitive performance, bringing home the importance of conditioning management. Doing sports science from a nutritional perspective is linked to enhancing the competitive performance of athletes. I look forward to the development of instruments used to ascertain athlete nutritional management and conditioning.

**Kiyohiro Kawai**, Professor, Medical Doctor, Ph.D., Department of Food Science and Nutrition, Osaka Yuhigaoka Gakuen Junior College



# Aiming to Be a Corporation Trusted by Society

To improve management efficiency and enhance transparency and management robustness, Sysmex is strengthening the corporate governance system for holding general and informational meetings for shareholders. We pursue open and aboveboard business activities based on high ethics to protect our stakeholder's interests.

Corporate Philosophy

## Sysmex Way

### Mission

Shaping the advancement of healthcare.

### Value

We continue to create unique and innovative values, while building trust and confidence.

### Mind

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

### Core Behaviors

#### To our Customers

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers. We constantly look out for our customers' true needs, and seek to generate new solutions to satisfy those needs.

#### To our Employees

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential. We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

#### To our Business Partners

We deliver commitment to our client companies through broad-ranging partnerships. We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.

#### To our Shareholders

Our shareholders can rest assured that we will continue to improve the soundness and transparency of our management policies, while promoting information disclosure and close communications. We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.

#### To Society

We carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards. As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.

## Promotion of CSR Activities

### Sysmex CSR Builds Trust and Confidence through Practice of the Sysmex Way

Sysmex CSR builds trust and confidence to all our stakeholders through the practice of the Sysmex Way, the corporate philosophy of the Sysmex Group. The Sysmex Way indicates the way the most basic corporate activities ought to be, consisting of three elements necessary for continued growth: Mission, Value and Mind. The Core Behaviors clarify provision of value to customers, employees, business partners, shareholders, society and all our stakeholders. At Sysmex, every Group employee shares the Sysmex Way, placing importance on specific behaviors throughout daily business activities.

To become more proactive in our CSR initiatives, Sysmex joined the United Nations Global Compact in February 2011. We practice the 10 principles related to human rights, labor, the environment and anti-corruption.



### The UN Global Compact's Ten Principles

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
Environment	Principle 6: the elimination of discrimination in respect of employment and occupation.
	Principle 7: Businesses should support a precautionary approach to environmental challenges;
Anti-Corruption	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## Extraction of CSR Key Subjects

In fiscal 2011, Sysmex conducted an analysis of current CSR activities based on ISO 26000 international standards for social responsibility, extracting CSR key subjects that require handling.

Sysmex will continue to formulate CSR plans based on these key subjects and promote CSR management.

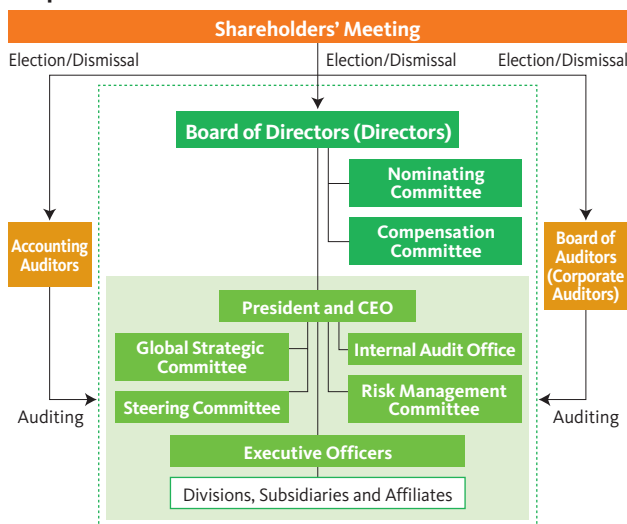
## Corporate Governance

### Enhancing Management Robustness and Transparency to Improve Management Efficiency

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

The Company's Board of Directors consists of eight directors, who deliberate on important management issues. The Company has adopted the corporate auditor system, and the Board of Auditors consists of four corporate auditors, two of whom are external auditors. The corporate auditors supervise the directors' business conduct both independently and objectively. In April 2005, we adopted the executive officer system in order to increase the speed of decision making in the conduct of business and respond quickly to changes in the business environment. A consultative body to the president, the Steering Committee deliberates on important matters concerning the Group's business. Seven out of the 14 executive officers are concurrently directors. The Company has also established the Nominating Committee and the Compensation Committee, which have responsibilities in accordance with the "companies with committees" system.

### Corporate Governance Structure



## Internal Control

### Internal Control System Improvements

Based on a Board of Directors resolution concerning internal control systems in fiscal 2006, Sysmex is engaged in the improvement and promotion of a system for compliance, information retention and management, risk management, efficient execution of professional duties, Group company management and auditing.

In fiscal 2008, Sysmex formulated Internal Control Regulations concerning Financial Statements and established an Internal Control Committee concerning Financial Statements, a consultative body to the president.

## Information Disclosure

### General Meeting and Informal Meetings for Shareholders

Valuing opportunities for direct dialogue with our shareholders, we make an effort to encourage the participation of as many shareholders as possible at the General Meeting of Shareholders.

We also hold informal meetings every year to deepen conversations with shareholders. In fiscal 2011, with the objective of facilitating a better understanding of our activities, we exhibited the XN-Series and introduced facilities using our products in addition to a panel display explaining Sysmex social contribution activities.

At the same time, for shareholders who find it difficult to attend shareholder meetings, we use mail and the Internet to facilitate the exercise of voting rights. Furthermore, we contribute to the readability of convocation and resolution notices. We also prepare English-language versions for overseas shareholders. In fiscal 2011, we printed a color convocation notice and posted the same information on our corporate website.

### Further Enhancing Information Disclosure

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

In addition to biannual briefings on financial results (after year-end and after the second quarter), since the third quarter of fiscal 2011 Sysmex has held a conference call following the announcement of business results in the first and third quarters in an effort to further enhance information disclosure.

## Risk Management

### Promoting Risk Management by Establishing a Dedicated Committee

To control Group-wide risk management activities, Sysmex established a Risk Management Committee, which is chaired by a Risk Management Officer (Senior Managing Officer), the Group's chief executive in charge of risk management. This committee continuously confirms results of monitoring and risk reduction countermeasures conducted by each division and consolidated subsidiary.

After the Great East Japan Earthquake, in fiscal 2011 Sysmex once more reviewed its risk reduction countermeasures in terms of supply chain and services to ensure no disruption of products or services in the event of a natural disaster. At present, we are enhancing earthquake resistance at production facilities, conducting a review of raw materials procurement, in-house IT infrastructure and a system for initial actions in the event of disaster.

#### Risk Management Structure



## Compliance

### Pursuing Open and Aboveboard Business Activities

Sysmex has defined its view of compliance as “respecting laws and regulations and going about our business boldly with a strong sense of ethics”.

In accordance with this definition, we have established a Compliance Code, in which particularly important conformance rules for all executives and employees to abide by are compiled. The Compliance Code has been translated into English, Chinese and German for use by subsidiaries and affiliates outside of Japan. We have collected a written pledge to comply with this Code from all employees within the Sysmex Group.

### Continuously Providing Education on Compliance

Sysmex provides education on compliance for all employees of Group companies in Japan. We have also produced a Compliance Handbook and distributed a copy to every employee in Japan. Furthermore, we conduct companywide education on important subjects established annually and provide education on work-related laws and regulations to each department. In fiscal 2011, we conducted companywide education on the subject of anti-corruption. (See page 25 for details.)

For overseas Group companies, we have appointed compliance managers at regional headquarters for the Americas, Europe, China and the Asia-Pacific region to promote compliance.



Compliance Handbook

### Systemx Group Compliance Code\*

#### 1. To Ensure Safety of Our Products and Services to Customers

We shall act in all of our corporate activities by making it a matter of priority to provide our customers with safety and security.

#### 2. To Promote Fair Dealing and Free Competition

We shall deal with our customers and all partners having business relationships with us in a just and fair manner and shall conduct transactions under appropriate conditions. As regards our relation with other companies in the same line of business, we shall not do any dishonest act of unreasonably restricting business with each other or of defaming them.

#### 3. To Make Fair and Proper Information Disclosure and to Exercise Complete Information Control

We shall disclose our corporate information such as our group's financial conditions and business activities in a fair, quick, correct and intelligible way in accordance with applicable laws and regulations, etc. and shall exercise strict control over confidential information collected through our business activities so as not to cause any disadvantage to third parties.

#### 4. To Respect Intellectual Property

We shall respect any third party's intellectual property, and shall not attempt to obtain any third party's result of efforts or confidential information through an illegal method nor shall we use any third party's right for our own business without the rightful person's consent.

#### 5. To Maintain International Peace and Safety

We shall comply with export- and import-related laws and regulations, etc. and shall not be engaged in any transaction likely to impede maintenance of international peace and safety.

#### 6. To Conduct Proper Accounting and Appropriate Tax Payment

We shall always conduct appropriate tax payment and proper accounting by complying with applicable laws and regulations related to taxes as well as other laws and regulations, etc. related to accounting.

#### 7. To Respect Human Rights and to Improve Occupational Health and Safety

We shall respect the fundamental human rights of each of the personnel and shall not do any infringing act thereon such as discrimination, harassment, etc. We shall also endeavor to improve occupational health and safety and shall not enforce any unfair labor practice on the personnel.

#### 8. To Make Distinction between Public and Private Matters and Not to Do Any Act Involving Conflict of Interest

We shall be sure not to attempt to gain any personal profit in performance of duties, and shall not make any unauthorized use of our group's assets, goods and information nor shall do such personal act that might cause any disadvantage to our group's business activities.

#### 9. To maintain sound relationship with society

We shall be always strict at the time of conducting business with public agencies and making political donations by complying with relevant laws, etc. We shall also maintain a dauntless attitude toward antisocial activities and groups and shall never be concerned with them.

#### 10. To Preserve the Global Environment

We shall comply with environment-related laws and regulations, etc. and pay attention to environment throughout our business activities based on international standards, etc. for environment in an endeavor to preserve and improve the global environment.

Revised November 2009

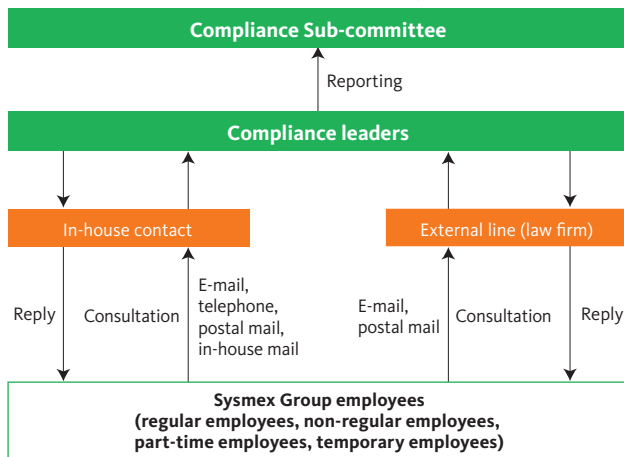
\* Written above is the Sysmex Corporation Compliance Code. Our subsidiaries outside of Japan have established their own versions of the Compliance Code by reflecting the various differences in customs and practices of their respective regions.

## Internal Reporting System

An internal reporting system originally developed for Group companies in Japan, the “Campanula Lines” allow our staff members to seek consultations and file a report via telephone, postal mail or e-mail through two lines (in-house and external). Any information received is handled anonymously to protect the personal information of those providing the information.

Also, Sysmex is moving forward with improvements to internal reporting systems at overseas Group companies.

### “Campanula Lines” Internal Reporting System



## Dialogue with Stakeholders

### Promoting Direct Dialogue with Various Stakeholders

Sysmex values opportunities for direct dialogue with stakeholders. We incorporate opinions and requests received into our business activities.

