

# Sysmex Sustainability Report 2014

Full Version



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# Editorial Policy

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## Editorial Policy

Sysmex publishes the annual "Sysmex Sustainability Report" in the hopes of communicating its approaches and activities concerning corporate social responsibility (CSR) to stakeholders and facilitating dialog with them. This report is available as a full version and in digest form, as well as on the Company's website.

### Informational Content of Each Media

- *Sysmex Sustainability Report 2014* (Full Version), CSR Site: Comprehensive information
- *Sysmex Sustainability Report 2014* (Digest Version): Excerpts of key information only

### Organizations covered

Sysmex Group (Sysmex Corporation and its subsidiaries both in Japan and abroad). In this report, "Sysmex" refers to the Sysmex Group as a whole. "Sysmex Corporation" refers to the Company on a stand-alone basis.

### Period covered

Primarily fiscal 2013 (from April 1, 2013 to March 31, 2014). Some activities conducted outside this period are also included.

### Guidelines referenced

- The Japanese Ministry of the Environment's Environmental Reporting Guidelines (2012 ed.)
- The Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines, Edition 3.1

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## We Aim to Help Resolve Global Healthcare Issues and Build Trust and Confidence among Our Stakeholders.

### We strive to contribute to society through business activities throughout the world.

Since our founding in 1968, we have created a wide spectrum of products and services in the in-vitro diagnostics field based on advanced technologies. Fiscal year 2013 marked Sysmex's 45th anniversary, and the Company's products are currently used in more than 170 countries around the world. In recent years, the environment surrounding the healthcare business has changed dramatically. In emerging markets, healthcare needs are growing against a backdrop of economic development and expanding populations. Meanwhile, in developed countries birthrates are falling, populations are aging and attitudes toward health are growing more diverse. In this environment, every year testing plays an increasingly important role in illness

prevention, early-stage detection and the determination of treatment methods. We strive to swiftly address these changes in our environment and respond to people's desire to remain healthy.

In fiscal year 2013, we welcomed two new members into the Group—Germany's Inostics GmbH (currently, Sysmex Inostics GmbH) and Partec GmbH—as part of our effort to continue developing and growing in line with the changing healthcare markets and contribute to the resolution of various healthcare issues. Sysmex is working toward the realization of personalized medicine: providing healthcare optimized for individual patients, by combining our own diagnostic technologies and networks with Inostics' highly sensitive technology for detecting cancer genes in the blood, and the expertise and development capabilities of Partec,



a pioneer in flow cytometry\* technology. Partec also has a strong presence in the area of testing for infectious diseases, such as HIV and malaria. Going forward, Sysmex will leverage its network to contribute to the advancement of healthcare in emerging markets and developing countries. In addition, Sysmex and Kawasaki Heavy Industries, Ltd., have jointly established Medicaroid Corporation to conduct marketing activities with a view to commercializing medical robots.

In accordance with our mission, "Shaping the advancement of healthcare," as stated in the Sysmex Way, the corporate philosophy for the Sysmex Group, through our business activities Sysmex will contribute to a healthy life for people around the world.

\* Flow cytometry: method involving the flow dispersion of minute particles and the use of laser light to optically analyze minute flows. Used primarily to observe individual cells.

### **We are taking part in a host of activities designed to build trust and confidence among our stakeholders.**

The Sysmex Way emphasizes the importance we place on building trust and confidence among all our stakeholders. In April 2013, Sysmex established the Mid-Term CSR Plan based on the 10 principles of the United Nations Global Compact, which the Company joined in 2011, and the ISO 26000 international standards for social responsibility. Under this plan, we are making steady progress toward fulfilling our corporate social responsibility.

In fiscal year 2013, we also took a significant step forward in improving our logistics process, which we had been working on for some time. We reviewed our product packaging materials, localized procurement of raw materials for reagents, established a new warehouse, and are making use of the local Port of Kobe. As well as boosting distribution efficiency and reducing costs, these moves to reconfigure our global logistics structure and achieve overall optimization help to curtail CO<sub>2</sub> emissions.

In addition to business-related initiatives, in the city of Ono, Hyogo Prefecture, where we operate a reagent factory, we have created the new "Sysmex Forest." To rejuvenate

forest land where the ecological balance had declined, as part of our overall forest management activities we have been clearing away underbrush, thinning the trees and making trails. This is part of an ongoing initiative aimed at making it easy for local residents and others to come into contact with wildlife. As a company involved in healthcare, we also contribute to a healthy society through sports. We have been special sponsor of the Kobe Marathon since its inauguration. The marathon was held for the third time in November 2013, and some 300 Group employees and their family members provided support, volunteering and encouraging the 20,000 runners that participated in the event. We will support the fourth Kobe Marathon in November 2014, invigorating the Kobe community.

### **We have launched a new Group Mid-Term Management Plan, and are shoring up our foundations for the future.**

Sysmex launched the new Group Mid-Term Management Plan in April 2013 with the goal of maintaining our high level of growth and further enhancing profitability.

The plan is aimed at building a foundation for future growth by reinforcing our business promotion structures according to the business unit structure, continuously investing in R&D and strengthening production capacity by improving production bases. By transforming to a corporate culture that emphasizes speed and execution, the Group Mid-Term Management Plan aims to propel Sysmex forward toward the next corporate stage.

Sysmex will continue working to achieve the 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.

July 2014



Hisashi Ietsugu  
Chairman and CEO

Note: In this report, "Sysmex" refers to the "Sysmex Group," whereas "Sysmex Corporation" indicates the company on a non-consolidated basis.

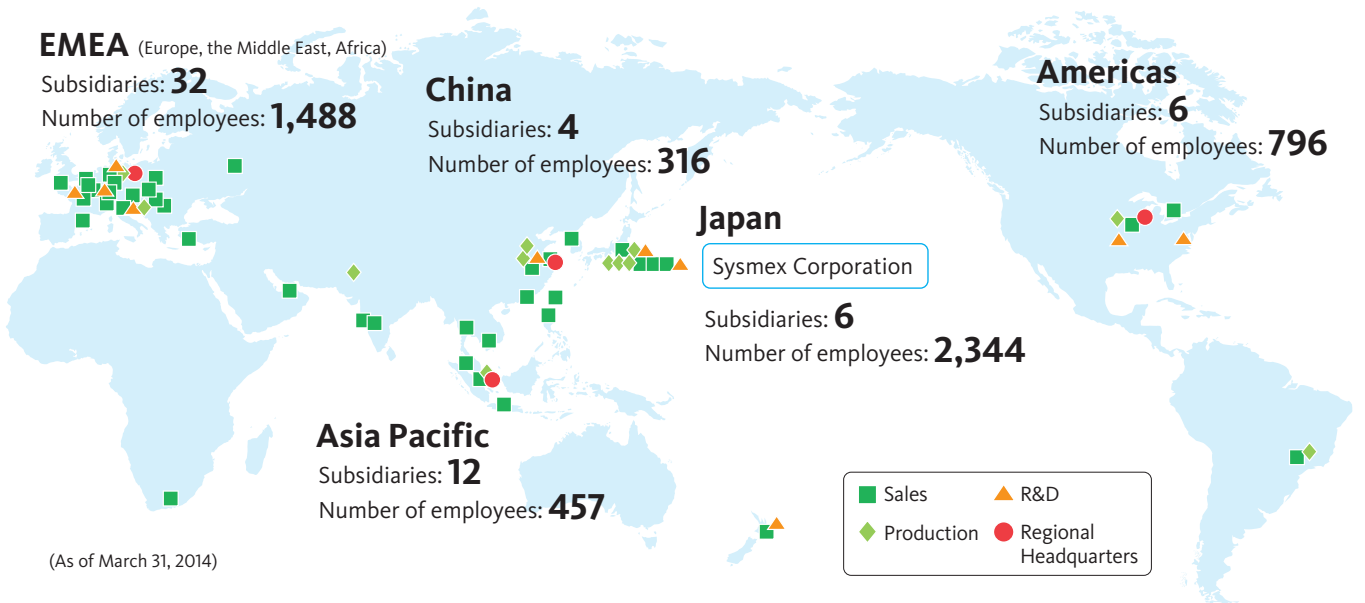
# Sysmex is a Global Provider of Diagnostics Products and Services.

In-vitro diagnostic testing of patient blood and urine samples plays an important role in confirming a patient's state of health or determining a course of treatment. Sysmex supports healthy lives worldwide by providing a variety of in-vitro diagnostic instruments and reagents in more than 170 countries in an integrated system from research and development through production, sales and after-sales support.

## Integrated System from R&D to Production, Sales and After-sales Support



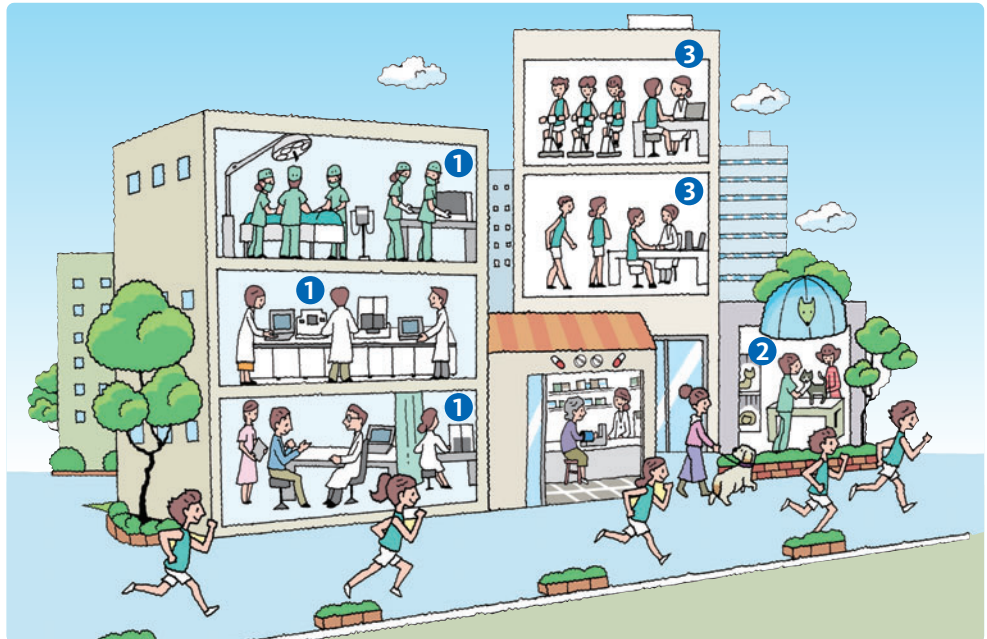
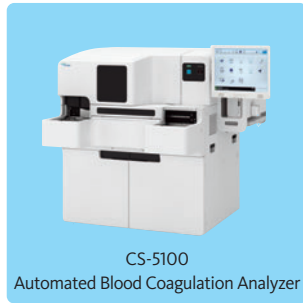
## Global Network Providing a Variety of Products and Services in More than 170 Countries



## Sysmex products are in use near you.

### 1 Hospitals

Our products are used in hematology and other fields in outpatient/in-hospital checkups and complete physical examinations to discover changes or abnormalities in organs and systems.



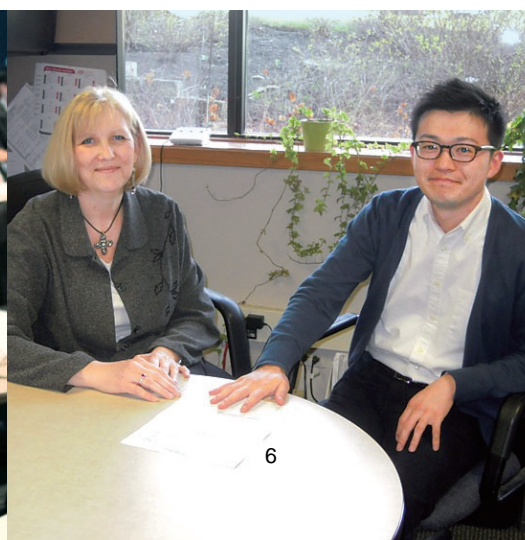
### 2 Animal Hospitals

Our products are used in hematological testing of dogs, cats and other animals.