### Main Dialogue Achievements in Fiscal 2011

Customers
<ul style="list-style-type: none"> <li>Conducted survey on degree of customer satisfaction in each region (Sysmex Corporation and overseas Group companies in each region)</li> <li>Held scientific seminars in each region (Sysmex Corporation and overseas Group companies in each region)</li> <li>Ongoing customer training program incorporating customer feedback in each region (Sysmex Corporation and overseas Group companies in each region)</li> </ul>
Employees
<ul style="list-style-type: none"> <li>Investigated desire concerning career design, including interest in working overseas or changing jobs through a voluntary reporting given to all employees, with results made use of in HR rotation (Sysmex Corporation)</li> <li>Held 30 conferences or more during the year with the labor union to promote initiatives improving the work environment, including HR systems, time management, work-life balance and support for health maintenance (Sysmex Corporation)</li> </ul>
Business Partners
<ul style="list-style-type: none"> <li>In February 2012, held a purchasing policy briefing to explain direction of business with suppliers. 397 people from 225 companies attended (Sysmex Corporation)</li> </ul>

## External Evaluation

### Sustainability Evaluation

Social Responsibility Investment (SRI) is garnering attention for the assessment and screening of corporations displaying performance above a certain level from the perspective of environmental and social fairness rather than an economic perspective to realize a sustainable society. Since 2008, the Sysmex Corporation has been added to the FTSE4Good Global Index\*1. In fiscal 2011, received Ethibel Pioneer & Ethibel Excellence\*2 from SRI evaluation organization in Belgium, Forum Ethibel.

Also in fiscal 2011, Sysmex was selected for inclusion in the Global 100\*3 list of the world’s most sustainable companies published jointly by Canadian publisher Corporate Knights and U.S. newswire and broadcaster Bloomberg L.P.

\*1 FTSE4Good Global Index: SRI index developed and managed by England’s FTSE Group, a joint-venture between the Financial Times newspaper and the London Stock Exchange.

\*2 Ethibel Pioneer & Ethibel Excellence: Select stocks chosen for demonstrated performance above a certain level in terms of CSR issues related to observance of human rights and environmental contributions.

\*3 100 of the world’s most sustainable companies: Assessment of corporate value of 3,500 global companies from every industry, ranked according to the top 100 most sustainable companies.



Shareholders and Investors
<ul style="list-style-type: none"> <li>Conducted informal meeting after general shareholders meeting (Sysmex Corporation)</li> <li>Conducted individual interviews with over 300 domestic and foreign institutional investors and analysts (Sysmex Corporation)</li> <li>In October 2011, conducted tour of R&amp;D core Technopark for individual investors (Sysmex Corporation)</li> <li>In January 2012, held informational meeting for individual investors at Kobe Portopia Hall for 515 individual investors (Sysmex Corporation)</li> </ul>
Local Residents
<ul style="list-style-type: none"> <li>Held Technopark Festa 2011 for local community interaction at R&amp;D core Technopark (Sysmex Corporation)</li> <li>Participated in math and science education-focused “4th Science Fair in Hyogo” event for high school students (Sysmex Corporation)</li> <li>Participated in the “Aim High Urban Mentoring Initiative” conducted by a U.S. NPO and advised local high school students (Sysmex America)</li> <li>Held Christmas charity lottery event (Sysmex Europe)</li> </ul>

## Human Rights/Labor Practices

# Providing a Workplace Environment Where Diverse Human Resources Are Invigorated

Systemex's Compliance Code forbids discrimination and proscribes unjust working conditions. We strive to adhere thoroughly to these principles and work to ensure fair working conditions and treatment. We also seek to provide labor systems and a workplace environment in which diverse human resources can maximize their potential and be invigorated.

## Respecting Human Rights and Diversity

### Systemex Group Compliance Code (Excerpt)

#### 7. To Respect Human Rights and to Improve Occupational Health and Safety

We shall respect the fundamental human rights of each of the personnel and shall not do any infringing act thereon such as discrimination, harassment, etc. We shall also endeavor to improve occupational health and safety and shall not enforce any unfair labor practice on the personnel.

##### 7-1 Prohibition of discrimination and harassments

We must not conduct discriminatory behaviors with regard to a person's sex, age, nationality, race, origin, belief, religion, social status, lineage, illness or physical disability, nor must we take such behaviors as ignoring the dignity of other people, including such acts as giving sexual harassment, power harassment, etc.

##### 7-2 Privacy protection

We must acknowledge diversified sense of values people have individually, and must respect privacy of each and every person. Also, we must not unnecessarily disclose private information we acquire in the course of work to any other third person and must not try to obtain private information unnecessarily.

##### 7-3 Elimination of forced labor and child labor

We must not enforce unjust labor by detaining someone against his or her will. Also, we must not hire children of age below the minimum age of employment set forth by laws or regulations enforced in the country of region we operate.

##### 7-4 Assurance of safety and health at workplaces

We must adhere to laws and regulations related to safety and health so that everyone may work with ease of mind, and must strive to maintain and enhance mental as well as physical health of everyone so that safe and comfortable working environment can be established.

## Eliminating Discrimination and Unjust Working Conditions

Item 7 of Systemex's Compliance Code is "To Respect Human Rights and to Improve Occupational Health and Safety." We have formulated guidelines describing particularly important rules and behaviors for compliance with basic respect for human rights.

This code clarifies a variety of discriminatory actions that are not tolerated; prohibits sexual harassment, power harassment and other acts that ignore human rights; underscores prohibitions on child labor and forced or compulsory labor; and seeks to ensure a safe and comfortable workplace environment.

## Consultation and Reporting Systems Related to Human Rights

Systemex has set up "Campanula Lines" as an internal reporting

system for Group companies in Japan. We also have internal reporting systems in place at Group companies overseas. These reporting channels enable consultations related to sexual harassment and power harassment, among other topics. (See page 14 for details.)

## Promoting Employment of People with Disabilities

Systemex Corporation encourages the employment of people with disabilities. Targeting long-term employment, we design working conditions so as to maximize individuals' aptitudes and skills.

As of January 2012, our employment ratio of people with disabilities was 1.99%, exceeding the legally stipulated 1.8%. We will continue reinforcing our efforts in this area, targeting an employment ratio of 2.0%.

## Employing Seniors—System for Reemploying People Who Have Retired at the Mandatory Retirement Age

Systemex Corporation's mandatory retirement age is 60, but we have in place a system for rehiring until age 65 people who have retired at the mandatory retirement age and still wish to work.

During fiscal 2011, we rehired according to internal rules all nine employees who had retired at the mandatory age but wished to continue working.

## Reemployment of People Who Have Reached Mandatory Employment Age (Systemex Corporation)

	Fiscal 2009	Fiscal 2010	Fiscal 2011
Number of people seeking reemployment	11	8	9
Number of people reemployed	11	8	9
Reemployment percentage	100	100	100

## Group Company in Brazil Obtains SA8000\*1 and OHSAS18001\*2 Certification

Systemex Brazil has acquired certification for Social Accountability 8000 (SA8000)\*1, an international standard for the protection of workers' fundamental human rights.

The company has also obtained certification for OHSAS18001\*2, an international standard for occupational health and safety management systems.

\*1 SA8000: Created by an American CSR assessment body based on the International Labour Organization (ILO) conventions, Universal Declaration of Human Rights, and the United Nations Convention on the Rights of the Child.

\*2 OHSAS18001: Published in 1999 based on the BS8800 standard, which was developed by the British Standards Institute (BSI) in 1996, by a team consisting of some 30 certification bodies and standardization organizations in various countries.



## Employee Evaluation and Treatment

### Equitably Evaluating Personnel Based on Abilities and Accomplishments

Systemex Corporation values the spirit of independence and challenge, provides employees with opportunities for self-fulfillment and growth, and rewards them for their accomplishments.

Based on the principle of fair treatment, Systemex's basic approach on evaluation is to "reward employees for capabilities that contribute to the enhancement of corporate value as well as for producing accomplishments." In addition to evaluating employees for their successes, we evaluate the processes leading to employee growth (competency evaluations). To ensure the fairness and elicit employee understanding of their evaluations, we show employees their evaluation results, as well as superiors' comments.

#### Basic Principles of the Personnel Management System

##### 1) Ensuring long-term employment

- Establishing a double-linear-type competence-based rating frame that enables a diversity of employees to maximize their skills, and providing opportunities for self-realization and growth

##### 2) Promoting the development and cultivation of diverse employee skills

- Establishing competence-based rating standards and promoting cultivation of human resources and normalization of career advancement through clarification of promotion criteria
- Evaluating not only accomplishments but also the processes of producing achievements (realization capability) in order to promote human resource development and the reform of corporate culture

##### 3) Rewarding employees for capabilities that contribute to the enhancement of corporate value as well as for producing accomplishments

- Simplifying the relationship between evaluation and reward.
- Creating a remuneration structure that is easy for everyone to understand and that rewards employees in accordance with their contribution, role, competency and accomplishments

### Supporting Employee Efforts to Design Their Future Careers

Systemex Corporation has in place a voluntary reporting system that employees can use to design their future careers.

Approximately 90% of employees take advantage of this system.

The system affords each employee with the opportunity to consider their own career directions and life plan, as well as to affect their own skills development and placement according to the content of their reports. In fiscal 2011, we augmented this system with questions that encourage employees to consider their careers over the medium to long term, as well as questions related specifically to the desire to

work overseas. In ways such as this, we improved the reporting sheet to gather more detailed information about employees' future aims.

### Aiming to Equalize Employment Opportunities

Systemex Corporation recruits new employees based the evaluation of individuals, without regard for gender, nationality, race, age, employment history or disability status. Specifically, in fiscal 2011 we widened our pool of potential recruits to ensure that around 15% of new hires included people who had already graduated or had studied overseas, thereby equalizing employment among categories of people who the hiring processes typically puts at a disadvantage. We also use the Internet to conduct Web-based Company briefings and Web-based interviews, enabling us to recruit candidates throughout the world, including those who are living overseas or in rural parts of Japan. In fiscal 2011, approximately 10% of new hires were non-Japanese.

### Hiring Contract and Temporary Employees to Full-Time Positions

Systemex Corporation actively hires temporary employees and contract employees as full-time personnel. We have clarified our internal regulations for hiring people working on limited, fixed-term contracts, offering them fair opportunities for promotion. We put this information on our intranet to encourage thorough understanding of these rules.

When renewing temporary employees' contracts, for employees that meet certain conditions we notify temporary placement agencies of the possibility of employing such personnel directly.

Through the ongoing application of these systems, in fiscal 2011 we promoted 23 contract and temporary employees to full-time positions.

#### Promotions to Full-Time Positions (Systemex Corporation)

	Results in Fiscal 2010	Results in Fiscal 2011	Results in Fiscal 2012*
Contract employees	4	13	10
Temporary employees	6	10	6
Total	10	23	16

\* As of April 1, 2012

## Supporting Employees in Striking a Balance between Work and Family

### Providing Support for Childhood Education and Nursing Care

Systemex Corporation offers a variety of childcare leave and shortened working hour systems to ensure that parents can spend as much time together with their children as possible. To further support employees' childrearing, we have introduced a system that allows employees to take reserve paid leave days when necessary to attend to sick children. In fiscal 2011, we extended the period of applicability of this program, which formerly applied to children prior to entering elementary school, to children prior to entering junior high school. We also offer a reemployment system to provide employees forced to suspend their careers due to child-raising with opportunities to resume their work.

We post information about these support systems on dedicated intranet sites, providing information in an easy-to-understand way.

### Establishment of In-House Daycare Center

Systemex Corporation has opened the "Systemex Kids Park," an in-house daycare center, at Technopark, our core R&D facility. The center takes care of employees' infant children while they are at work.

The center offers short-term as well as full-time daycare, so that employees whose spouses work on a part-time basis or



In-house daycare center, Systemex Kids Park

who find it difficult to take care of their children due to caretakers' illness, bereavement or other circumstances may also temporarily utilize the service. As of March 31, 2012, 26 children were attending the daycare center on a full-time basis.

### Expanding Systems to Provide a Good Working Environment

In addition to childcare, Systemex Corporation has in place a number of other systems to help employees realize a work-life balance from various perspectives.

We allow employees to use reserved annual leave days to attend hospital consultations for parents and family members, as well as to accompany family during hospital stays. We also offer a reemployment system to provide employees forced to suspend their careers due to child-raising to resume their work.

Furthermore, we have introduced a cafeteria-type plan that meets diverse employee needs by enabling them to choose from a menu of welfare options.

### Acquiring a Next-Generation Accreditation Mark

In fiscal 2011, Systemex Corporation received the next-generation accreditation mark (nicknamed "Kurumin") from the Ministry of Health, Labour and Welfare for its planned implementation of systems to support a balance for employees between work and family life.



Next-generation accreditation mark, "Kurumin"

## Cooperation between Labor and Management

### Working together to Create a Better Workplace

All regular employees of Systemex Corporation, except those holding managerial posts and some in back-office operations, are members of Systemex Union, the Company's labor union. The Company and Systemex Union work together to develop systems that make it easier for employees to maintain a work-life balance.

### Users of Work and Family Support Systems (As of March 31, 2012)

System	Description	Number of Users
Shorter work hour system for child rearing	Until the end of third grade of elementary school	26 users
Leave of absence system (childcare leave, childbearing leave)	Child nursing leave prescribed by law, available after one year of age and up to two years	43 users
Reserved paid leave system	Reserved leave with pay for up to 10 days of annual paid vacation from previous years can be taken for child nursing leave or short-term nursing leave.	5 users
Reemployment system	System to reemploy people who previously left the Company for childcare or nursing-related reasons	0 users, 9 people registered
In-house daycare system	Daycare center provides care for infants and children up to entry into elementary school, which is available for full-time or temporary childcare.	26 children

## Health and Safety Considerations

### Maintaining and Improving Physical and Mental Health

Sysmex Corporation encourages its employees to undergo thorough physical examinations and cancer tests for women, in addition to regular health checkups, for the early detection of illness. We provide channels for health consultations throughout the company, and have in place systems where employees can meet with industrial physicians and public health nurses. We offer a dedicated channel for mental health consultations with specialized industrial physicians and have established an external counseling institution (EAP), enabling employees to seek help easily.

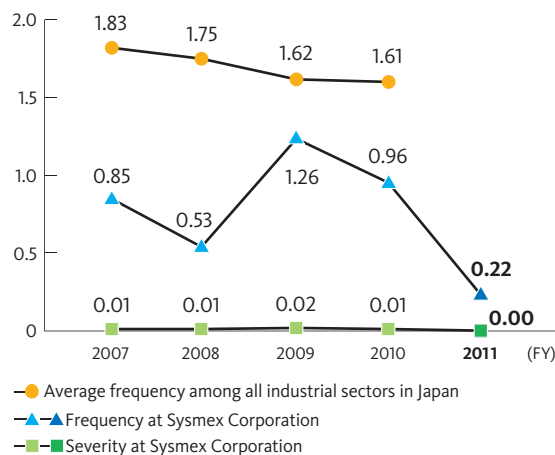
In fiscal 2011, we began providing specific health guidance in-house on metabolic countermeasures, with dieticians offering guidance on lifestyle improvements. Measures such as these are designed to help employees prevent illness.

### Occupational Health and Safety

To ensure the health and safety of its workers, Sysmex Corporation has formulated Safety and Health Regulations. We have also established a Safety and Health Committee at each of our offices to foster a safe and good working environment. Employees are given training on emergency measures, how to evacuate when an accident occurs, and how to handle machinery and raw materials that are potentially dangerous, as well as how to use an automated external defibrillator (AED). We are also developing citizen emergency life-saving technicians.

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

#### Frequency and Severity of Work-Related Injuries (Sysmex Corporation)



Notes: "Frequency of work-related injuries" is the number of employee deaths or injuries resulting from work-related accidents per million work hours. "Severity of work-related injuries" is the ratio of the number of days absent from work due to work-related injuries per thousand hours worked.

## Human Resources Development

### Focusing on Human Resources Development on a Global Basis

Sysmex Corporation aims to provide an environment that develops and nurtures employees' skills. We have in place systems designed to enable all employees to cultivate expertise and skills on a regular and planned basis. Through these efforts, we aim to cultivate the global human resources that are central to reinforcing the Company's management and developing global business going forward.

In fiscal 2011, we began providing training for business skills in English. We also began a business English training program using foreign-language instructors inside the company to boost understanding of other cultures.

We have introduced the Global Apprentice Program targeting younger employees. We solicit participants internally for this program, which offers employees the opportunity to work at overseas subsidiaries and is open to employees who aim to develop global careers. The objective of the program is to foster a core of global personnel within the Company.



Employees dispatched to overseas subsidiaries as part of global apprentice program (Upper middle) Koki Amano, Corporate Business Administration Division (at subsidiary in United States) (Lower left) Shino Kurisu, Business Management (Japan) Division (at subsidiary in Germany)

## The Environment

# Promoting Environmental Activities to Reach Our Long-Term Environmental Objectives

In the Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020), we have set forth our long-term environmental objectives, including global warming countermeasures, effective use of resources and waste reduction, and effective use of water resources, etc. and we are working to attain these goals.

## Environmental Management

### Environmental Policy

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

### Core behavior

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

Revised May 2009

## Promoting Environmental Activities

Sysmex Corporation and Sysmex International Reagents are in charge of establishing policies and plans, managing the progress of planned activities, and evaluating their results as members of the Environmental Management Committee chaired by the Sysmex executive officer in charge of CSR.

In fiscal 2010, Sysmex formulated the Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020). We are working to reduce our environmental impact to achieve these long-term environmental objectives.

Sysmex has also appointed an environmental manager in each Group company in Japan and overseas, thus establishing a system to collect groupwide activity information and environmental performance data.

## ISO 14001 Certification

Sysmex is working toward the acquisition of ISO 14001, the international standard for environmental management, for the Group as a whole.

Between April 2011 and April 2012, four sites newly acquired this certification. As a result, all Sysmex's factories in Japan, and five of seven overseas locations, have received ISO 14001 certification, bringing the total to 17 sites. We are moving forward with efforts to acquire certification at Sysmex Wuxi and Sysmex Jinan, as well.

### ISO 14001 Certified Sites

Company name	Site	Achieved in
Sysmex Corporation	Kakogawa Factory	April 2000
	Technopark	February 2002
	Head office	February 2002
	Solution Center	November 2005
Sysmex International Reagents	Ono Factory	March 2001
	Seishin Factory	June 2007
Sysmex Medica	—	March 2001
Sysmex RA	—	June 2008
Sysmex Europe	Neumünster Factory	November 1999
	Head office	October 2011
Sysmex Deutschland	—	October 2011
Sysmex Brazil	—	May 2006
Sysmex America	—	December 2009
Sysmex Reagents America	—	December 2009
Sysmex New Zealand	—	May 2011
Sysmex India	—	March 2012
Sysmex Asia Pacific	—	April 2012

## Environmental Auditing

In fiscal 2011, Sysmex Corporation and Sysmex International Reagents evaluated overall compliance through a series of self-assessments conducted by individual divisions themselves and internal environmental auditing performed by auditors in other divisions. External environmental auditing was also carried out by a third-party auditing organization.

The internal environmental audits found four nonconformities, while the external environmental audits discovered three nonconformities. Corrective actions for these nonconformities were promptly completed.



External environmental auditing

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

Sysmex Eco-Vision 2020 Long-term Environmental Objectives (for Fiscal 2020)		Activities/Achievements in Fiscal 2011
Global warming countermeasures	Reduce the power consumption of diagnostics instrument by 25% (in comparison with conventional models)	<ul style="list-style-type: none"> <li>Promoted developments to reduce power consumption.</li> </ul>
	Reduce greenhouse gas emissions at business offices by 50% (per unit of consolidated sales)	<ul style="list-style-type: none"> <li>Performed water-proof rooftop construction and installed heat-shielding films (Seishin Factory).</li> <li>Mounted energy-saving initiatives, setting all personal computers to energy-saving modes, thoroughly monitoring air conditioned room temperatures, affixing insulative sheets to glass on windows and turning off unnecessary lighting.</li> <li>Switched electric power providers, using only suppliers that generate power from renewable energy (Sysmex Europe).</li> <li>Through operation of photovoltaic system throughout fiscal 2011, covered 25% of overall energy use, or approximately 110,000 kWh (Sysmex Europe, Neumunster Factory).</li> </ul>
	<ul style="list-style-type: none"> <li>Reduce domestic carbon dioxide emissions for logistics by 11% (per unit of parent-only sales)</li> <li>Set a target of reducing global carbon dioxide emissions for logistics</li> </ul>	<ul style="list-style-type: none"> <li>Commenced modal shift from air to ocean transport on exports to Indonesia, for which ratio of air transportation had previously been high.</li> </ul>
	Reduce carbon dioxide emissions from domestic company cars by 50% (per unit of domestic sales)	<ul style="list-style-type: none"> <li>Conducted eco-drive training at branches and sales offices and held eco-drive contest.</li> <li>Promoted introduction of fuel-efficient and hybrid cars.</li> </ul>
Effective use of resources and waste reduction	<ul style="list-style-type: none"> <li>Reduce domestic materials for containers and packaging for products and packing for transportation by 15% (per unit of parent-only sales)</li> <li>Set a global target of reducing materials for containers and packaging for products and packing for transportation</li> </ul>	<ul style="list-style-type: none"> <li>Achieved an average 18% reduction in weight on packaging materials used for XN-Series diagnostic instruments (seven items).</li> </ul>
	Reduce waste, etc. emissions at business offices by 15% (per unit of consolidated sales)	<ul style="list-style-type: none"> <li>Installed garbage disposers (Ono Factory).</li> </ul>
	<ul style="list-style-type: none"> <li>Domestic: Achieve a recycle rate of 99% or higher at all business offices covered</li> <li>Overseas: Achieve a recycle rate of 95% or higher at all business offices covered</li> </ul>	<ul style="list-style-type: none"> <li>Conducted efforts including review of waste disposal companies.</li> <li>Began recycling used reagent bottles.</li> </ul>
Effective use of water resources	Reduce water usage at business offices by 30% (per unit of consolidated sales)	<ul style="list-style-type: none"> <li>Promoted efficiency improvements on water purifying equipment.</li> </ul>
Others	Develop products with no animal-derived ingredients	<ul style="list-style-type: none"> <li>Promoted a switchover of protein raw materials used in reagents from animal derivatives to artificially synthesized protein.</li> </ul>
	Develop paper containers for reagents	<ul style="list-style-type: none"> <li>Commenced sales of reagents in paper packages in combination with XN-Series diagnostic instruments.</li> </ul>
	Establish and operate guidelines for eco-friendly design	<ul style="list-style-type: none"> <li>Clarified rules and environmental design guidelines related to handling of chemical substances that are limited (targeted for reduction or elimination) by the REACH regulation and other regulations.</li> </ul>
	Achieve an environmental management system development rate of 100% for major suppliers	<ul style="list-style-type: none"> <li>Promoted efforts to obtain ISO 14001 or simplified environmental management system certification (acquired by 76%, 64 of 84 suppliers).</li> <li>Conducted survey targeting 220 suppliers and requesting responses regarding environmental management systems and environmental conservation activities.</li> </ul>
	Obtain the ISO 14001 certification at business offices covered	<ul style="list-style-type: none"> <li>ISO 14001 certification received by Sysmex Europe, Sysmex India and Sysmex Asia Pacific.</li> </ul>
	Promote eco-friendly service models	<ul style="list-style-type: none"> <li>Promoted expansion of facilities employing SNCS in Asia region.</li> </ul>
	Promote life cycle assessment	<ul style="list-style-type: none"> <li>Performed LCA comparing CO<sub>2</sub> emissions of newly introduced XN-Series diagnostic instruments and previous models.</li> </ul>

# Global Warming Countermeasures

## Reducing Greenhouse Gas Emissions at Business Offices

We are promoting various measures at each site, in order to reduce greenhouse gas emissions at our business offices. As a result, in fiscal 2011 greenhouse gas emissions per unit of sales were 16% lower than in the previous fiscal year.