### 3 Sports Training

Our ASTRIM FIT is used for daily training programs and nutritional maintenance to regularly check the estimated hemoglobin levels of athletes in training programs in gyms and school sports teams.



# Corporate Philosophy

## Corporate Philosophy

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### 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

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#### 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.





# Holding Value Quest (VQ) Activities to Put the “Sysmex Way” into Practice throughout the Group

**VQ45 provided a forum for devoting extensive thought to this objective, strengthening our practice of the corporate philosophy.**

Sysmex inaugurated Value Quest (VQ) activities in 2008, commemorating the Company's 40th anniversary. These activities are aimed at enhancing corporate value by putting into action the “Sysmex Way,” the corporate philosophy of the Sysmex Group. VQ provides an opportunity for employees to think about independently, and discuss with each other, activities that will help to put the “Sysmex Way” into practice. In response to questions from the chairman and CEO, various ideas are received from employees around the world, who hold discussions on these themes over the course of several months.

In fiscal 2013, the 45th anniversary of the Company's establishment, we promoted VQ45 activities that aimed at making every individual in the Group responsive to various environmental changes and to thoroughly reviewing his or her tasks and role in the Group and putting the resulting ideas into practice. In Japan, VQ45 was themed on “redefining operations, reviewing work.” The emphasis was on identifying work that required redefinition and review, and promoting action from the three perspectives of “knowing and making known,” “discarding” and “changing,” with the aim of providing maximum value to our stakeholders.

## Theme of VQ45 (Japan)

### Redefining Operations, Reviewing Work

**“Knowing and Making Known” Internal and External Changes through the Sharing of Information, Exchanges of Opinions, and Deliberation**

**“Discarding” Unnecessary Operations and Rules**

**“Changing” to Exceed Stakeholder Expectations**

**Group employees around the world participated earnestly and wisely.**

In addition to Japan, Group employees from around the world participated in VQ45 and propelled the activities forward. Members of Sysmex Korea, which joined the Sysmex Group in April 2013, participated enthusiastically. Employees from various divisions gathered at business offices throughout Japan, taking this as an opportunity to meet and discuss freely. This structure evolved into cross-functional proposals across departments, centering on young employees. An internal social networking service (SNS) was used to exchange opinions across long distances and organizational boundaries.

The VQ45 presentations were held in October 2013 at Technopark, our R&D center, to share individual teams' ideas, activities and results throughout the Group. Numerous proposals were announced during the presentations, which were attended by some 600 employees, including those from Group companies overseas. In one proposal, employees of Sysmex India suggested providing inexpensively priced products for India that are tailored to local needs. The Regulatory Affairs & Quality Assurance division proposed disseminating quality information improvements throughout the Company. The Supply Chain Management (SCM) division made a proposal to lower costs and reduce worker hours by improving parts packaging. Each of these proposals received an award. Based on one proposal that had been made to promote social contribution activities, we introduced the Social Contribution Point System in April 2014.

Other events in addition to VQ45 were held to commemorate the 45th anniversary of the Company's founding. These included Open Sysmex—tours for employees' families—and Festa 45, a commemorative event. Going forward, Sysmex plans to continue putting the “Sysmex Way” into practice throughout the Group through VQ45 and by promoting active communications that transcend regional and organizational boundaries.

Photo①②③④: VQ45 presentations Photo⑤: Open Sysmex Photo⑥: Festa 45



# By Welcoming Two German Companies into the Group, Sysmex Makes New Inroads into Personalized Medicine and Contributes to Enhancing the Treatment of Infectious Diseases in Emerging and Developing Countries

## Contributing to the Resolution of Global Healthcare Issues

In recent years, the healthcare market has been characterized by graying populations in advanced countries. Meanwhile, in emerging markets populations are increasing, triggering a growing prevalence of infectious disease. These countries are also working to meet growing healthcare needs in line with their economic development.

Progress in genetic analysis technology, which is used to analyze the risk of disease incidence, facilitates the selection of treatment methods and drug development to meet an individual's physical and genetic condition. This technology is used in "personalized medicine"—key words in the healthcare field. In emerging markets and developing countries, demand is growing for compact and inexpensive diagnostic instruments that contribute to a broad-ranging provision of healthcare services, as such instruments can help to address infectious diseases and improve public health.

In line with its Group corporate philosophy of "Shaping the Advancement of Healthcare," in October 2013 Sysmex welcomed two German companies into the Group as part of

its efforts to meet increasingly diverse global healthcare needs. Inostics (currently, Sysmex Inostics) possesses highly sensitive technologies for determining cancer genes in the blood, while Partec is a pioneer in flow cytometry\*1 technology and boasts a strong presence in research domains and in the market for detecting infectious diseases such as HIV and malaria.

## Aiming to Optimize Treatment for Individual Cancer Patients

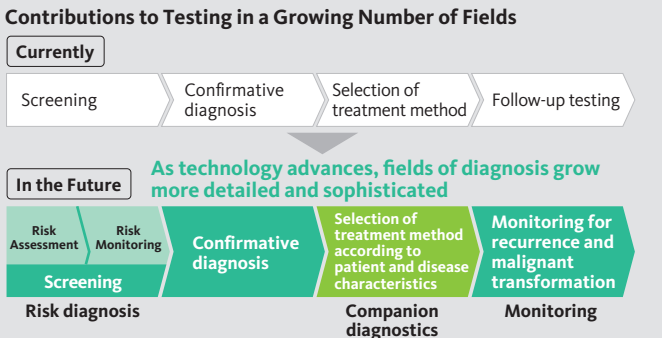
Sysmex Inostics possesses BEAMing technology\*2 for detecting to a high degree of sensitivity abnormal expressions and mutations in genes that are the cause of cancer in blood. Compared to the conventional method of testing surgically removed specimens, this technology requires only blood. In addition to reducing the impact on patients, this method has the advantage of allowing multiple tests to be conducted for the monitoring of treatment methods. Conventional approaches also presented the problems of testing only a portion of the removed specimen, as well as mistaken results due to difficulties in removing some types of cancer specimens, but now highly sensitive hematological testing can be used to determine the

**Sysmex Inostics**

**Ultrahighly sensitive technology for the detection of cancer genes**

**Promotion of the development of companion diagnostic drugs for cancer**

**Company Profile**  
 Sysmex Inostics GmbH (Headquarters: Hamburg, Germany)  
 Established: 2008; Employees: Approximately 40 (As of December 31, 2013)



**Helping to Select the Best Cancer Treatment Method for Each Individual**

Companion diagnostic drugs are expected to help in determining whether a treatment drug will be effective for a patient and whether the risk of side effects is high. This can help in selecting courses of treatment or drugs that are appropriate for individual patients.

**Stakeholder Comment**

We are a non-profit consortium serving more than 2,000 HIV+ patients. The miniPOC's promise of portability and large volume of patient service between calibrations is perfect for us to bring care closer to our patients, especially mothers and young children in the villages. Our successful piloting of miniPOC has garnered great interest from health officials in Njombe as well as in the region of Tanga. For the future, we would like to explore a number of possibilities with Partec.



**Mr. Royal Orr**, Highlands Hope

entire cancerous state. Inostics has used this technology to develop a business centered on its OncoBEAM® lab assay service.

By working with leading pharmaceutical companies, Sysmex plans to aggressively pursue the development of companion diagnostic drugs, which are seen as the key to personalized medicine for cancer. Tests employing these drugs analyze target proteins and genes using specimens such as blood that are derived from individual patients. As a result, companion diagnostic drugs are expected to help in determining whether a treatment drug will be effective for a patient and whether the risk of side effects is high. By adding these technologies to its own proprietary technologies, Sysmex aims to achieve success in personalized medicine.

**Working to Popularize Simple and Inexpensive Testing for HIV/AIDS**

Partec is a pioneer in the flow cytometry (FCM) method, in 1968 becoming the first company in the world to commercialize research equipment employing this method. Products that Partec has developed for emerging markets and developing countries using this technology have contributed to the treatment and

monitoring of patients suffering from the world's three leading infectious diseases: HIV/AIDS, tuberculosis and malaria.

Compact and portable, its instruments can be used in environments where medical treatment facilities are lacking, and the reagents they use cost only a fraction of those offered by competitors. To provide easy access to testing, the company is rolling out mobile laboratories in various regions. Particularly in Africa, Partec accounts for a major share of the market in testing for HIV/AIDS.

Going forward, Sysmex will leverage its global network to increase recognition and adoption of Partec's products in Asia and Central and South America as well as Africa. In this manner, we are working to help improve healthcare environments in various emerging markets and developing countries. Sysmex is taking on the challenge of moving to a new stage of Group development to contribute to a healthy life for people around the world.

- \*1 Flow cytometry: method involving the flow dispersion of minute particles and the use of laser light to optically analyze minute flows. Used primarily to observe individual cells.
- \*2 BEAMing technology: An acronym for "Bead, Emulsion, Amplification, and Magnetics," this gene analysis method combines digital PCR (ultra-highly sensitive PCR) and flow cytometry technologies for blood-based detection of minute genetic mutations.

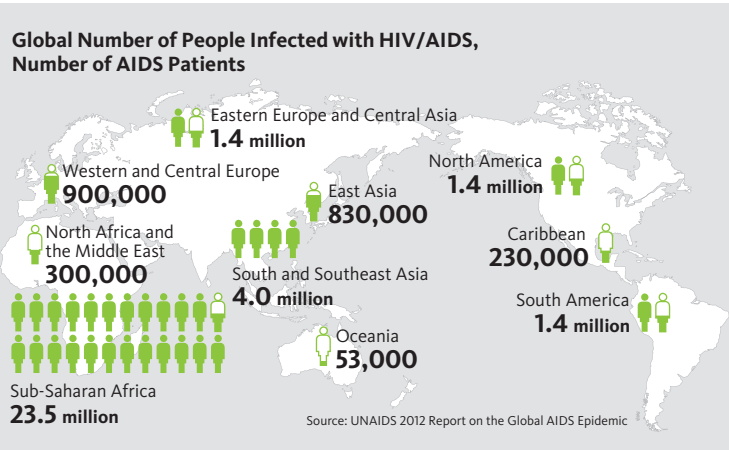
**Partec**

**Compact and portable instruments to test for infectious diseases**



**Deployment of mobile laboratories in areas lacking infrastructure**

**Company Profile**  
 Partec GmbH (Headquarters: Görlitz, Germany)  
 Established: 1967; Employees: Approximately 180 (as of December 31, 2013)



**Contributing to Expansion in the Treatment of Infectious Diseases in Emerging Markets and Developing Countries**

The prevalence of HIV/AIDS, tuberculosis and malaria in emerging markets and developing countries is a global issue. Making simple and inexpensive testing instruments more commonplace will help to prevent and treat such infectious diseases.

# Launching a Project to Review Our Logistics Processes and Systems from a Global Perspective, Promote Their Efficiency and Reduce Their Environmental Impact

## Promoting Gradual Improvements to Logistics on a Global Level

The environment in which Sysmex operates is changing every year, as healthcare investments rise in emerging markets and environmental problems become an increasingly serious issue for society. Against this backdrop, Sysmex's product areas and sales regions continue to expand, prompting the need to review our logistics processes and systems in order to provide increasingly diverse solutions.