At our factories in Japan, we are working on various measures to bolster production efficiency, such as by conserving energy at production facilities. At all our business offices, including our factories, we have introduced thorough temperature controls, affixed insulating sheets, and assiduously reduced unnecessary lighting. Energy conservation measures are designed according to each site characteristics.



Introduction of electric power monitor at Technopark to determine status of electricity use throughout the facility

## Reducing CO<sub>2</sub> Emissions for Logistics

We are also promoting efforts to reduce CO<sub>2</sub> emissions from logistics processes. For logistics operations in Japan, during the year we consolidated our logistics centers and revised transportation routes to make them more efficient. As a result, CO<sub>2</sub> emissions from transportation within Japan were down 8% in fiscal 2011, compared with the previous fiscal year.

To reduce emissions resulting from the export from Japan to overseas regions, whereas in the past we transported instruments from Japan to Indonesia by air, we shifted transportation of approximately 90% of these exports to ship. By making changes such as these, in fiscal 2011 we succeeded in reducing CO<sub>2</sub> emissions from transportation to overseas destinations by 19% year on year.

	Fiscal 2010	Fiscal 2011
Transportation within Japan	1,369t-CO <sub>2</sub>	1,256t-CO <sub>2</sub>
Transportation to overseas	4,031t-CO <sub>2</sub>	3,279t-CO <sub>2</sub>

## Reducing CO<sub>2</sub> Emissions from Domestic Company Cars

To reduce CO<sub>2</sub> emissions from some 400 company cars in Japan, we are conducting eco-drive training at our branches and sales offices and holding eco-drive contests.

We are also moving ahead with the introduction of eco-cars and hybrid cars. In fiscal 2011, we introduced 14 eco-cars and seven hybrid cars.

However, because fleet vehicles were used more in fiscal 2011 than in the previous year, emissions per unit of sales were essentially flat year on year.



Eco-drive training

## Reducing Power Consumption of Diagnostic Instruments

To help reduce the amount of energy consumed when customers use our products, we are pursuing efforts to develop diagnostic instruments that use even less electricity.

# Effective Use of Resources and Waste Reduction

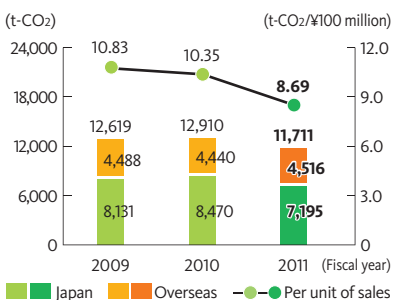
## Reducing Materials for Containers and Packaging for Products, and Packing for Transportation

We are working to reduce the amounts of materials for containers, packaging and packing for instruments, reagents and repair parts in an effort to reduce the weight of materials used. In fiscal 2011, we decreased the weight of materials used in packaging accessories for the XN-Series, which launched during the year, reducing this weight by approximately 18% compared with previous items.

## Reducing Waste at Business Offices

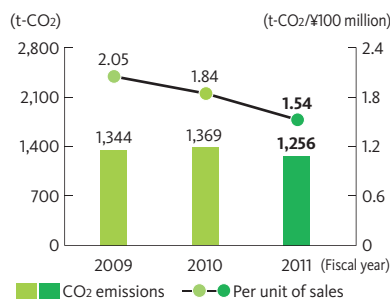
In fiscal 2011, we conducted a review of contractors who process the waste generated by Technopark and Seishin Factory of Sysmex International Reagents, with the aim of raising recycling ratios.

### Greenhouse Gas Emissions at Business Offices



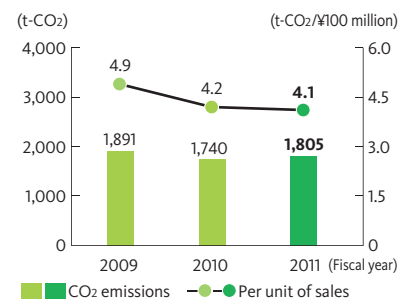
Note: See page 24 for information on the boundary of data.

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



Note: These figures indicate CO<sub>2</sub> emissions resulting from the distribution of products from Japanese factories to distributors.

### CO<sub>2</sub> Emissions from Domestic Company Cars



Note: See page 24 for information on the boundary of data.

We continued to promote the use of garbage disposers at facilities that produce large amounts of raw garbage and waste oil, such as employee cafeterias. In fiscal 2011, we installed a garbage disposer at the Ono Factory of Sysmex International Reagents. Owing to renovations at business offices, however, total waste emitted in fiscal 2011 was up 3% year-on-year per unit of sales.



Garbage disposer

## Effective Use of Water Resources

### Reducing Water Usage and Processing Wastewater Appropriately at Business Offices

Sysmex is working to reduce the amount of water it uses through such efforts as increasing the efficiency of water purifying equipment. However, as production volumes are increasing—notably for the production of reagents overseas—water use in fiscal 2011 per unit of sales was up 2% year-on-year.

In addition, we upgraded the wastewater processing system at our Kakogawa Factory to augment facility operation efficiency and boost safety. This system measures biochemical oxygen demand (BOD)—an indicator of water pollution—in real time, helping to ensure that we control equipment appropriately to keep wastewater above required standards.



Wastewater processing system

## Reducing the Use of Substances with Environmental Impact

### Conforming with Regulations

Application of the revised RoHS Directive\*, which went into effect in July 2011, to Sysmex's products begins in July 2014 for

scientific measurement instruments and from July 2016 for diagnostic instruments and diagnostic instruments for animals. To meet the stipulations of the revised RoHS Directive, Sysmex is adjusting its design and production processes for products shipped to Europe.

\*RoHS Directive: A directive prohibiting the use of hazardous substances in electrical and electronic devices sold in the European Union. This directive calls for the cessation of use of heavy metals (lead, cadmium, mercury and hexavalent chromium) and specified bromine-containing flame retardants (PBB and PBDE).

### Carefully Managing and Appropriately Disposing of Substances with Infection Potential

Sysmex International Reagents uses bio-based materials for the manufacture of products, and such materials are used at Technopark as experimental materials for research and development. As these substances have infection potential, all appropriate precautions are taken in their handling. Manuals are in place to manage their use strictly, limiting storage and locations where they are used. Furthermore, these substances are carefully segregated from general waste for proper disposal.

## Others

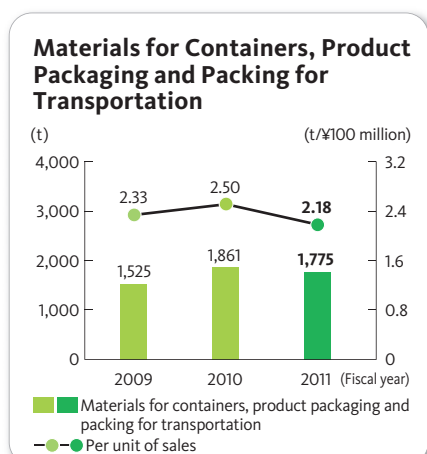
### Helping Suppliers Build an Environmental Management System

Sysmex encourage its suppliers to acquire ISO 14001 certification or build other environmental management systems recommended by local administrations. As of March 31, 2012, 64 of our 84 main suppliers had received ISO 14001 or a simplified version of environmental management system certification.

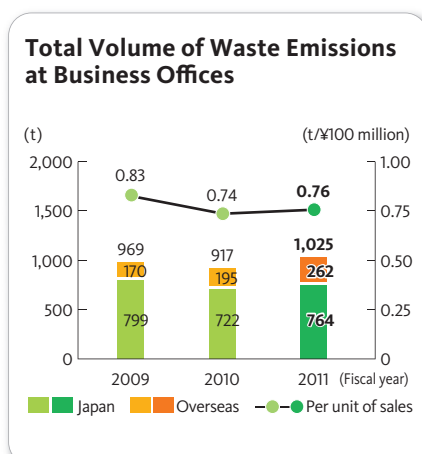
Furthermore, in fiscal 2011 we conducted a survey of 220 suppliers to inquire their status of EMS certification and environmental conservation activities. We confirmed that no major environmental issues had arisen.

### Green Procurement

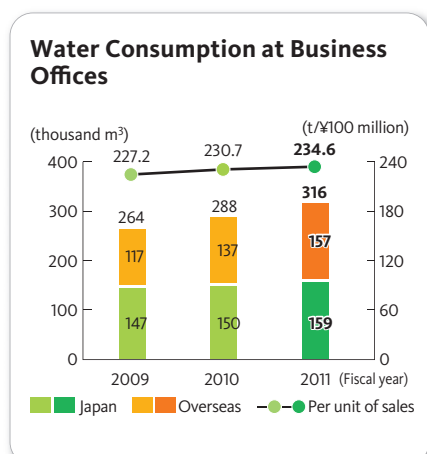
We have formulated green procurement standards, which describe our basic policy on environmentally conscious procurement activities.



Note: See page 24 for information on the boundary of data.



Note: See page 24 for information on the boundary of data.



Note: See page 24 for information on the boundary of data.

To reduce substances included in our products that have an environmental impact, in addition to these green procurement standards, we disclose on our website lists of substances that we limit or are working to reduce the use of in our products. We ask our suppliers of parts and raw materials for their cooperation in this regard.

### Green Procurement Standards (Excerpt)

#### 1. Objectives

In accordance with its environmental policy, the Sysmex Group strives to fulfill its corporate social responsibility by promoting global environment conservation. Accordingly, we endeavor to promote the manufacture of environmentally friendly products by encouraging the procurement of raw materials and parts that have low impact on the global environment. These standards have been formulated to cultivate proactive environmental conservation activities among our suppliers and enable us to work together toward the development of a sustainable society.

#### 2. Green Procurement Initiatives

We practice "green procurement" to ensure that our procurement activities promote a reduction in the environmental impact of the Company's products and reduce the environmental impact of all production activities, including those of our suppliers. We promote the two items below as specific green procurement initiatives.

- 1) Promote the procurement of raw materials and parts that have lower environmental impact.
- 2) Expand business with suppliers that take a proactive approach toward environmental conservation.

### Promoting Eco-Friendly Service Models

In addition to expanding the functions of the Customer Support Center, we are minimizing downtime for diagnostic instruments in use by constructing the Sysmex Network Communication System (SNCS, see page 28 for details) to maintain interactive communication with customers.

This system leads to reduced visits to customer sites by our employees, allowing reductions in the amounts of gasoline used by company cars and the amounts of CO<sub>2</sub> emitted by them.

### Establishing Eco-Friendly Production Methods for the Raw Materials Used in Diagnostic Reagents

Sysmex has established a method of producing from silkworms the proteins used as raw materials in certain of its diagnostic reagents.

In the past, proteins were cultivated in computer-controlled tanks, using cells derived from mammals; the new approach reduces energy consumption substantially. As silkworms can be cultivated at room temperature, simply using shelves and breeding containers and providing them with food, we anticipate energy savings and waste reduction.



Silkworms to produce proteins

### Activities at Overseas Bases

#### Eco-Friendly Factory (China)

Sysmex Jinan is building an eco-friendly factory, including (without limitation) greenery on its roof (scheduled to commence operations in 2012).

#### Water Recycling (India)

At Sysmex India, all factory wastewater is reused at green spaces within the factory area, and thus the company is working to reduce the amount of water it consumes.

#### Acquisition of ISO 14001 Certification (Germany, Singapore, India)

Sysmex Europe, Sysmex Asia Pacific and Sysmex India have acquired ISO 14001 certification. Sysmex Wuxi and Sysmex Jinan are also pursuing initiatives toward this end.

#### Renewable Energy Use (Germany)

At Sysmex Europe, the Neumünster Factory's installation of a photovoltaic system reduced overall power consumption at all factories in fiscal 2011 by around 25%, or 110,000 kWh. The company has also switched electric power providers, using only suppliers generate power from renewable resources.

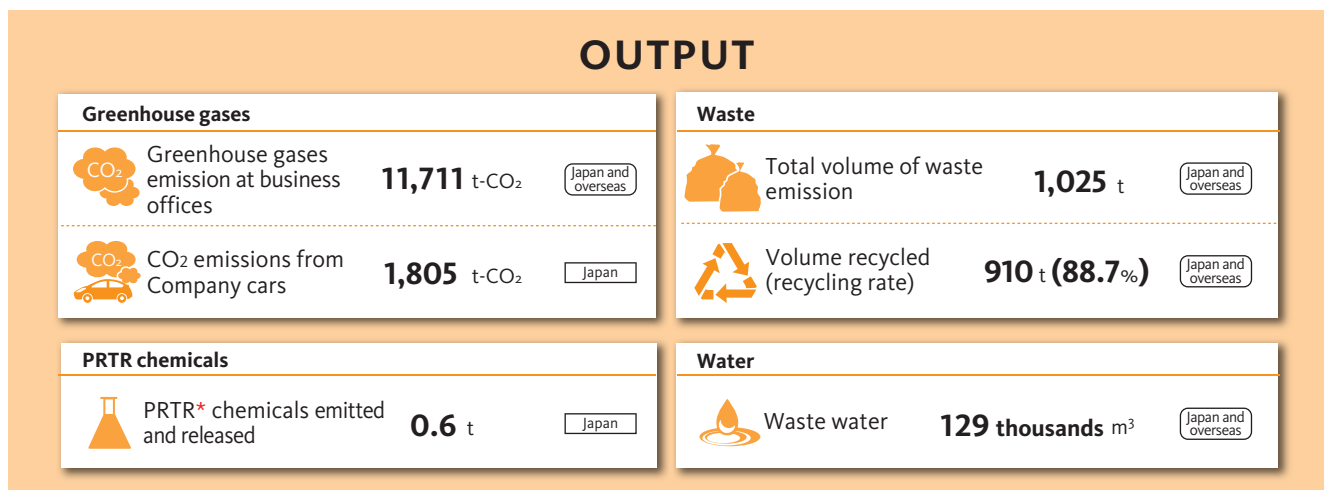
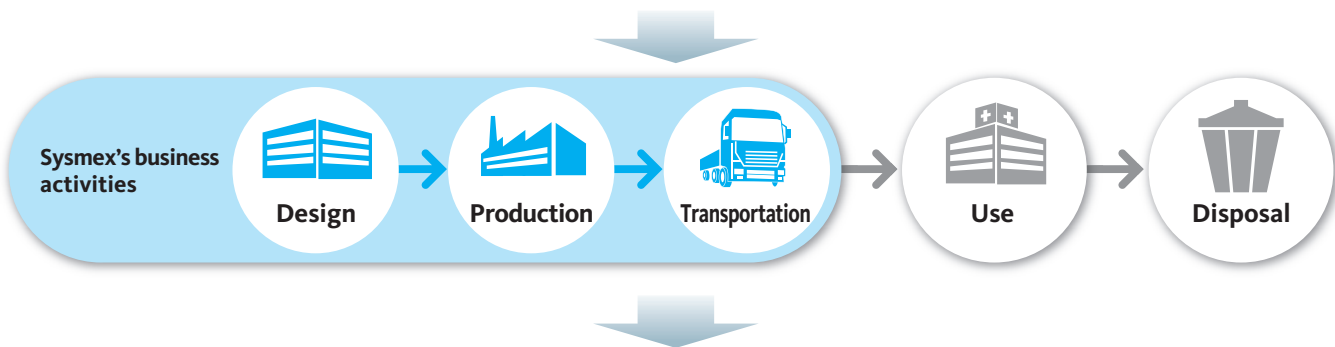
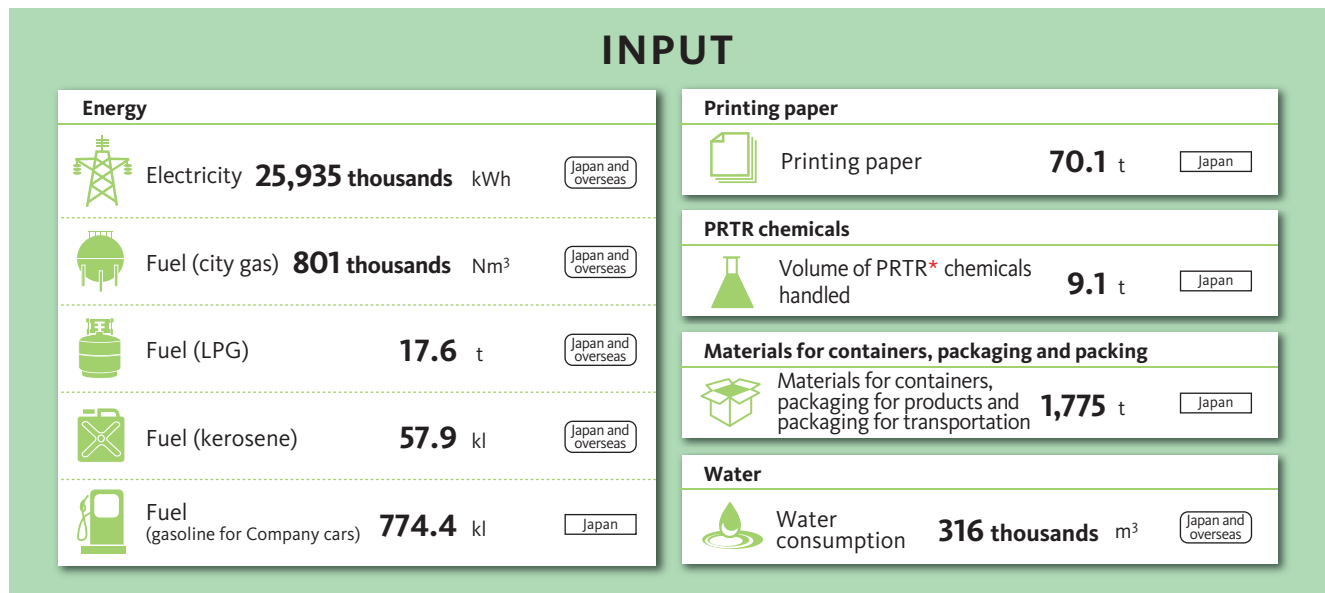


Photovoltaic system installed at the Neumünster Factory



# Environmental Impact of Business Activities

Period: April 1, 2011, to March 31, 2012



Japan and overseas **Factories and Principal Business Offices of Group Companies in Japan and Overseas**  
 Sysmex Corporation / Sysmex International Reagents / Sysmex RA / Sysmex Medica / Sysmex America /  
 Sysmex Reagents America / Sysmex Brazil / Sysmex Europe GmbH (Neumünster Factory) / Sysmex Shanghai /  
 Sysmex Jinan / Sysmex Wuxi / Sysmex Asia Pacific / Sysmex India

Japan **Factories and Principal business Offices of Group Companies in Japan**  
 Sysmex Corporation / Sysmex International Reagents / Sysmex RA / Sysmex Medica

\* PRTR : Pollutant Release and Transfer Register. A system used to collect, aggregate and disseminate data on the quantity of toxic chemicals that have been released into the environment and their sources including those which have been transferred outside of facilities in the form of waste.

## Fair Operating Practices

# Pursuing Fair Business Practices with Business Partners

To ensure the fairness of its business activities, Sysmex makes a thorough effort to anti-corruption and ensure ethics compliance. We also work to promote CSR activities throughout the entire value chain, as we strive to maintain favorable relationships with suppliers, distributors and other business partners.

## Anti-Corruption

### Encouraging Activities Based on Promotion Codes

Sysmex Corporation has established a Sysmex Promotion Code (SPC), which stipulates the core behaviors for preventing bribery and other inappropriate acts and maintaining fair trade. The Fair Trade Promotion Committee, established in fiscal 2008, oversees training and conducts surveys on an ongoing basis in an effort to bolster employee awareness.

We revised the SPC in April 2012, adding new operational rules on providing food, drinks and entertainment to healthcare professionals.

### Educational Campaign for Anti-Corruption

One of 10 principles of the Global Compact states that “Businesses should work against corruption in all its forms, including extortion and bribery.” Sysmex is striving to put this principle into practice.

In fiscal 2011, we reinforced our regulations on bribery on a global scale, incorporating the content of the UK Bribery Act and the Foreign Corrupt Practices Act in the United States. We also conducted training in Japan regarding the enhanced regulations. Themed on the healthcare facilities, this training addressed relations with anti-corruption and the healthcare industry.

We invited outside lecturers to conduct a seminar for Sysmex executives and performed training for employees whose duties put them into contact with government officials overseas. We also provided an e-learning program for all employees.

#### Anti-Corruption Education Performed in Fiscal 2011

<b>Seminar for Executives (Global Trends Targeting Anti-Bribery and Countermeasures)</b>
<b>Conducted:</b> January 2012
<b>Participants:</b> 26 people, including the president, executive officers and corporate auditors
<b>e-Learning Program: “Relations with Government Officials”</b>
<b>Conducted:</b> October–December 2011
<b>Participants:</b> 1,669 employees
<b>Training on Relations with Overseas Government Officials</b>
<b>Conducted:</b> February 2012
<b>Participants:</b> 103 employees



Training on relations with overseas government officials

## Security Export Control

### Establishing a Security Export Control Structure

Sysmex formulated Security Export Control Regulations in fiscal 1997. Since that time, we have worked steadily to reinforce our security export control system, thoroughly verifying the destinations and purposes of our exports.

At each department in Japan, a security export control officer is appointed who is responsible for ensuring security export control and employee training on the issue at his or her department.

## Respecting Property Rights

### Preventing Infringement of Other Companies' Intellectual Property Rights

Dedicated to intellectual property management, Sysmex strives to protect and utilize its own intellectual property rights, as well as to prevent infringements on the intellectual property rights of other companies. Each product development project involves a patent review to decide what patents to apply for to protect our own intellectual property and review third parties' intellectual property information. As a part of this review, a patent application study committee is held, where Intellectual Property members and R&D engineers draw up patent application policies and plans for technologies under development. At the same time, the committee investigates the status of third-party intellectual property rights, thereby minimizing any risks associated with intellectual property. In fiscal 2011, we filed 101 patent applications in Japan and 230 overseas. As of March 31, 2012, patent holdings in Japan totaled 546, and 812 overseas. Six of our patent applications were environment-related.

In fiscal 2011, we held an informal meeting with the Commissioner for the Japan Patent Office, explaining Sysmex's global strategies and efforts to respond to the issue of imitative reagents. The meeting also involved a broad-ranging exchange of ideas with the Japan Patent Office concerning international intellectual property strategies.

## R&D Ethics Compliance

### Establishment of a Committee Including Outside Members

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

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

## CSR Promotion throughout the Value Chain

### Procurement Policies

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

### Purchasing Policy Briefing

The annual Purchasing Policy Briefing is an opportunity for us to meet with suppliers and brief them on the course of our business and purchasing policy, thereby forging even stronger relationships with them.

The briefing in February 2012 was attended by 397 people from 225 companies. We described to participants our business activities, purchasing policies for the fiscal year.