In April 2012, we launched a project to shorten supply chain lead times by reconfiguring the global logistics structure for overall optimization and introducing process reform. Since then, we have gradually revised our logistics structure and moved forward with packaging reforms, making progress in the overall reconfiguration of logistics.

Going beyond logistics reform, project initiatives are also intended to reduce environmental impact and serve as an effective means to achieve the objectives Sysmex has spelled out in its Eco-Vision 2020.\* Consequently, we are moving ahead in a staged manner with comprehensive measures that involve affiliated companies overseas, as well as logistics

departments, materials departments, and factories.

\* Eco-Vision 2020: The Sysmex Group Environmental Action Plan. Sets targets to be achieved by fiscal 2020 in the areas of "environmental consciousness in product life cycle processes" and "environmental consciousness at business offices."

## Reconfiguring Our Global Logistics Structure to Lower CO<sub>2</sub> Emissions

In the past, we used air freight when transporting some refrigerated reagents overseas. By shifting to ship transport, we have succeeded in substantially reducing CO<sub>2</sub> emissions. We have also decreased lead time significantly through the local sourcing of some accessories for instruments. This move has also lowered CO<sub>2</sub> emissions by shortening transport distances. In addition to accessories for equipment, in the future we plan to develop local sourcing of reagent raw materials, rendering CO<sub>2</sub> reduction efforts even more effective.

Enhancing our loading simulations has enabled us to adjust the timing of product shipments, increase our loading ratio in shipping containers and decrease the number of shipments. Specifically, in fiscal 2013 we achieved a peak-time loading ratio of 55%, up 6 percentage points from the 49% recorded

### Activities Related to Curtailing CO<sub>2</sub> Emissions

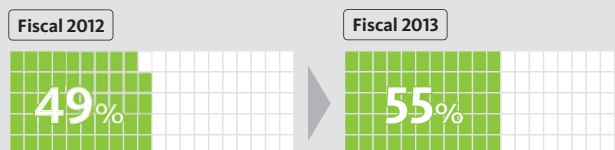
Shifting the mode of overseas transport of certain refrigerated reagents from air to ship freight

Procuring locally some accessories for instruments

By reinforcing loading simulations, adjusting product shipment timing and raising the shipping container loading ratio



#### Example of Improvements in the Loading Ratio



Shipping container loading ratio (at peak) up **6 percentage points**

**Stakeholder Comment**

The logistics of product delivery can be likened to “distribution arteries.” Conversely, collection and disposal compare to “venous distribution.” By switching transport modes and boosting the container loading ratio, we are working to make this arterial flow more efficient. At the same time, we pay attention to the processes of collection and disposal following use by reviewing package sizes and packaging materials. We plan to continue with efforts to reduce our environmental impact from a global perspective.



**Tomoe Katayama**, Vice President, Logistics, Sysmex Corporation

in fiscal 2012.

A warehouse is part of i-Square, our new factory in the city of Kakogawa, Hyogo Prefecture, scheduled to commence operations in August 2014. Directly linking the factory and warehouse will increase the efficiency of our logistics structure. This approach will also create a structure for direct transport to customers in Japan, and by proactively utilizing the Port of Kobe, we expect to enhance the efficiency of overseas transport routes as well.

Going forward, we aim to continue raising our container loading ratios. To this end, our headquarters logistics department will manage global optimal inventory levels, including overseas production bases, in pursuit of transportation that is planned to minimize waste.

**Revising Package Designs to Reduce Material Requirements and Boost Recyclability**

Optimized instrument package sizes lead to improvements in storage and loading ratios. Introducing package designs that consider the unique needs of export destinations also contributes to resource savings and a higher recycling ratio.

In addition to improving logistics processes, we are moving forward with the revision of package designs. We have already introduced steel packaging for some products to prevent damage during shipment. For shipments in Japan, we have begun employing reusable packaging, which we plan to gradually deploy in response to specific market requirements.

Recognizing its growing responsibility to supply products on a global scale, in the future Sysmex plans to continue improving its logistics efficiency and minimizing its environmental footprint.

**Packaging Improvements**

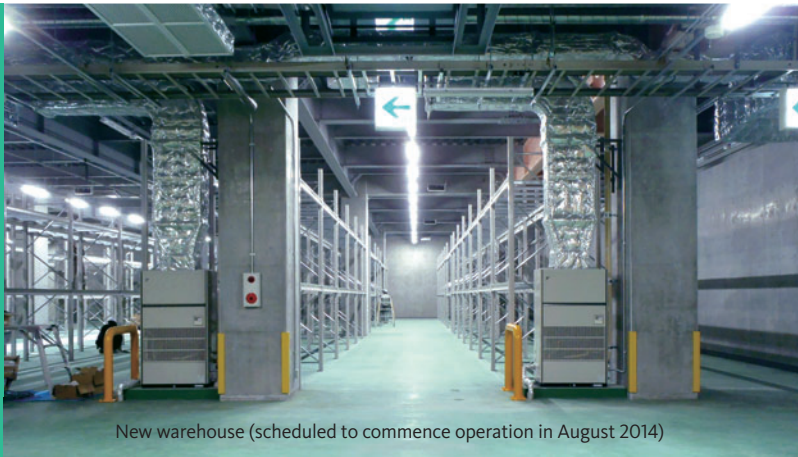
**Boosting storage and loading efficiency by optimizing instrument package sizes**

**Introducing package designs that take into account the local characteristics of export destinations**

**Employing reusable packaging and steel packaging that protects instruments from damage**

Reusable packaging

Steel packaging



**Example of Packaging Improvements**

Before: Main instrument and Accessories (two separate boxes)

After: Main instrument and accessories combined into a single package (one box)

Achieved a **21% reduction** in volume by combining accessories and main instrument in a single package

# Employee Volunteers Promote Forest Maintenance Activities at “Sysmex Forest” to Preserve Regional Water Resources and Biodiversity

## Conducting Forest Maintenance Activities as an Aspect of Corporate Social Responsibility

Forests play an important role in watershed protection by storing and purifying rainwater. Forest maintenance, therefore, is essential to the maintenance of our water resources. Since the Convention on Biological Diversity at the 10th Meeting of the Conference of the Parties (COP 10), held in Nagoya in October 2010, awareness of the importance of biodiversity in Japan has increased. This realization has encouraged a number of companies to take part in the protection of forests, which nurture diverse plant and animal species.

Sysmex, which uses water in its core reagent production activities, recognizes that contributing to local watershed protection is an important social responsibility. The Company also aims to contribute to the preservation of biodiversity. For these reasons, in fiscal 2013 we began taking part in forest maintenance activities based on the “Enlist the Participation of All Citizens in Creating Woodland” project being promoted by the Hyogo Prefectural Government. To this end, we took responsibility for a two-hectare portion of the 17-hectare Kawai Kaiteki Forest near our reagent factory

in the city of Ono, Hyogo Prefecture. We dubbed this portion the “Sysmex Forest” and set about making the *satoyama* (a human-influenced natural environment) a place of tranquility for people and wildlife.

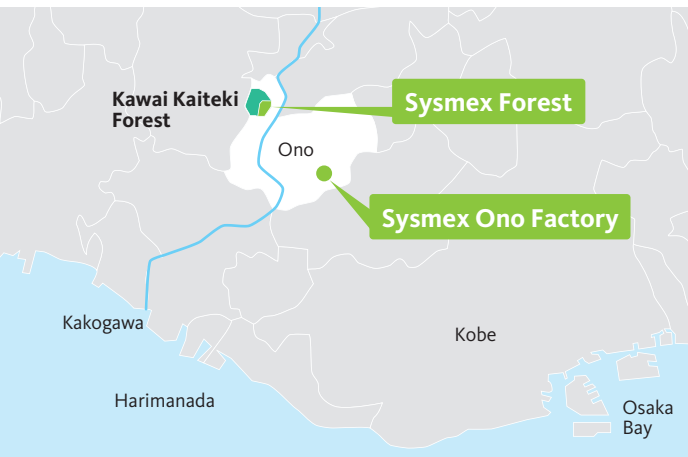
In May 2013, we held a forest opening ceremony, attended by guests and Sysmex volunteers. For the next several years, we will perform forest activities such as thinning and clearing away underbrush to protect the watershed. To preserve biodiversity, we will erect birdhouses, preserve swamp areas, cultivate indigenous species and conduct ground preparation\* activities. We will also prepare mountain paths and landscape features, plant flowers and perform other tasks to revitalize the area and encourage interaction between people and nature.

\* Ground preparation: clearing away fallen leaves and twigs from the forest floor

## Encouraging Employees and Their Families to Participate in Volunteer Activities

During the first year, fiscal 2013, we held regular activities twice—including our opening ceremony—and ad-hoc activities five times. A total of 147 employees and family members took part.

Photo①: Sysmex Forest    Photo②: Photo at the ceremony to commemorate the opening of the forest



## Stakeholder Comment

Since the opening of the forest, I have taken part in forest maintenance activities as an employee volunteer. Our work has caused a significant and visible change in the amount of sunlight and water being let through the forest canopy. Surely this will affect the forest's ecology. Being in the middle of nature—which is so different from their everyday activities—is an extremely valuable experience for children and a refreshing change for adults, too. I hope to continue participating in this enjoyable activity with other employees and their families, as well as members of the local community, as we work to create a place of tranquility for people and wildlife.

**Eri Doumoto**, Manager, Production Division 2 (Ono Factory), Sysmex International Reagents Co., Ltd.



At the regular activity in November 2013, more than 30 employees and their family members volunteered for such activities as thinning, ground preparation and building steps along mountain pathways.

Completing these tasks allowed the light to penetrate the forest cover more easily, encouraging seeds to sprout and diverse plants to grow. Ad-hoc activities included initiatives themed on the cyclical use of forest resources. For example, the thinning of *Quercus serrate* trees yielded edible *shiitake* mushrooms, and the branches and leaves that were gathered during ground preparation were piled into mulch stacks to create a habitat for unicorn beetles and other insects.

Even small children are taking part in Sysmex Forest activities. We hope that participating in forest maintenance activities will foster an awareness of the environment.

Going forward, we will cooperate with regional government bodies, forestry cooperatives and local citizens with a long-term perspective to make the Sysmex Forest a place of tranquility for people and wildlife.

## Taking Part in Corporate Citizenship Activities Linked with Environmental Preservation at Overseas Group Companies

Since commencing its Sysmex Forest activities in fiscal 2013, Sysmex has also undertaken a host of environmental preservation initiatives in Japan and overseas. For instance, at Sysmex America, our regional headquarters for the Americas, employee volunteers have taken part in cleanup activities to protect forests. Employees at Sysmex New Zealand conducted cleanups along the coast, which is home to diverse species of wildlife.

Going forward, Sysmex will continue contributing to environmental preservation by promoting corporate citizenship activities that are closely rooted in the local community.

Photo③: Thinning the forest Photo④: Preparing the ground Photo⑤: Repairing mountain paths

### Overview of “Sysmex Forest” Activities in Fiscal 2013

Thinning, clearing underbrush

→ watershed protection

Bioenvironmental survey by specialized institution, ground preparation, gathering branches and leaves

→ preserving biodiversity

Planting cherry and other trees, preparing mountain paths, making flowerbeds

→ making *satoyama* (human-influenced natural environments)



# Setting of Mid-Term Objectives and Promotion of CSR Activities

To be more proactive in our CSR initiatives, in April 2013 we established the Mid-Term CSR Plan (fiscal 2013–2015) based on the 10 Principles of the United Nations Global Compact and the ISO 26000 international standards for social responsibility. We are promoting CSR activities and working to resolve social issues based on this plan.