Throughout the year, we also awarded five suppliers whose cooperation was particularly helpful in heightening the competitiveness and reliability of our products, as well as their stable supply.



Purchasing Policy Briefing

### Aiming to Improve the Quality of Supplied Parts and Raw Materials

To supply top-quality products to customers in a stable manner, it is essential to maintain and improve the quality of supplied parts and raw materials. Toward this end, Sysmex supports quality assurance of its suppliers in various ways, such as providing

them with checklists they can use to self-examine their quality management systems, and sending Procurement and Quality Management members to suppliers' manufacturing plants to assist them in improving quality on the shop floor.

We have prepared a Quality Assurance Agreement that defines the quality requirements, and have been encouraging suppliers to sign this agreement since fiscal 2009. As of March 31, 2012, the Kakogawa Factory had concluded the agreement with 119 out of 148 suppliers that it regularly procures parts and materials from. We have also produced and distributed guidelines aimed at deepening the overall understanding of the agreement.



### Strictly Observing the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors

In order to comply with the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors, Sysmex provides education through companywide e-learning. In addition, we have established an electronic purchasing system to prevent unreasonable payment reductions and refunds. Each year, we also provide training on the system. In fiscal 2011, 63 people underwent this training, including new employees assigned to R&D departments.

### In Distributor Relationships, Focusing on the Key Issue of Compliance

Sysmex rigorously ensures compliance to build sustainable and fruitful partnerships with its distributors. We prohibit employees from abusing any dominant bargaining position, offering excessive entertainment, presents or the like when dealing with distributors.

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

# Pursuing Quality and Satisfaction That Exceed Expectations

While attending to constant improvement of the quality of our products and services, Sysmex is working hard to create a system that allows us to ensure that customers can confidently use such products with safety and ease. We aim to provide satisfaction that exceeds expectations by deepening our understanding of “what customers truly want.”

## Quality Assurance

### Quality Policy

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

### Core behavior

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

Revised in May 2007

## Building a Global Quality Management System

Sysmex has constructed a system to ensure compliance with laws and regulations around the world based on the “Sysmex Corporation Quality Compliance Policy”, and we act accordingly. At the same time, Sysmex also conducts global internal quality auditing, to confirm that the system is operating properly. In fiscal 2011, we conducted quality audits of our overseas suppliers in addition to the auditing we have been conducting at overseas factories.

Also, beginning in fiscal 2011 we concentrated the quality efforts of the main overseas companies and overseas factories at the headquarters quality assurance department, and introduced a system whereby they are reviewed by management.

In addition, once a year we hold the Global RA/QA (regulatory affairs/quality assurance) Meeting, at which managers of quality management systems from Sysmex Corporation in Japan, the regional headquarters in the Americas, Europe, China, and the Asia-Pacific region, and affiliates gather to share information with the goal of strengthening our response to product regulations and the quality assurance system.

Currently, all Group companies involved in development and production are in the process of acquiring ISO 9001 and ISO 13485\* international quality management system standard certification. As of March 31, 2012, 25 of the 47 Sysmex Group companies had acquired ISO 9001 certification, with 13 Group companies also having acquired ISO 13485 certification.

\* ISO 13485: Quality management system for the design and manufacture of medical devices.

## Ensuring Product Quality

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

In the product development stage, we verify product quality by setting five “quality gates” in the process leading up to market launch. Also, when we market products that are manufactured by others, we verify their quality by conducting periodic audits of the manufacturers and meticulously inspecting the products.

The Sysmex global quality complaint processing system was launched in April 2011. This system allows us to gather quality information in a timely way from markets around the world. When we receive information about a bug or malfunction, we immediately look into the cause and cease distribution of the product.

## After-Sales Support

### For Responding to Inquiries both Rapidly and Responsibly

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

By creating a database containing maintenance histories and the details of past inquiries from customers to ensure quick reference, the center responds to inquiries and requests both quickly and carefully. We also maintain customer service contacts at our regional headquarters in the four regions outside of Japan (the Americas, Europe, China and the Asia-Pacific region).

## Supporting Customers' Precision Control on a Daily Basis

At hospitals and other healthcare facilities, instrument precision is controlled to maintain consistent testing data reliability. In most cases, the condition of instruments is checked by comparing the measurement results of special reagents known as “control samples” with assay values and results from the previous day.

Systemex supports precision control by providing control samples. Customer instruments are connected to the Customer Support Center via our online Systemex Network Communication Systems (SNCS). Measured values of control samples sent via the SNCS from customer instruments are received by the Customer Support Center, which checks for abnormalities and returns the analysis results to the customer.

The SNCS also helps customers to prevent instrument failure by detecting signs of problems even before customers have become aware of them. We will continue to strengthen our remote maintenance support by utilizing this “predict and prevent” support service and network.



Customer Support Center

## Ensuring Product Safety

### Preventing Injuries and Infection

We care about the safety of medical technologists and nurses, who are the users of our products. Accordingly, Systemex products are designed and developed in compliance not only with the Pharmaceutical Affairs Act of Japan, but with even more stringent in-house standards.

For example, to prevent operators of healthcare instruments from contracting blood infections through wounds suffered while working, we have incorporated a number of ideas in our products to enhance their safety, e.g., designing all components used in instruments to be free from any edges that might cause injury, and automatically housing the tips of piercing needles (for piercing blood collection tubes) when they are replaced.

## Safety and Quality Information

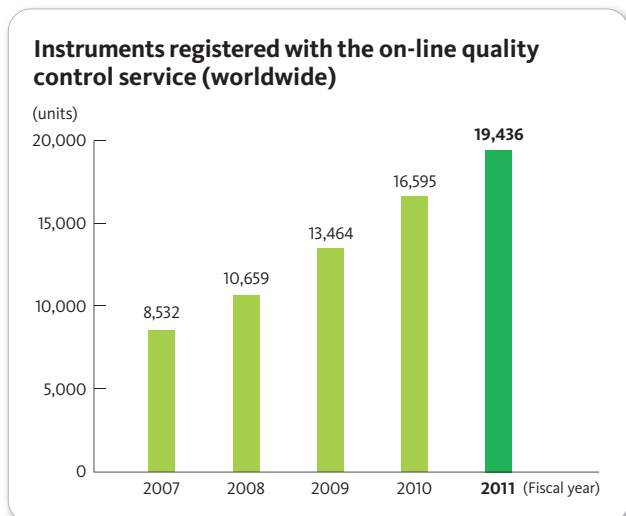
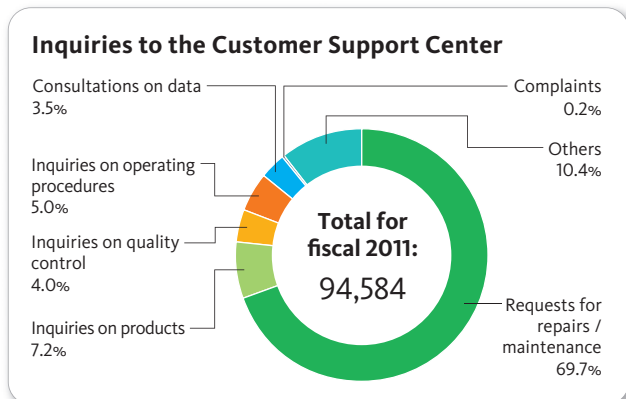
### Collection and Repair Information Posted on Our Website

Systemex posts information about product collection and repair on website under “Important Product Notices.” In fiscal 2011, we disclosed information about 15 cases of product collection and repair.

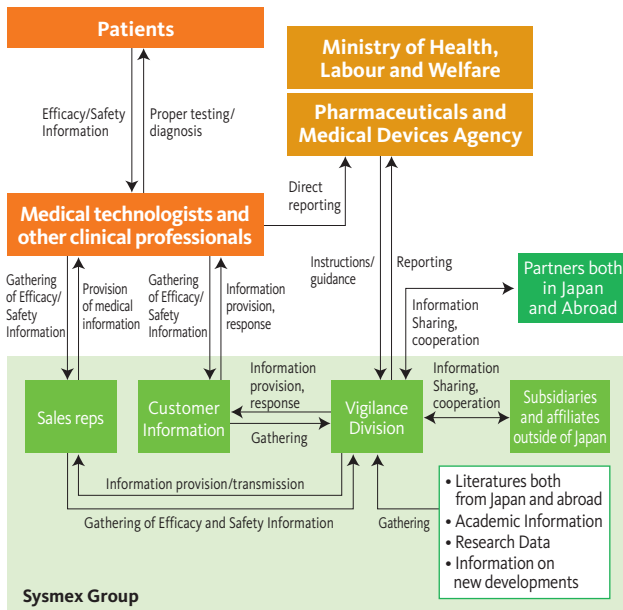
### Sharing Customer Feedback on Product Quality and Safety within the Company

At Systemex, information on product quality and safety is centrally controlled at the Safety Information Division.

This division investigates and analyzes such information from customers, and feeds their analysis results to relevant customers while also sharing them with design, manufacturing and other related functions, so that these findings may be applied to quality improvement and product development.



## Product Quality and Safety Information Control System



Sysmex Scientific Seminar in China

## Sysmex Journal International Available in More than 100 Countries

We distribute Sysmex Journal International to healthcare facilities and college libraries in more than 100 countries around the world, thus keeping many clinical professionals updated on current clinical medicine and medical testing.

## Publishing Picture Books Explaining Diseases and Testing

Sysmex compiles educational picture books on diseases and testing, which we distribute to clinics and other healthcare facilities to keep in their waiting rooms.

Introducing the characteristics of diseases and procedures of healthcare testing and treatment in an easy-to-understand way, the picture books present stories that hold the interest of children and other readers who may lack medical knowledge. We have received favorable feedback from the readers of these books.

## Stable Supply of Reagents

### For Accurate Execution of In Vitro Diagnostics, which Is Indispensable to Treatment

Sysmex is expanding support structures and facilities to ensure stable product supplies. In fiscal 2011, we upgraded and made additions to the Ono Factory of Sysmex International Reagents, expanding capacity. By expanding the production area we have increased the factory's production capacity to 1.5 times its previous level, and made smooth transition to mass production of new products possible. Part of the new wing has been established as a testing area for strengthening and expanding new production technology. We are also moving forward with revising the materials procurement process as part of our disaster response.

We are also expanding reagent production facility in Sysmex Jinan to meet rapidly growing demand in China. The new facilities are scheduled to commence operation during 2012.

## Calling Attention to Counterfeit Reagents

To assure accurate testing results, Sysmex asks our customers at healthcare facilities to use Sysmex-branded instruments and reagents together. In recent years, however, reagents disguised as Sysmex reagents have been found in circulation in some Asian countries. The use of such counterfeit reagents cannot guarantee the reliability of testing results and, in some cases, can be harmful to patients' health.

Sysmex continuously monitors markets for counterfeit reagents. When they are discovered, we seek cooperation from local governments and, when necessary, we bring cases to court.

## Academic Supports

### Holding Scientific Seminars for Clinical Professionals

Sysmex keeps clinical professionals updated on scientific information by sponsoring seminars and study sessions for doctors, nurses, and medical technologists. In June 2011, nine venues, including the main sites in Kobe, Tokyo, Sendai and Fukuoka and five satellite sites, were linked by satellite relay in conducting the 34th Sysmex Scientific Seminar under the theme of "Cancer Genomes and Epigenomes: The future of testing at the genome level".

We are also active in holding seminars overseas, including in Asia. In fiscal 2011, we held seminars in Indonesia, China and Taiwan. The seminar in Taiwan was attended by more than 400 participants, and was our first in that country, where we recently established a wholly owned subsidiary.

# Community Involvement and Development

## Contributing to a Global Society

Systemex is aware of the responsibilities as a good corporate citizen, and actively contributes to society across a broad range of fields, including healthcare.

As a global company, we are developing these activities from Kobe, Japan, our home base, to the rest of the world.