Category	CSR Mid-Term Objectives	Status of Activities in Fiscal 2013 ○: According to plan △: Partly completed	Activities Planned for Fiscal 2014
Organizational governance	(1) Reinforcement of the compliance system	○	<ul style="list-style-type: none"> <li>•Deploy Global Compliance Regulations and the Global Compliance Code throughout the Group.</li> <li>•Strengthen coordination between Group companies on legal management system.</li> </ul>
	(2) Improvement of business continuity plan	○	<ul style="list-style-type: none"> <li>•Complete function-specific business continuity manual.</li> <li>•Plan and implement proactive actions (such as seismic reinforcement and disaster recovery)</li> <li>•Conduct assessments on additional risks related to human rights of employees and in the supply chain, as well as climate change.</li> </ul>
Human rights / Labor practices	(3) Promotion of diversity	○	<ul style="list-style-type: none"> <li>•Introduce leave compensation (benefit) for people taking nursing care leave.</li> <li>•Conduct training to promote a proper understanding of labor management (harassment, time management, work-life balance).</li> <li>•Promote global recruiting, and extend internship system to people overseas.</li> </ul>
Environment	(4) Promotion of environmental activities to achieve the long-term environmental objectives (Sysmex Eco-Vision 2020)	△	<ul style="list-style-type: none"> <li>•Make products more compact and lightweight, reduce energy consumption, simplify product packaging.</li> <li>•Switch to alternatives for animal-derived substances.</li> <li>•Conduct activities in preparation for a declaration of conformance with the RoHS Directive (July 2015).</li> <li>•Promote remote product maintenance services.</li> <li>•Foster a shift from air to ocean transport.</li> <li>•Reduce energy use at business sites.</li> <li>•Maintain waste recycling ratio at business sites.</li> <li>•Reduce water use at reagent factories.</li> </ul>
Fair operating practices	(5) Promotion of fair trade	○	<ul style="list-style-type: none"> <li>•Cultivate internal awareness of overseas anti-bribery legislation and EU anti-monopoly laws.</li> <li>•Obtain external evaluation of compliance system.</li> <li>•Disclose information on the basis of sunshine laws*2.</li> </ul>
	(6) Promotion of CSR procurement	○	<ul style="list-style-type: none"> <li>•Ensure understanding of new procurement policy among business partners and related departments within the Company.</li> <li>•Commit procurement-related initiatives concerning human rights, ethics, occupational health and safety, and survey the status of conformance among business partners.</li> </ul>
Consumer issues	(7) Enhancement of information security	△	<ul style="list-style-type: none"> <li>•Enhance the current security level, review the operations of departmental systems, document procedures and conduct training.</li> </ul>
	(8) Improvement of customer satisfaction	○	<ul style="list-style-type: none"> <li>•Analyze new CRM system's VOC information and communicate it to related departments.</li> </ul>
Community involvement and development	(9) Promotion of social contribution activities	○	<ul style="list-style-type: none"> <li>•Commence operations of the social contribution point system, and plan and introduce related measures.</li> </ul>

\*1 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).

\*2 Sunshine laws: A vernacular term for laws such as those that have been put into place in the United States, France and other countries that make it a legal obligation for pharmaceutical companies to disclose information about payments to doctors and research institutions.

\*3 CRM system: A system that comprehensively manages a variety of data about each customer

\*4 VOC activities: Activities involving the collection and analysis of customer opinions, and feeding this information back into business operations.



# Global Topics

Sysmex took part in a host of CSR activities around the world in fiscal 2013. Some major activities are introduced below.



P15

## Japan

- **XN-2000 Automated Hematology Analyzer and XN Reagents Win German Design Award**
- **ASTRIM FIT Health Monitoring Analyzer Receives Good Design Award**
- Focusing on the Development of Global Human Resources
- Supporting Customers' Daily Quality Control
- Sponsoring the Kobe Marathon



P17

## Americas

- **Selected for the Companies That Care Honor Roll for the Sixth Consecutive Year for Our Efforts to Create a Motivating Workplace and Corporate Citizenship Activities**
- Proactively Supporting Employee Growth
- Respecting Diversity, and Building a Motivating Working Environment
- Topping Customer Satisfaction Survey for the 14th Consecutive Year
- Contributing to Children's Lives and Healthcare in Brazil



P19

## EMEA (Europe, the Middle East and Africa)

- **Creating a Motivating Workplace through the Aggressive Rollout of Childrearing Support and Health Promotion Measures**
- Developing Training Plans to Reflect Individual Employees' Needs
- Global Personnel Exchange Program
- Contracting out Some Work to Organizations Supporting People with Disabilities
- Supporting Breast Cancer Awareness Events



P21

## China

- **Collaborating with Universities to Cultivate Engineers That Can Resolve the Issues Medical Professionals Face**
- Focusing on Creation of a Safe and Comfortable Workplace and Proactive Communications
- Acquiring ISO 14001 Certification at Our Reagent Factory
- Educating Employees to Ensure Thorough Compliance with Fair Trading



P22

## Asia Pacific

- **More Than 500 People from 17 Countries Take Part in AP International Sysmex Scientific Seminars**
- Activities Aimed at Enhancing Employee Solidarity
- Baddhi Factory in India Receives Award for Environmental Protection Activities
- Supporting Quality Control, Contributing to Standardization in Emerging Markets
- Providing Support for Events to Raise Awareness of Breast Cancer





Global Topics

# Japan

XN-2000 Automated Hematology Analyzer and XN Reagents

## Win German Design Award

In December 2013, Sysmex's XN-Series XN-2000 automated hematology analyzer and XN reagents received the German Design Award, sponsored by the German Design Council. Nomination for the German Design Award is conditioned upon prior receipt of another international design award, and is an honor in itself. The rigorous screening for this award has led to it being referred to as an "award among awards." The XN-2000 and XN reagents were nominated for the German Design Award based upon receipt of the iF Product Design

Award 2013, which is an independent German design award, in November 2012.

In addition to improved functionality and performance, the XN-2000 was evaluated highly for its appearance and the usability of the "Silent Design®" product concept, which reduces the burden on clinical laboratory technologists. Such high ratings led to the XN-2000 and XN reagents being ranked among the top 100 of the 1,900 products nominated.



XN-2000 automated hematology analyzer



XN reagents

ASTRIM FIT Health Monitoring Analyzer

## Receives Good Design Award



ASTRIM FIT

In January 2014, Sysmex launched the ASTRIM FIT, which measures estimated hemoglobin levels in peripheral blood without the need for blood sampling. Highly rated for its advanced functionality, as well as its compactness and the attractiveness of its exterior housing, the ASTRIM FIT received the Good Design Award 2013, sponsored by the Japan Institute of Design Promotion.

More compact than previous models and designed to be about one-third their price, in addition to top athletes Sysmex hopes to expand the instrument's application to training locations for the young athletes who will participate in the 2020 Tokyo Olympic Games.

## Human Rights, Labor Practices

### Focusing on the Development of Global Human Resources

Systemex focuses on developing global human resources, which are core to its global business.

We introduced the Global Apprentice Program targeting younger employees in fiscal 2011. 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. Upon their return, some of the employees participate in debriefing meetings, where they report on their experience working in overseas market environments. This approach helps to convey information about overseas conditions to Systemex in Japan. By the end of fiscal 2013, a total of 13 employees had been dispatched overseas through this program.

In fiscal 2012, we also began promoting exchanges of Japanese and overseas personnel by instituting the Global Personnel Exchange Program, aimed at strengthening ties through deeper mutual understanding. (See page 20 for details.)



Employees strengthening ties through the Global Apprentice Program

## Consumer Issues

### Supporting Customers' Daily Quality Control

At hospitals and other healthcare facilities, instrument and reagent precision is controlled to maintain consistent testing data reliability. In most cases, the condition of instruments and reagents is checked by comparing on a daily basis the measurement results of materials known as control samples, with reference values and results. Systemex supports quality control by providing these control materials. 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 and compared with other counts by the same instrument to detect signs of abnormalities. Analysis results are then returned to the customer. In fiscal 2013, on a trial basis we began offering a "smart maintenance" service for some products that use SNCS circuits to check instrument operating status remotely.

In fiscal 2013, the SNCS received a Grand Prix at the IT Japan Award 2013, sponsored by *Nikkei Computer* (published by Nikkei Business Publications, Inc.), for excellence in the application of information technology. The system was rated highly for "simultaneously enhancing customer satisfaction and boosting business efficiency."



IT Japan Award 2013 Grand Prix plaque

## Community Involvement and Development

### Sponsoring the Kobe Marathon

The theme of the Kobe Marathon, "Thanks and Friendship," is meant to express the gratitude of the people in the Kobe area to everyone who assisted in the reconstruction of the region following the Great Hanshin-Awaji Earthquake. Systemex Corporation, which is headquartered in Kobe, shares this sense of gratitude and, as a company involved in healthcare that aims to contribute to a healthy society through sports, is proud to have been a special sponsor of the event since its inception.

For the third marathon, held in November 2013, Systemex supplied bib numbers to around 20,000 participating runners. Systemex Group employees and their families also took part in volunteer activities, providing broad-ranging support for the event. Systemex also exhibited at the Kobe Marathon EXPO, and offered participants a chance to check their health condition by using its product, the ASTRIM, to measure estimated hemoglobin levels in peripheral blood without the need for blood sampling. Members of the Systemex Women's Track & Field Team also conducted a lecture on stretching and presided over a talk show.

Systemex plans to continue helping to invigorate the Kobe region through sports by sponsoring the 4th Kobe Marathon, scheduled for November 2014.



Volunteers providing water at the 3rd Kobe Marathon



Global Topics

# Americas

Selected for the Companies That Care Honor Roll for the

## Sixth Consecutive Year

for Our Efforts to Create a Motivating Workplace and Corporate Citizenship Activities

Systemex America does its best to make the workplace motivating for employees, and is proactive in corporate citizenship activities.

As a company that has developed its business in the field of healthcare over many years, Systemex America believes in fostering a better society from the standpoint of health. Accordingly, the company consistently contributes to such organizations as the American Cancer Society, the American Heart Association and the Leukemia & Lymphoma Society through ongoing donations. In fiscal 2013, Systemex America donated a total of more than US\$100,000 to such causes. Company volunteers also participate actively in events sponsored by these organizations.

In fiscal 2013, Systemex America supported and more than 20 employees volunteered in efforts to distribute food to the needy through the Northern Illinois Food Bank, an NPO, by packing foods and assisting in other tasks. The company takes part in various other initiatives, as well, such as conserving nearby forests.

Recognized for initiatives such as these, Systemex America was selected as a member of the Companies That Care Honor Roll 2014, sponsored by a U.S. non-profit organization. This was the sixth year in a row that Systemex America has received this award, which recognizes companies for corporate citizenship activities and proactive efforts to create a motivating workplace.



Cleaning activity for forest conservation



Employee volunteers who participated in food distribution initiative



## Human Rights, Labor Practices

### Proactively Supporting Employee Growth

Sysmex America conducts a 60-day orientation and training program for new employees, and has e-learning programs in place for all employees. The company has also introduced a scholarship system that encourages employees to study independently at universities and other locations. Employee-students are reimbursed according to performance, and Sysmex America provides up to US\$5,250 for university-level study and as much as US\$10,000 for study at the graduate level.

In fiscal 2013, Sysmex America conducted the Sysmex Management Academy to bolster business management expertise and enhance leadership skills. More than 30 managers from the Americas took part in academy courses.



Students of the Sysmex Management Academy

### Respecting Diversity, and Building a Motivating Working Environment

Sysmex America has designed and put in place an affirmative action program aimed at encouraging diversity. In line with its focus of cultivating an environment that fosters diverse working styles, Sysmex America offers flextime and teleworking systems. The company has also entered into an agreement with an outsourced service provider to provide support if an employee's family member suddenly falls ill. Underscoring its commitment to health maintenance and improvement, the company has an on-site fitness gym.