### Basic Policy

Systemex established its Policy on Corporate Citizenship Activities and Philanthropy in May 2012, indicating how the Company will pursue behaviors and commitment as a good corporate citizen.

#### Policy on Corporate Citizenship Activities and Philanthropy

Systemex actively carries out corporate philanthropic activities to promote a healthy society and vibrant community, and also facilitates our employees' personal participation in volunteer efforts.

##### ■ Contribution to a healthy society

Systemex actively utilizes its resources in the healthcare field to carry out philanthropic activities and promote the building of a healthy society.

##### ■ Cooperation toward a vibrant local community

Systemex acts as a responsible and socially-conscious corporate citizen by cooperating with the local community through donations, sponsorships and involvement in philanthropic programs.

##### ■ Facilitation of employees' volunteer efforts

Systemex will facilitate employees' participation in volunteer efforts as citizens of the world, members of Systemex group that contribute to healthcare in the world, and emphasize community involvement and development.

Established May 2012

### Japan

#### Participating in the Kobe Medical Industry Development Project

The Kobe Medical Industry Development Project aims to create a focal point among healthcare industries in Kobe through industry-government-academia cooperation. Systemex established the Systemex Asano Laboratory at the Translational Research Informatics Center (TRI), one of the core facilities of this project. Under the direction of Dr. Shigetaka Asano (Professor Emeritus, The University of Tokyo, and Professor of the Faculty of Science and Engineering, Waseda University), a leading expert on hematology, we are working on research to develop immunodiagnostic technologies for proper diagnosis of autoimmune disorders and improve the efficacy and safety of cell therapies.

#### Funding of University Courses

Since fiscal 2004, Systemex has contributed funds to a course at the Kobe University Graduate School of Medicine. The course, entitled "Assessment of Clinical Testing (Systemex)", involves basic and clinical research for the scientific determination of the efficacy of clinical testing, such as new testing methods, the use of biomarkers and laboratory diagnosis evaluation, in a clinical setting.

Systemex also seeks to invigorate educational and research activities at local universities, and contributed funds toward the construction of a hall at the Kobe University School of Medicine. The university has named one part of the facility "Systemex Hall" in appreciation of the Company's funding support.

#### Endorsing "Pink Ribbon" to Support Breast Cancer Patients

Since 2004, Systemex has continuously supported the Pink Ribbon Campaign, which promotes the early detection and treatment of breast cancer, by sponsoring symposiums and through other activities. In 2011 we participated in the "Smile Walk" held in Kobe. We also actively support Pink Ribbon Campaign awareness activities, such as in-house lectures and movie screenings as well placing "Pink Ribbon vending machines"\*1 at our offices.

\*1 Pink Ribbon vending machine: A vending machine from which 1% of the drink sale proceeds is donated to the Pink Ribbon Smile Fund.\*2

\*2 Pink Ribbon Smile Fund: A Japan Cancer Society fund for the placement of diagnostic equipment at medical institutions as well as patient support.



Pink Ribbon Smile Walk (Kobe)

#### Participation in the Ecocap Movement

Systemex has participated in the Ecocap Movement since 2008. PET bottle caps are sent to Ecocap Movement offices, and donations corresponding to the number of caps are sent to developing countries to pay for vaccinations. The number of caps sent so far by Systemex is equal to about 1,000 vaccinations.

## Accepting JICA Trainees

Every year, Sysmex Corporation provides training on the use of instruments to researchers from developing countries who visit Japan on a program offered by the Japan International Corporation Agency (JICA).

In fiscal 2011, Sysmex accepted trainees from Africa three times, who toured plants and offices and received technical instruction.

## Internships and School Visits

Sysmex Corporation accepts ambitious students on internship programs every year. In fiscal 2011, Sysmex received two students from an internship program with Lomonosov Moscow State University in Russia. These students worked as assistants in surveying overseas markets as well as in other capacities.

In addition to taking high school and graduate school students from the Kobe area, we also cooperate in the “Try-yaru Week” workplace experience program held annually for Hyogo Prefecture junior high students. In June 2011, we accepted two Kakogawa junior high students, who spent three days experiencing testing work.

We have also registered with the Kobe Career Education Personnel Bank, and conducted school visits at a junior high and a high school. We also participated in “4th Annual Science Fair in Hyogo”, an event participated in by companies, universities, and research institutions, at which Hyogo Prefecture math and science students present their research results.



Junior high students in the “Try-yaru Week” program

## Technopark Festa: A Community Event

Sysmex Corporation holds Technopark Festa, inviting community residents to visit the Technopark R&D Center every year. Technopark Festa aims to strengthen our relationship with the local community.

More than 500 people attended the Technopark Festa in November 2011, at which we provided lectures and facility tours.

We also opened the Japanese garden at Technopark to the public in April, and had about 400 visitors.

## Local Community Development Support

We contribute to and sponsor a variety of events in an effort to assist in the development of our Kobe community.

### • Kobe Luminarie

Sysmex is a regular sponsor of Kobe Luminarie, an annual illumination event that originated as a memorial for the victims of the 1995 Great Hanshin–Awaji Earthquake and which is held in the hopes of reconstructing/restoring Kobe and all of Hyogo Prefecture.

### • The Great Hanshin-Awaji Earthquake Memorial Concert

Sysmex is a regular sponsor of the “Evening of Poetry Reading and Music” event, at which actress Keiko Takeshita recites poems by residents with themes such as “dreams,” “hope” and “love.”

### • The Kobe Biennale: A Festival of Integrated Art

Sysmex sponsors the Kobe Biennale, a celebration of art and culture held once every two years to advance artistic culture and revitalize Kobe.

### • The Kobe Oji Zoo Animal Sponsor Program

The program invites individuals and businesses to support the zoo by sponsoring particular species of animal at the institution. We elected to support the giant pandas, among the most popular of the zoo’s inhabitants.

## Preserving the Environment

An Eco Team formed by Sysmex Corporation employees who are interested in environmental preservation activities has been conducting various activities since fiscal 2008.

As it did in the previous year, in fiscal 2011 the Eco Team carried out a cleaning operation at Suma Beach in Hyogo Prefecture and an afforestation project in the Tsurukabuto Forest on Mt. Rokko, which is also located in Hyogo Prefecture. The family members of employees also participated in these activities.



Tsurukabuto Forest afforestation project



## The Americas

### Ongoing Participation in an Philanthropic Event for the Elimination of Cancer

Systemex America has continued to participate in fundraising events for the elimination of cancer since fiscal 2009. In fiscal 2011, Systemex America sponsored charity events for the American Cancer Society, the American Heart Association and the Leukemia & Lymphoma Society.



Presentation of charity funds (Georgia Branch of the Leukemia & Lymphoma Society)

### Events for Children

Systemex America invites children to visit its workplaces every year, offering them a variety experiences.

This year's event had the theme "Future Heroes," with the children using cardboard to fashion images of their heroes. We also held a trash cleanup competition and photo exhibition, and a grand time was had by all.



Children touring the company

### Supporting Local High School Students

Systemex America is an active member of the "Aim High: Urban Mentoring Initiative," a program organized by the non-profit organization "Center for Companies That Care," which was

established to inspire employers to encourage volunteer activities among their employees. Systemex America's employees serve as advisors to students at three Chicago public high schools and also provide ongoing financial support.

Systemex America was awarded Honor Roll status by the Center for Companies That Care for its local community contributions and outstanding workplace practices for four consecutive years since fiscal 2008.

### Highway Cleanup

Every year, Systemex America participates in a highway cleaning campaign for the highways around the company. In May 2011, eight members of Systemex America participated in the event.

## Europe

### Ongoing Support for Children

As in the previous year, in fiscal 2011 Systemex Europe and Systemex Deutschland held a charity lottery, with the cooperation of suppliers, to raise funds for Christmas gifts for needy children, and donated proceeds totaling 3,000 euro to philanthropies for children with disabilities, a non-profit spinal donor center, and others.

We also donated desks and other fixtures used at exhibitions to local schools.

### Contracting out Work to Organizations Supporting People with Disabilities

Systemex Europe and Systemex Deutschland contract out work such as materials selection and carton stacking to organizations that aid the physically-challenged in becoming more self-reliant. These organizations dispatch workers with disabilities to Systemex's manufacturing line.



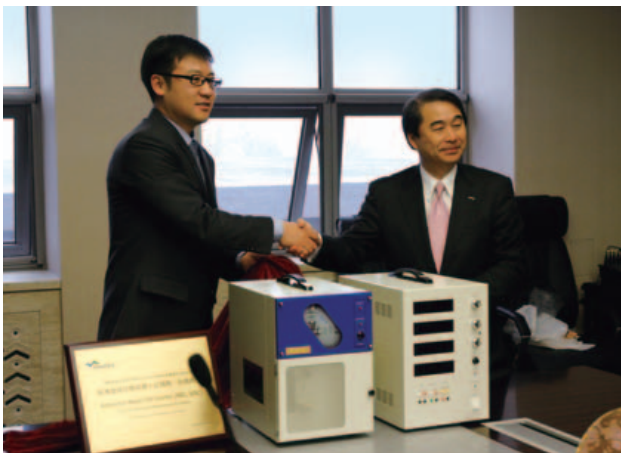
Reagent manufacturing (packaging by workers with disabilities)

## China

### System Reference Counter for Blood Cell Counting Contributes to Testing Standardization

The Beijing Institute of Medical Device Testing (BIMT) selected the Sysmex Reference Counter as the national standard for blood cell counting in China. The BIMT handles the registration of medical devices under the State Food and Drug Administration (SFDA), and this is the first time the reference counter has been employed.

The adoption of the Sysmex Reference Counter provides a basis for further efforts toward more precision in blood cell counting and further standardization of testing by registered testing organs affiliated with the SFDA.



System Reference Counter provided free of charge on loan to the Beijing Institute of Medical Device Testing in China

## Asia-Pacific

### Support for Students of Health Informatics

Sysmex New Zealand sponsored an essay competition for health informatics students at the Auckland University, with the goal of cultivating students with innovative ideas so as to bring about better healthcare through information technology.

The award for the best student essay was presented in September 2011, with the award presentation preceded by a lecture by Sysmex staff.

### Participation in New Zealand Walking Event

Volunteers from Sysmex New Zealand took part in a walking event held by Oxfam\* in fiscal 2011, during which they walked 100km in two days.

The event was held to raise funds for poor people in developing countries.

\* Oxfam: An organization dedicated to supporting people suffering from poverty in developing countries. Oxfam is active in over 90 countries, and seeks to eliminate poverty.

### Tree-Planting throughout the Region

Sysmex employees throughout the Asia-Pacific region have joined to create the Greener Sysmex Team, with the goal of making Sysmex a more environmentally friendly company. In fiscal 2011, the team was active in tree-planting and greening projects in each region.

Mangrove planting was undertaken by Sysmex Thailand in April 2011 and by Sysmex Malaysia in November 2011. Sysmex Philippines also conducted tree-planting in May 2011, while Sysmex Indonesia did so in February 2012.



Tree-planting (Indonesia)

### Visits to Homes for the Elderly in Malaysia

The Sysmex Malaysia Greener Sysmex Team visited a home for the elderly run by a local NPO in fiscal 2011. In addition to donating food and sundries, the volunteers had lunch and enjoyed chatting with the elderly residents.

## On Reading the Sysmex Sustainability Report 2012

### 1. As a Company Offering “Trust and Confidence”

Sysmex’s Corporate Philosophy, the “Sysmex Way,” lists one of the Company’s precepts as “building trust and confidence,” and as we see in the name\* of this report, the Company emphasizes the notion of trust and confidence. The clarification of trust and confidence as Sysmex CSR policy is the central theme of this report.

Highlight 1 introduces a new product, the XN-Series, which is designed to be safe for users and the environment. Various other aspects of trust and confidence are addressed throughout the report, and we can see that it lies at the core of the Sysmex Group’s management.