As an indicator of how employees view these initiatives, Sysmex America earns high marks in employee satisfaction surveys that it conducts via an independent organization. Evincing the strong connection between the company and its employees, in fiscal 2013 Sysmex America was one company selected in the Top Workplaces survey of regional organizations by the *Chicago Tribune*.



## Consumer Issues

### Topping Customer Satisfaction Survey for the 14th Consecutive Year

Sysmex established its U.S. subsidiary in 1979, and the company commenced local direct sales and support activities in 2003. Since that time, the company has worked to improve customer satisfaction. We help ensure that instruments operate stably at customer locations via the Sysmex Network Communication Systems (SNCS), an online network support service. We also have in place a purpose-build studio, where we provide real-time virtual training on instrument handling for customers. Such extensive support has earned us numerous positive customer reviews.

As one indicator of its success in such initiatives, the company has received the top ranking among manufacturers of hematology analyzers in a survey of customer satisfaction\* for 14 consecutive years. In a separate questionnaire survey that we conducted by email and post in November 2013, we received 9.1 out of 10.0 possible marks for customer satisfaction.

\* IMV Service Track US user survey

## Community Involvement and Development

### Contributing to Children's Lives and Healthcare in Brazil

In fiscal 2013, Sysmex Brazil supported a project called "The trailer of Mr. Manuel," in which a trailer went through neighborhoods, conducting shows and providing Christmas presents. This project has contributed to the lives of more than 16,000 children and their families. The company also cooperates with São Roque, an organization that extends a helping hand to orphans and vulnerable children, hosting concerts by a children's choral group at its factory.

For the past five years, Sysmex Brazil has provided support to the Little Prince Pediatric Hospital, which encourages the spread of pediatric healthcare. In fiscal 2013, the company cooperated with projects under the theme of Advances in Health Treatment for the Right to Live, aimed at cultivating leading-edge diagnostics research and the spread of knowledge about pediatric healthcare.



Concert by a children's choral group



Global Topics

EMEA (Europe, the Middle East and Africa)

# Creating a Motivating Workplace

## through the Aggressive Rollout of Childrearing Support and Health Promotion Measures

Sysmex Europe and Sysmex Deutschland have in place a variety of programs and facilities aimed at creating a workplace that motivates employees. For example, the companies offer a childcare support program that provides employees with €50 per month for each child under the age of four, when both mother and father are working. Keen to promote the physical and mental health of their employees, the companies offer counseling by dietitians and psychotherapists and provide in-house fitness areas.

In fiscal 2013, Sysmex participated for the second time in the Great Place to Work competition, conducted by a survey body. Sysmex was ranked 50th out of 100 Best German Employers (compared with 64th place in fiscal 2011) with 50–500 employees. Going forward, we will conduct our own employee satisfaction survey spanning the entire EMEA region.

### Principal Initiatives for Promoting Physical and Mental Health

- Provision of yoga, pilates, badminton, boxing and other sports courses (free of charge if participating regularly)
- Assistance for regular sporting activities for field workers (€50/month)
- Counseling by a dietician (free of charge)
- Counseling by a psychotherapist (free of charge)
- Massage provision (company pays 50%)



## Human Rights, Labor Practices

### Developing Training Plans to Reflect Individual Employees' Needs

The human resource development team at Sysmex Europe develops and implements annual training plans, and then verifies their effectiveness. Employee development plans reflect individual employees' training needs, determined through interviews with their supervisors and with HR.

Based on this structure, Sysmex Europe conducts on-board training, training for management skills development, and an EMEA-wide international leadership training called the "Tsunagari Program." Additionally, HR promotes the Sysmex School, whereby employees provide training and instruction to their peers. Programs such as these are conducted every year to encourage employee development.



Tsunagari Program

### Global Personnel Exchange Program

Sysmex introduced the Global Personnel Exchange Program in fiscal 2012 to promote mutual exchange between employees in Japan and at Group companies overseas. The program aims to strengthen ties through deeper mutual understanding.

In November 2013, employees from Germany, Hungary and the Czech Republic visited Japan, experiencing operations at headquarters in Kobe and participating in discussion and forums. They also visited customers' research laboratories in Tokyo, Nagoya and Osaka. In January 2014, Japanese employees visited Sysmex Europe, our regional headquarters for EMEA, where they likewise experienced work activities and visited customers, thereby deepening communications.



Experiencing work activities through interaction with employees

## Community Involvement and Development

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

Sysmex Europe's reagent factory contracts out work such as materials selection to organizations that support efforts by people with disabilities to become more self-reliant. Such organizations also dispatch workers with disabilities to the factory's manufacturing lines.

Sysmex Europe also contracts out work to companies that employ people with disabilities, assigning them such tasks as shredding confidential documents.

### Supporting Breast Cancer Awareness Events

Under the DigniLife™ brand, Sysmex Europe has developed a product that reduces the hair loss associated with cancer chemotherapy by cooling the scalp, thereby contributing to patient quality of life. In September 2013, through this brand Sysmex Europe sponsored a Komen Race for the Cure running event that took place in a municipal park in Hamburg, Germany. A race aimed at raising awareness of breast cancer and lending courage to patients and their families, fundraising activities are conducted at the same time to support breast cancer related educational projects. During the event, Sysmex Europe exhibited at a DigniLife™ booth. In addition to providing information about scalp cooling and hair maintenance, booth activities allowed participants to actually experience a reduction in scalp temperature.

A "DigniLife" team of 27 employees also took part in the race itself, constituting the seventh largest team among the 1,700 participants. Participants themselves appeared impressed by the event, and some commented that they believed Sysmex's participation encouraged people with illnesses.



DigniLife™ team members who participated in the race



The DigniLife™ booth



Global Topics

# China

## Collaborating with Universities to Cultivate Engineers

### Who Can Resolve the Issues Medical Professionals Face

In July 2013, Sysmex Shanghai and the Shanghai Medical Instrumentation College (SMIC) opened a training center as a collaborative project to cultivate clinical testing instrument engineers.

This program seeks to combine the superb educational experience of SMIC's professors and researchers with the

extensive operational expertise and skills possessed by engineers at Sysmex Shanghai. By doing so, we believe we can provide effective education and instruction to people with enthusiasm, developing excellent engineers who will address some of the issues China's medical community faces.



Signing ceremony



SMIC

#### Human Rights, Labor Practices

##### Focusing on Creation of a Safe and Comfortable Workplace and Proactive Communications

The Jinan Factory, one of Sysmex's two reagent factories in China, has put a special effort toward creating a workplace that employees find safe and comfortable. In addition to thorough attention to occupational health and safety, work spaces are illuminated with natural lighting, which has a refreshing effect, to create bright and healthy-feeling spaces. We have expanded our employee welfare facilities, such as the dining hall and recreation areas, and made a biotope and walkways that impart a refreshing natural feeling.

Another reagent factory in the country, the Wuxi Factory, conducts employee satisfaction surveys; in our fiscal 2013 survey we scored an overall satisfaction level of more than 70%.

#### Environment

##### Acquiring ISO 14001 Certification at Our Reagent Factory

Sysmex is working toward the acquisition of ISO 14001, the international standard for environmental management, for the Group as a whole. Our Wuxi Factory in China acquired this certification in June 2013.

#### Fair Operating Practices

##### Educating Employees to Ensure Thorough Compliance with Fair Trading

Sysmex is mounting a full-fledged effort to prevent corruption and promote fair transactions. To this end, the Company distributes to employees a compliance handbook it has published, as well as providing education on the topic.

For Group companies in China, in fiscal 2013 we conducted training on corruption prevention and antimonopoly law for distributors, as well as new employees, members of the sales and marketing department, accounting staff and managers.





Global Topics

# Asia Pacific

## More Than 500 People from 17 Countries

### Take Part in AP International Sysmex Scientific Seminars

The fourth AP International Sysmex Scientific Seminar took place in Kuala Lumpur, Malaysia, on October 8 and 9, 2013. Our largest seminar in Asia to date, the event attracted more than 500 customers from 17 countries.

Themed “Adding New Dimensions to Diagnostics,” the event featured meaningful talks by 12 instructors from seven countries on topics such as applications to clinical diagnostics and presentation of case studies.



Fourth AP International Sysmex Scientific Seminar



The seminar's opening

#### Human Rights, Labor Practices

##### Activities Aimed at Enhancing Employee Solidarity

During fiscal year 2013, we conducted activities aimed at boosting solidarity among employees at Group companies in the Asia Pacific region.

As well as conducting discussions and workshops, we promoted leadership and fostered teamwork through activities like forest trekking and sports.

#### Environment

##### Baddhi Factory in India Receives Award for Environmental Protection Activities

Sysmex India's Baddhi Factory, along with eight other companies, received an award from a local industry association as a “small-scale industrial business that focuses on environmental protection activities.”

The Baddhi region is one of India's largest industrial areas, housing more than 3,000 companies.

#### Consumer Issues

##### Supporting Quality Control, Contributing to Standardization in Emerging Markets

Sysmex contributes to the standardization of testing in emerging markets through such initiatives as working with local governments and academic societies on and external quality control\*. In Mongolia, the Sysmex reference counter is used as the standard instrument for external quality control purposes. We also support various efforts toward standardization in Thailand, the Philippines and other countries.

\* External quality control: A process for confirming the accuracy of measurement data by comparing such data from the diagnostic instruments of specific institutions with those of the reference counter (an instrument that provides measurement data accepted as standard) and other institutions

#### Community Involvement and Development

##### Providing Support for Events to Raise Awareness of Breast Cancer

Sysmex Malaysia sponsored The Pink Charity Run, held in October 2013 at Stadium Padang Sultan Sulaiman. Participation in this charity event was one aspect of “Greener Sysmex,” CSR activities being promoted by the company's employees. Organized by a local hospital group, the event promoted breast cancer awareness and raised money for patient support organizations.

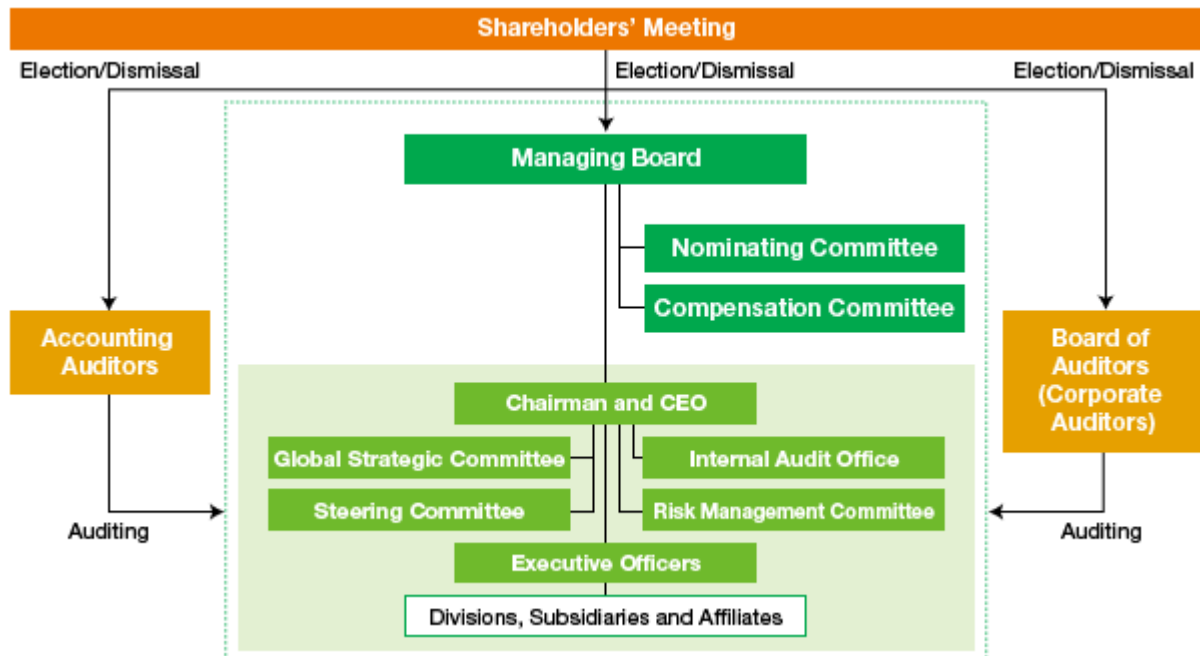
## Corporate Governance

### Aiming to Enhance Management Robustness and Transparency and Increase Its Speed and Efficiency

Systemex considers reinforcing corporate governance to be among its most important management priorities. By enhancing management robustness and transparency and increasing its speed and efficiency, we aim to maximize corporate value throughout the Group.