\* The Sysmex Sustainability Report is called the “Anshin Report 2012” in Japanese; anshin is Japanese for the “trust and confidence.”

### 2. Establishment of a Policy on Corporate Citizenship Activities and Philanthropy

Sysmex established its Policy on Corporate Citizenship Activities and Philanthropy in May 2012, indicating how the Company will pursue global social contribution as a good corporate citizen. How to pursue international social contribution through its business is a serious CSR issue faced by Sysmex, and it is an area in which we expect much of the company. I think the Company will produce even greater successes if it sets concrete targets for social categories and conducts results-based management.

### 3. Global Development-Aware CSR

This report is structured according to ISO 26000. I give Sysmex high marks for its consciousness of international



**Katsuhiko Kokubu**

Professor, Graduate School of Business Administration, Kobe University

standards, which is important for a company generating three-quarters of its net sales overseas. At the same time, the Company notes that it is in the process of formulating a CSR plan by analyzing the status of its CSR activities in 2011 based on ISO 26000, and determining the important issues based on that analysis. The next step should be to formulate a medium- to long-term vision for CSR, as it has done for its environmental policies by creating the Sysmex Eco-Vision 2020, and then creating a clear action plan. Sysmex is making steady progress in its environmental and CSR activities, but given that the Sustainability Report is published annually, the degree of progress for the given fiscal year should be disclosed in a way that is easy to understand.

### 4. Communication with Stakeholders

While the company does take many opportunities to engage in dialog with stakeholders, the next step should be dialog along the important shared theme of the Sysmex Group’s CSR. In establishing and executing a CSR plan, it is important to get opinions from those on the outside. I urge Sysmex to do so in order to get stakeholders to broadly understand its CSR, and to ensure transparency in the Company’s activities.

## In Reply

I am grateful for Dr. Kokubu’s frank but courteous opinion.

Sysmex is aware of the importance from a social responsibility perspective of building trust and confidence to our stakeholders, and we will continue to actively seek to do so.

In addition, we are making step-by-step progress based on our newly established Policy on Corporate Citizenship Activities and Philanthropy, to contribute to the development of healthcare and resolving the issues faced by regional communities.

We will draw up a concrete CSR plan based upon the important issues derived from our analysis of fiscal 2011.



**Kenichi Yukimoto**

Member of the Managing Board and Executive Officer  
Senior Managing Director  
CSR

We intend to take needs of stakeholders fully into account in the establishment of the plan.

We will continue to work steadily to step up our CSR activities to meet the expectations of all our stakeholders, including Dr. Kokubu.

# Corporate Data

## Corporate Overview

<b>Company name</b>	SYSMEX CORPORATION	<b>Line of business</b>	Development, manufacture, sales, and export/import of laboratory testing instruments, reagents, and related software
<b>Established</b>	February 20, 1968	<b>Main customers</b>	National and other public hospitals, private hospitals, universities, research laboratories, other healthcare facilities, etc.
<b>Paid-in capital</b>	¥9,187 million (As of March 31, 2012)	<b>Export destinations</b>	More than 170 countries
<b>Representative</b>	Hisashi Ietsugu, President and CEO	<b>Consolidated subsidiaries</b>	46 (7 in Japan, 39 abroad)
<b>Head Office</b>	1-5-1, Wakinohama-Kaigandori, Chuo-ku, Kobe 651-0073, Japan		

## Business Activities

### Diagnostics field

The diagnostics field involves instruments, reagents, and software for analyzing samples of blood, urine, and cells. Our instruments for measuring the number and functions of blood cells (hematology) and determining the activity of blood hemostasis (hemostasis) enjoy a high reputation with customers, who place us as the number one brand in each market segment. By combining quality instruments with a broad range of other products and services, such as reagents, software, instrument maintenance services, and academic support, we are offering solutions that increase the efficiency and

quality of laboratory operations.

### Life sciences field

Tapping into the wealth of technological know-how that we have amassed in the diagnostics business, Sysmex applies the latest technologies for gene and protein analysis to the creation of innovative testing and diagnosis technologies. Our priority R&D area here is the definitive diagnosis and recurrence prevention of cancer, and we are currently introducing technologies for rapid detection of cancer cell metastasis in lymph nodes to markets around the world. We are also involved in R&D of technologies

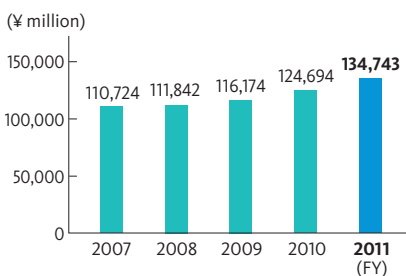
for predicting the effects of anti-cancer drugs slated for commercial launch. Our ultimate goal is to contribute to better patient QOL.

### Other fields (Healthcare, etc.)

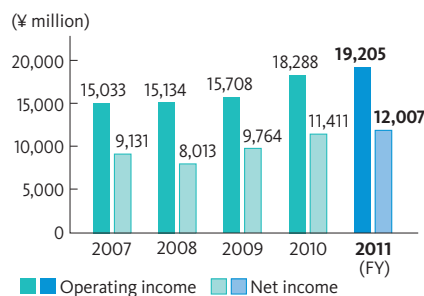
We commercialize and sell devices that can estimate hemoglobin levels without blood sampling, and a series of support software for health management and childcare services. We are also involved in the development of particle measuring analyzers for industrial field, utilizing the particle analysis technology that was originally developed in the diagnostics field.

## Financial Data

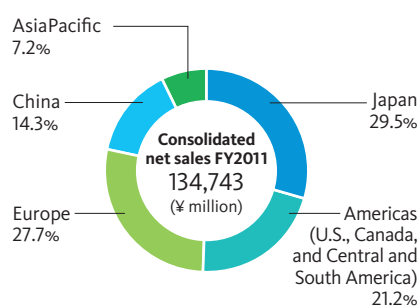
### Consolidated net sales



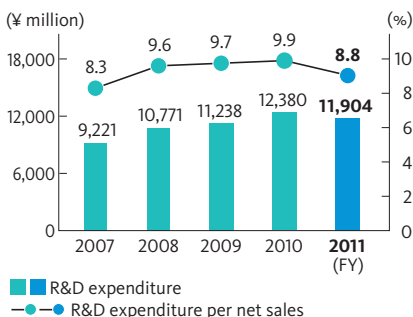
### Consolidated operating income / Consolidated net income



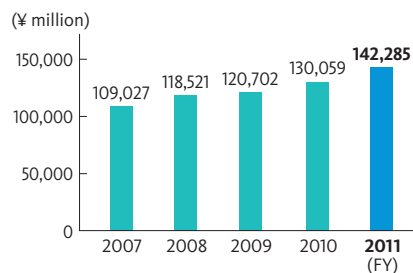
### Net sales by destination



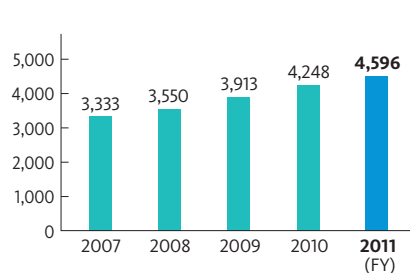
### R&D expenditure



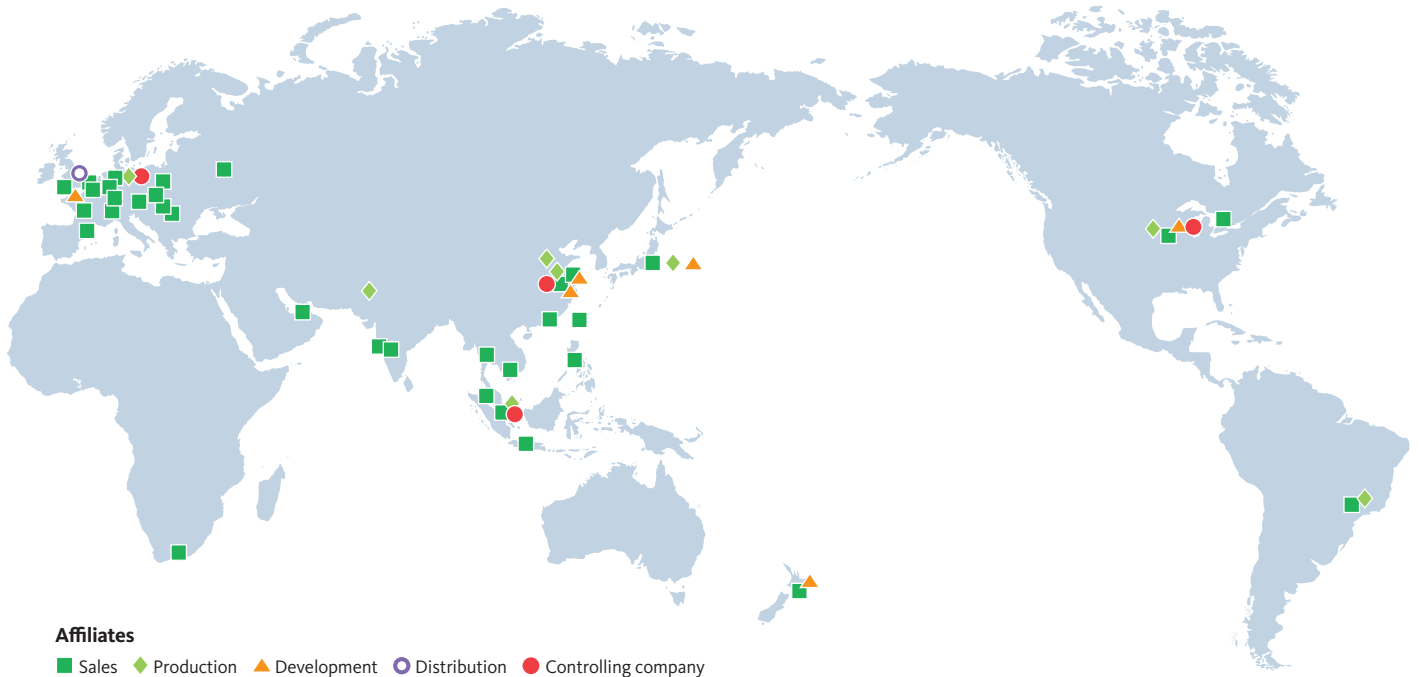
### Consolidated total assets



### Number of employees (consolidated)



## Global Network



## Principal Third-Party Awards (Fiscal 2011)

- Received the Good Design Gold Award 2011 for in-vitro diagnostic system employing Silent Design®\*1
- Received the “Invention Award” in the 2011 National Commendation for Invention and Innovation, sponsored by the Japan Institute of Invention and Innovation, for technologies related to its white blood cell classification and counting method and associated reagents.
- Received Technology Award from the Japan Society of Clinical Chemistry for ‘A Novel CK-MB Activity Assay Kit “L-System CK-MB” Using Anti-human Mitochondrial CK Antibodies’
- Selected for the Honor Roll 2012\*2 (Sysmex America)
- Selected as one of the Best Places to Work in Healthcare\*3 (Sysmex America)

- Received awards from multiple medical institutions in the Philippines for contributions to regional healthcare through scientific seminars and workshops (Sysmex Philippines)

\*1 Silent Design®: A proprietary design concept of Sysmex Corporation that, in addition to functionality and performance rises, concentrates on enhancing instrument usability by clinical laboratory technicians.

\*2 Honor Roll 2012: Corporate ranking that selects companies for their contributions to employees and their families, as well as to the welfare of local communities. Survey conducted by the Center for Companies That Care, an NPO.

\*3 Best Places to Work in Healthcare: Corporate ranking that selects and awards companies in the healthcare field that are good places for employees to work. Based on a survey conducted by Modern Healthcare, an industry journal.



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**We Believe the Possibilities.**

**Sysmex Corporation**

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