The Company's Managing Board comprises nine members, one of whom is an outside member. This board makes important management decisions and supervises the execution of business. Within the Managing Board, we have established the Nominating Committee and the Compensation Committee, which have the same roles as under a "companies with committees" system. Furthermore, 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 members' business conduct objectively from an independent position. 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. The company has 18 executive officers, seven of whom are also members of the Managing Board. In addition, Systemex has in place the Global Strategic Committee, which deliberates on the Group's management direction and important strategic issues, and the Steering Committee, which serves as a consultative body to the chairman and CEO to deliberate on important matters concerning the Group's business.

### • Corporate Governance Structure



## Internal Control System Improvements

Based on a Managing Board resolution on internal control systems reached in fiscal 2007, Sysmex has put in place and promotes the steady operation of systems 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 chairman and CEO. To prevent internal control effectiveness from being lost against the backdrop of a business environment undergoing rapid transformation, we focus on training and awareness activities targeting employees in related departments and are working to sustain improvements.

## Compliance

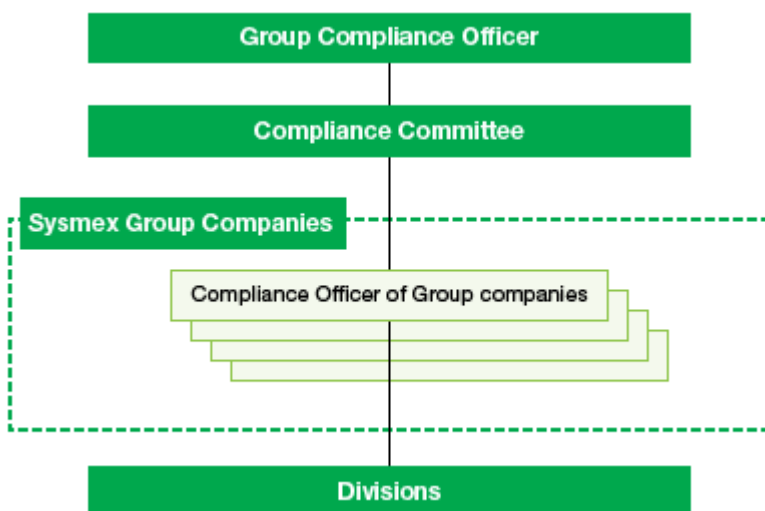
### Pursuing Open and Aboveboard Business Activities

Based on our Group philosophy, the "Sysmex Way," we define our view of compliance as "conducting business activities not only in compliance with applicable laws and regulations, but also based on fairness and the high ethical standards"

In accordance with this definition, we have established a Global Compliance Code, in which particularly important conformance rules for all executives and employees to abide by are compiled. We conduct training programs to ensure the thorough permeation of the code within the organization. The code also applies to entire Group companies, constructing an integrated compliance structure.

We revised the compliance structure in October 2013, establishing the Compliance Committee independently from the Risk Management Committee. In addition, we are encouraging compliance in a manner that reinforces the relationship between the Group Compliance Officer and the officer of group companies. In May 2014, we revised our global compliance code, adding text to describe our thoughts on ethics in relation to research and development, prevention of bribery, adherence to international guidelines such as the Universal Declaration on Human Rights, as well as research and development. We also set forth a bylaw for revising this code once every two years, in principle, to respond to changes in our internal and external environments.

### • Compliance Structure



## **Sysmex Global Compliance Code**

- 1. To Ensure Safety of Our Products and Services to Customers**  
In all of our corporate activities, we will make it a matter of priority to provide our customers with safety and security.
- 2. To Promote Fair Dealing and Free Competition**  
We will deal with our customers and business partners in a just and fair manner and will conduct transactions under appropriate conditions. As regards our relations with other companies in the same line of business, we will not illegally, dishonestly or unreasonably restrict their business, nor will we engage in the public defamation of those companies.
- 3. Fair and Proper Information Disclosure and Exercise of Complete Information Control**  
Our corporate information, such as our group's financial conditions and business activities, will be disclosed in a fair, prompt, correct and clear manner in accordance with applicable laws and regulations and we will exercise strict control over confidential information collected through our business activities so as not to cause any infringement to the rights of third parties.
- 4. . Implementation of Appropriate Research and Development Activities**  
When carrying out our research and development, we will protect the dignity and human rights of the trial subjects and their privacy in the research of genes and other matters, and will comply with applicable laws and regulations and carry out our research activities in accordance with high ethical standards.
- 5. To Respect Intellectual Property**  
We respect both the rights of our own company's intellectual properties and the intellectual properties of others. We will not unlawfully acquire or utilize any confidential business information or the proprietary assets of others.
- 6. To Maintain International Peace and Safety**  
We will comply with export- and import-related laws and regulations, and will not be engaged in any transaction likely to impede maintenance of international peace and safety.
- 7. To Conduct Proper Accounting and Appropriate Tax Payments**  
We will always apply the appropriate accounting treatment and recognize tax obligations set forth in applicable tax laws and accounting regulations and standards.
- 8. To Respect Human Rights and to Improve Occupational Health and Safety**  
We will support the Universal Declaration of Human Rights and Core Labour Standards, and respect the fundamental human rights of each person and will not infringe thereon by such acts as discrimination, harassment, etc. We will also comply with applicable laws and regulations, endeavor to improve occupational health and safety, and will not force any unfair labor practice on the personnel of the company.
- 9. Distinction between Public and Private Matters and No Conflicts of Interest**  
We will not attempt to gain any personal profit in performance of our duties, and will not make any unauthorized use of our group's assets, goods and information, nor will we perform such personal acts that may cause harm to our group's business activities or reputation.
- 10. To Maintain Sound Relationships with Society**  
We will comply with applicable laws and regulations related to anti-bribery statutes and comply strictly with applicable laws when making political donations, if allowed under local law. We will not be intimidated by antisocial activities, behavior and groups, and will never maintain any relationship with them.

## 11. To Preserve the Global Environment

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

Revised May 2014

### **Continuously Providing Education on Compliance**

Compliance managers are in place at each Group company, and Sysmex provides compliance education for all employees.

We have produced a Compliance Handbook and distributed a copy to each Group company employee in Japan to ensure that all employees are thoroughly compliance-aware.

Furthermore, in addition to regular compliance training Sysmex Corporation sets important themes for each year, and training is conducted at each department according to relevant themes. In fiscal 2013, we conducted training on the themes of information management, appropriate relationships with civil servants and ensuring transparency in relationships with medical institutions.

We also conduct compliance education at Group companies overseas, in accordance with conditions in individual countries.

#### **Principal Compliance Training Conducted in Fiscal 2013**

##### **(1) Information management (protecting personal information and company secrets, points to bear in mind concerning leaks)**

- Conducted training for all employees via e-learning
- Conducted training for sales division employees at manager level or above

##### **(2) Appropriate relationships with civil servants**

- Held seminars for executive officers and members of the Managing Board
- Conducted training for sales division employees at manager level or above

##### **(3) Ensuring transparency in relationships with medical institutions (dealing with overseas "sunshine acts" requiring the disclosure of information about payment to medical institutions, responding to Japanese transparency guidelines)**

- Conducted training for department heads
- Used intranet to ensure thorough awareness at affiliated companies overseas (regarding sunshine acts)

##### **(4) Pharmaceutical Affairs Act**

- Conducted training for sales, support, development and manufacturing departments

##### **(5) Security export control**

- Conducted training for personnel in charge of these activities, as well as for new hires

##### **(6) Accounting, tax affairs**

- Conducted training for newly appointed managers

##### **(7) Personnel administration, harassment**

- Conducted training for managers

##### **(8) Environment**

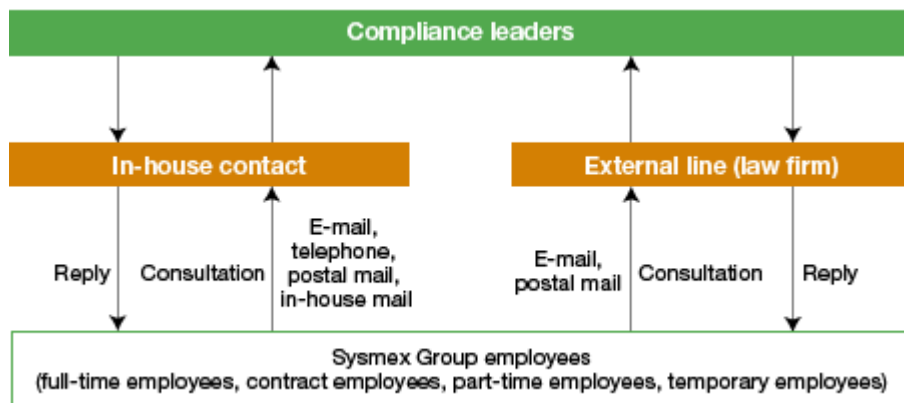
- Conducted basic training on the environmental management system for relevant departments

## Internal Reporting System

The “Campanula Lines,” an internal reporting system originally developed for Group companies in Japan, allows our employees to seek consultations and file reports via telephone, postal mail or e-mail through two lines (in-house and external).

Any information received is handled anonymously to protect those providing the information from any adverse reactions. Also, such internal reporting systems are in place at overseas Group companies.

### • “Campanula Lines” Internal Reporting System



## Establishing a Security Export Control Structure

Systemex strives to reinforce its security export control system based on the Security Export Control Regulations, thoroughly verifying the destinations and purposes of its exports.

In fiscal 2013, we conducted a companywide e-learning program on security export control and export administration regulations in the United States to ensure thorough awareness of controls. We also conducted audits to raise the consciousness of managers and people responsible for departments. Furthermore, to strengthen the security export control system for the Group as a whole, we are introducing management systems that link with enterprise resource planning (ERP) systems at regional headquarters overseas in an effort to ensure management thoroughness and increase efficiency.

## To Respect Intellectual Property

Systemex accords third-party intellectual property rights the same level of respect as it does its own.

Each new 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 convened, 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.

## **Conducting Appropriate R&D Activities**

Being involved in clinical research and development 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.

In relation to animal testing and recombinant genetic testing, we have also set up the Testing Control Committee to deliberate on whether testing plans satisfy related legislation.

## **Encouraging Fair Transactions in Accordance with Promotion Codes**

Sysmex is striving to prevent corruption based on the 10th principle of the Global Compact, that “Businesses should work against corruption in all its forms, including extortion and bribery.”

We have established the Sysmex Promotion Code (SPC), which stipulates the core behaviors for preventing bribery and other inappropriate acts and maintaining fair trade. As an organization under the Compliance Committee, we have created a task force to promote fair trading. This task force conducts awareness activities to heighten employee consciousness about SPC compliance. In fiscal 2013, we conducted training on appropriate relationships with civil servants and ensuring transparency in relationships with medical institutions.

# **Principles for Transparency in Relationships with Medical Institutions**

## **Introduction**

Sysmex, with its Group corporate mission of “Shaping the advancement of healthcare,” conducts business activities with the aim of providing reassurance to its various stakeholders, including customers. As part of this objective, at every stage of our operations—from research and development to manufacturing, sales and after-sales support—we are increasing the number of opportunities for collaboration with medical institutions and medical professionals. We believe that maintaining a strong sense of ethics as we go about these activities is important in securing broader society’s understanding of us as a company.

In 2012, the Japan Association of Clinical Reagents Industries formulated guidelines for ensuring the transparency of relationships between corporate activities and medical institutions. Concurring with the gist of these guidelines, we make public information about funding we provide to medical institutions.

## **Disclosure Method**

We disclose relevant information for the previous fiscal year on our website.

## **Disclosure Period**

Information related to fiscal 2013 is disclosed in fiscal 2014.

## **Target of Disclosure**

This information is based on the “Guidelines on Transparency of Relationships between Corporate Activities and Medical Institutions” established by the Japan Association of Clinical Reagents Industries.

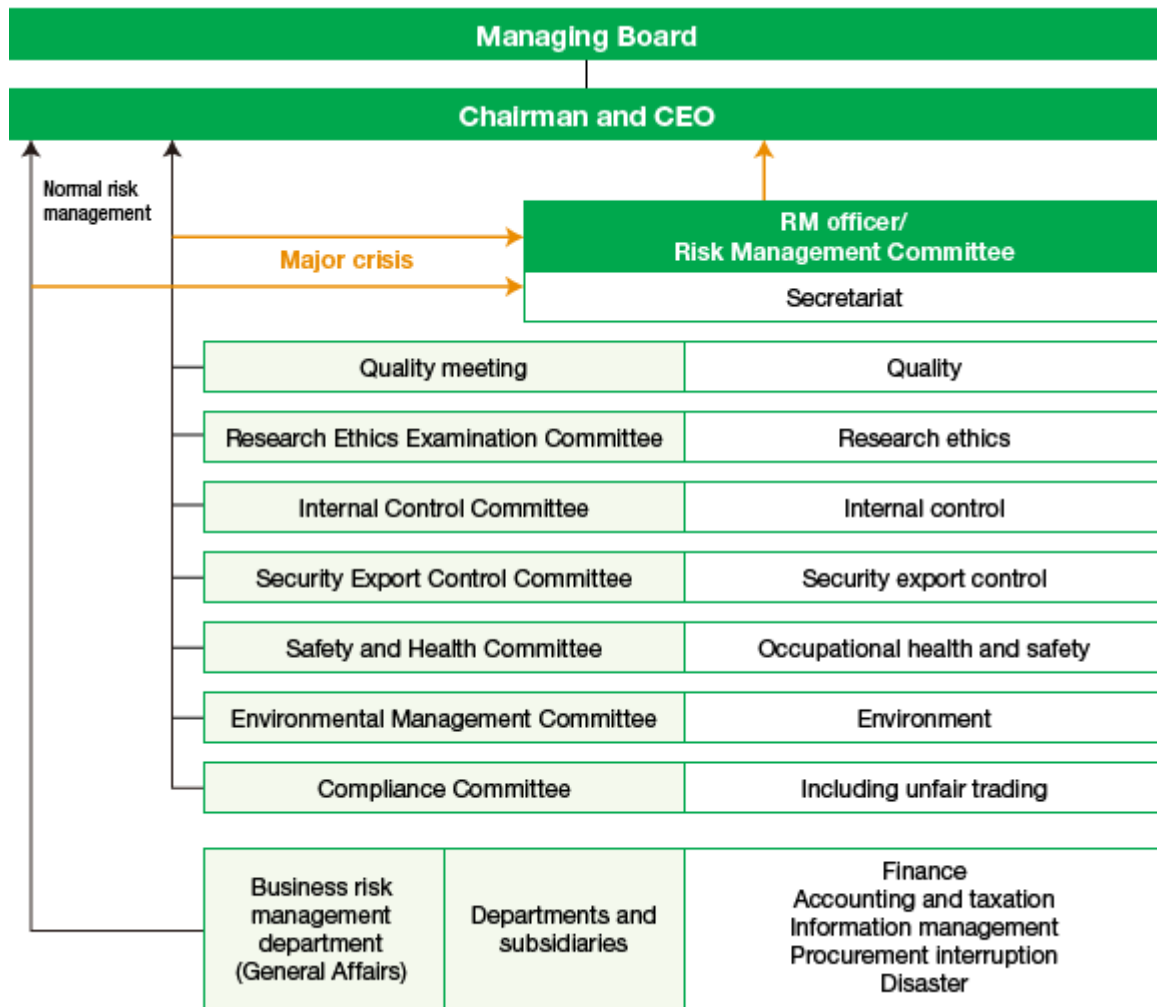
# Risk Management

## Promoting Risk Management by Establishing a Dedicated Committee

To control groupwide risk management activities, Sysmex established a Risk Management Committee, which is chaired by a Risk Management Officer, the Group's chief executive in charge of risk management. The Risk Management Committee identifies major risks having the potential to significantly impact the Group's business and consistently observes the results of risk response and monitoring by individual divisions and affiliated companies.

In fiscal 2013, we revamped our overall risk management structure, including the Risk Management Committee, to ensure a swifter and more decisive risk response. For example, under the new structure committees, committees rather than the Risk Management Committee as well as departments and affiliated companies as part of normal risk management respond to business risks themselves. The Risk Management Committee, meanwhile, clarifies roles and responsibilities for responding to major risks to the Group. This arrangement has increased the decisiveness of our response to everyday risks. We have also revised our structure for responding more quickly when risks materialize.

### Risk Management Structure





## Focusing on Disaster Response

Of all its risk management activities, Sysmex focuses in particular on disaster response and is putting in place systems to ensure its rapid response during emergencies. In fiscal 2013, we revised our Disaster Countermeasure Standards, setting in place emergency response standards that can be deployed across the Group. In addition, we introduced at affiliated companies in Japan the safety confirmation tools that Sysmex Corporation employs as a means of emergency communication. This system will allow us to quickly determine the safety of members across the Group. We also conduct disaster drills periodically to instill an awareness of activities that need to be performed in the event of a disaster.

The groupwide backbone IT system that Sysmex Corporation operates is located at external, disaster-resistant data centers. In addition, in fiscal 2013 we created a backup structure so that we can quickly switch to a backup system in the event that disaster renders our regular system inoperable.

## Information Security

Sysmex handles data about its customers, as well as on the entities with which it collaborates on R&D and other testing. We recognize the importance of upholding information such as this, as well as of other important corporate secrets, and view the leak of such corporate secrets as an important risk for the Group. Accordingly, we have in place structures to prevent this risk from materializing.

For this reason, Sysmex Corporation and its affiliated companies in Japan conducts ongoing training for all employees at the divisional manager level and below to impress upon them the importance of and increase awareness of information management and entrench our rules on managing corporate secrecy.

## CSR Management

### 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 conducted, consisting of three elements necessary for continued growth: Mission, Value and Mind. The mission expresses the expansion of our business from activities centered on the field of diagnostics—a focus since our establishment—to the broader healthcare domain with its even closer connection to human health. In this manner, the mission asserts our aim of contributing toward the realization of a society filled with abundance, health and joy.



The Core Behaviors clarify provision of specific value to customers, employees, business partners, shareholders, society and all our stakeholders. For example, to provide reassurance to all members of society we carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards. We also consider it important to play an active role in resolving environmental issues and other problems that impact our society today.

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**

<b>Human Rights</b>	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.
<b>Labour</b>	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
	Principle 6: the elimination of discrimination in respect of employment and occupation.
<b>Environment</b>	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
<b>Anti-Corruption</b>	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## 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 2013

#### Customers

- Conducted survey on degree of customer satisfaction in each region (Sysmex Corporation and overseas Group companies in each region)
- Held scientific seminars in each region (Sysmex Corporation and overseas Group companies in each region)
- Ongoing customer training program incorporating customer feedback in each region (Sysmex Corporation and overseas Group companies in each region)

#### Employees

- 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)
- Conducted collective bargaining with the labor union and held labor-management meetings on topics such as workplace environment improvement (Sysmex Corporation)

#### Business Partners

- Held the 45th Anniversary Sysmex Suppliers Conference, communicating our appreciation to suppliers for their ongoing assistance, and took this as an opportunity to share our thoughts on business continuity plans (BCPs) (Sysmex Corporation)

#### Shareholders and Investors

- Conducted IR tours in France and Russia targeting institutional investors and analysts (Sysmex Corporation)
- Held the 11th Technology Presentation for institutional investors and analysts (Sysmex Corporation)
- Held informational meetings for individual investors (Sysmex Corporation)
- Conducted tour for shareholders (Sysmex Corporation)

#### Communities

- Held event for local community interaction at R&D core Technopark (Sysmex Corporation)
- Participated in math and science education-focused "6th Science Fair in Hyogo" event for high school students (Sysmex Corporation)
- Participated in the "Aim High Urban Mentoring Initiative" conducted by a U.S. NPO and advised local high school students (Sysmex America)

# Involvement with Customers

## — Core Behavior —

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.



## 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 “Quality Policy” and “Sysmex Corporation Quality Compliance Policy,” and we act accordingly.

With regard to our quality management system, nearly all Group companies handling development or manufacturing functions have constructed management systems in line with and obtained certification under the ISO 9001 or ISO 13485<sup>\*1</sup> international standards. Of our 56 Group companies, 37 have received ISO 9001 certification and 18 have obtained ISO 13485 certification. Sysmex also conducts management reviews and audits of quality activities at its principal Group companies to confirm that the management system is operating properly.

In addition to quality policy training for all employees, we conduct specialized quality education targeting specific departments and job types. In fiscal 2013, we conducted education related to U.S. Food and Drug Administration and Canadian medical device regulations.

To share quality-related information throughout the Group and reinforce our systems, once a year we hold the Global RAQA (regulatory affairs/quality assurance) Meeting, at which Quality Assurance Department managers from Sysmex Corporation, the regional headquarters in the Americas, EMEA<sup>\*2</sup>, China and the Asia Pacific region, and affiliates gather.

<sup>\*1</sup> ISO 13485: Quality management system for the design and manufacture of medical devices

<sup>\*2</sup> EMEA: Europe, the Middle East, Africa



Global RAQA Meeting in session

## Ensuring Product Quality

Used in 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 at 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, which was implemented in April 2011, 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. To enhance this system, in fiscal 2013 we constructed an electronic system for the global sharing of information about malfunctions, corrective actions and preventive actions.



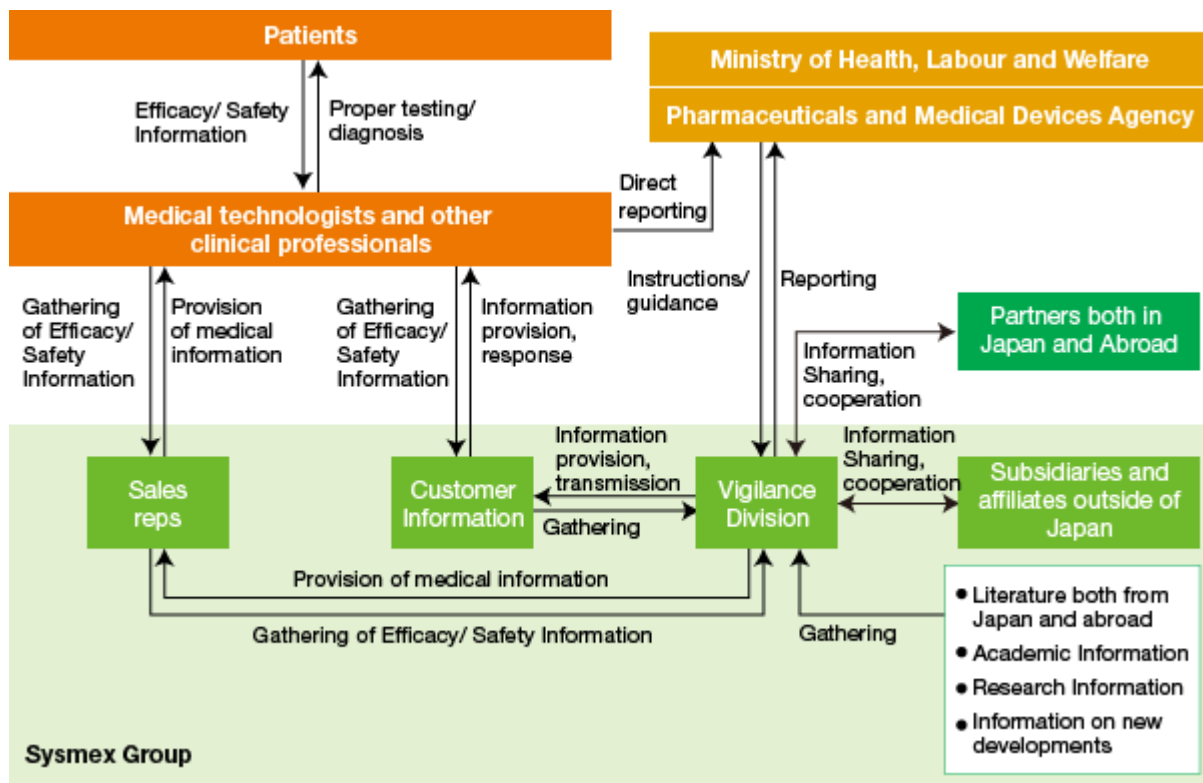
## Safety and Quality Information

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

At Sysmex, information on product quality and safety is centrally controlled at the Vigilance 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 Vigilance Control System



### Collection and Repair Information Posted on Our Website

Sysmex posts information about product collection and repair on its website under "Important Product Notices."

### Calling Attention to Counterfeit Reagents

To assure accurate testing results, Sysmex asks its 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 put out notices advertising this fact in local newspapers. We also seek cooperation from local governments and, when necessary, we bring cases to court.



## After-Sales Support

### Responding to Inquiries Rapidly and Responsibly

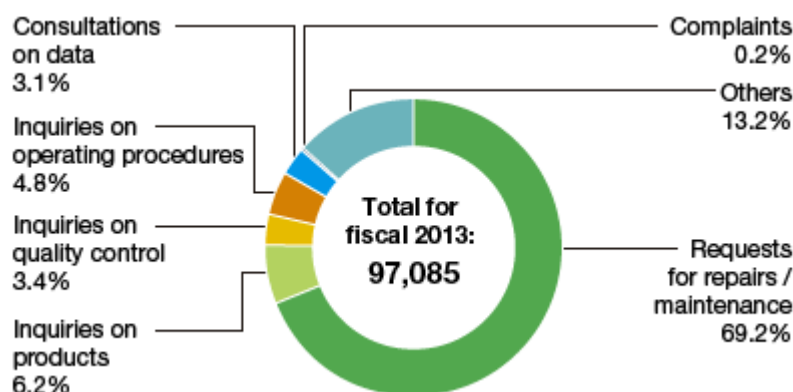
In Japan, Sysmex Corporation maintains a Customer Support Center, where experienced staff members with expert knowledge cater to customers 24 hours a day, 365 days a year (separate agreement required). By creating a database containing maintenance histories and the details of past inquiries from customers to ensure quick reference, the center responds to inquiries and requests both quickly and carefully.

In fiscal 2013, within this center we set up the VOC Group Department as a specialized unit to analyze customer input and feed this information back to related parties. Rather than just responding to problems, we also established the department in the aim of generating new added value and, in the future, contributing to the development of global initiatives.

We also maintain customer service contacts at our regional headquarters in the Americas, EMEA\*, China and the Asia Pacific region.

\* EMEA: Europe, the Middle East, Africa

### Inquiries to Customer Support Center



Responding to inquiries at the Customer Support Center

### Utilizing ISO to Raise the Level of Quality Control

In fiscal 2013, Sysmex Corporation obtained ISO/IEC 17025<sup>\*1</sup> certification for the calibration service it provides for hematology analyzers. Sysmex was also accredited for ISO/IEC 17043<sup>\*2</sup> for its SNCS<sup>\*3</sup> and eQAPi<sup>\*4</sup> external quality control programs for general testing, hematology, clinical chemistry, immunology and other testing. Sysmex is the first organization in Japan to receive this accreditation, not only in the clinical testing field but across all industries. These certifications enable Sysmex to provide customers with high-quality services as an ISO accredited Calibration Laboratory and Proficiency Testing Provider.

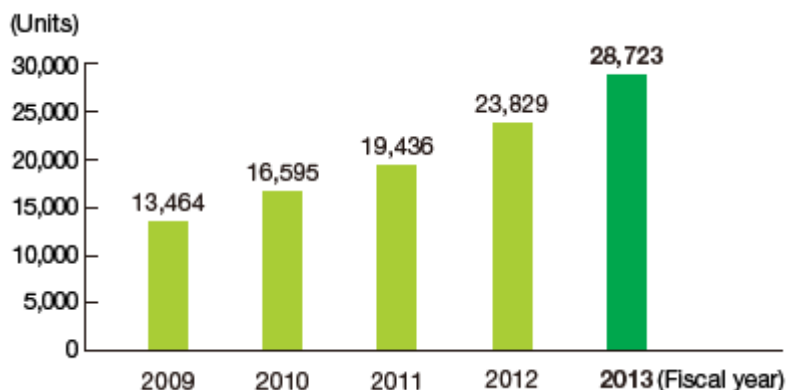
\*1 ISO/IEC 17025: International standard on general requirements for the competence of testing and calibration laboratories.

\*2 ISO/IEC 17043: International standard on conformity assessment—general requirements for proficiency testing.

\*3 SNCS: Refer to the above section entitled "Supporting Customers' Quality Control on a Daily Basis."

\*4 eQAPi: A large-scale real-time external quality assessment program. This service involves analyzing the results of measurement data in real time, which contributes to improving the accuracy of everyday testing.

- **Instruments Registered with the On-Line Quality Control Services (SNCS, eQAPi) (Worldwide, Cumulative)**



## Enhancing Customer Satisfaction

### Customer Satisfaction Surveys

Sysmex Corporation conducts surveys of customers who attend its national seminars and exhibitions, asking them to evaluate Sysmex's sales and service activities. We respond swiftly and make improvements in response to the requests and opinions we receive in this way, as part of our effort to enhance customer satisfaction. We visit in person customers who have purchase new products so that we can hear firsthand their opinions and impressions about product functions and operability, and feed this information back to the product development departments. In addition to these initiatives, we are creating a customer relationship management (CRM) system to comprehensively manage various customer-related information. We brought the sales-related portion of this system on line in fiscal 2013. Going forward, we will use this system to tailor our proposals more closely to individual customers.

When customers visit us from overseas and tour our offices and factories, we take this as an opportunity to solicit their opinions. Group companies overseas also conduct their own customer satisfaction surveys.

### Boosting Customer Satisfaction by Increasing the Usability of User Manuals

Sysmex made improvements to its user manuals in fiscal 2013, in the interest of improving customer satisfaction. We began this process by comparing the subjects of call center inquiries with the content contained in our user manuals to determine any issues that existed. Next, we trialed the improved user manuals and received evaluations from actual customers in Japan and overseas.

Based on the feedback we received, we adopted processes to make our manuals even more operator-centered, creating user manuals that offer excellent usability.





## Stable Supply

### Ensuring a Stable Supply of Products Indispensable to Treatment

Sysmex maintains the right number of the correct types of products in the right locations in its inventories to ensure its ability to provide a stable supply of testing instruments. To meet anticipated increases in global demand, we have established the new i-Square instrument factory in the city of Kakogawa, Hyogo Prefecture. Construction on this facility was completed in June 2014. i-Square employs a seismically isolated structure to protect its production infrastructure and warehouse even in the event of an earthquake and allow stable supply to continue. We also expanded the factory at Sysmex RA in fiscal 2013.



i-Square (new Kakogawa factory)

We also endeavor to provide stable reagent supplies from various perspectives. Consequently, we have completed the practice of having Sysmex Corporation maintain control over appropriate inventory levels. To ensure our ability to provide reagents even in the face of a disaster, we are dispersing risk by producing reagents overseas and pursuing alternate supplies of raw materials.

We continue to upgrade our facilities with a view to ensuring supply stability. In fiscal 2013, at Sysmex International Reagents, which produces reagents, we increased from one to two the number of chillers servicing the two refrigerators and two freezers used for storing reagents. We performed this upgrade in the interest of redundancy, providing a backup system for keeping reagent at the specified temperature and reducing the risk of becoming unable to ship reagent in the event of a breakdown that prevented us from keeping reagent at prescribed temperatures.

### • Overview of Instrument Manufacturing Locations

	<b>Sysmex Corporation (New factory)</b>	<b>Sysmex Corporation (Existing factory)</b>	<b>Sysmex Medica (Expansion of existing factory)</b>	<b>Sysmex RA (Expansion of existing factory)</b>
<b>Location</b>	Noguchi-cho, Kakogawa, Hyogo Prefecture	Noguchi-cho, Kakogawa, Hyogo Prefecture	Yumesaki-cho, Himeji, Hyogo Prefecture	Hirokano-mura, Shiojiri, Nagano Prefecture
<b>Site area</b>	Approx. 30,000m <sup>2</sup>	Approx. 12,000m <sup>2</sup>	Approx. 7,300m <sup>2</sup>	Approx. 6,100m <sup>2</sup>
<b>Floor space</b>	Approx. 20,000m <sup>2</sup>	Approx. 9,800m <sup>2</sup>	Approx. 4,400m <sup>2</sup>	Approx. 6,000m <sup>2</sup>
<b>Investment</b>	¥3.9 billion	-	¥0.5 billion	¥0.3 billion
<b>Main products</b>	High-end models	Compact models	High-end units	Peripheral equipment for IVD instruments



## Scientific Activities

### Holding Scientific Seminars for Clinical Professionals

Sysmex keeps clinical professionals updated on scientific information by sponsoring seminars and study sessions for doctors and medical technologists.

In June 2013, we held the 36th Sysmex Scientific Seminar, connecting via satellite links four conference halls—in Kobe, Tokyo, Sendai and Fukuoka. This conference, themed “The Wonderland of Hematogenesis and Immune Tissues—Filling the Gap between Pathology Testing and Blood Testing, and Promoting a Deeper Understanding of the Progress in Diagnostics and Treatment Technologies,” was attended by more than 1,300 people.



36th Sysmex Scientific Seminar

### Publishing Scholarly Magazines and Illustrated Books That Promote Education and Awareness

We distribute the Sysmex Journal International (Japanese, English and Chinese editions) to medical institutions and university libraries in more than 100 countries throughout the world, thus keeping many clinical professionals updated on current clinical medicine and healthcare testing.

We also produce an illustrated book to promote education and awareness of illness and testing. We distribute this book to hospitals and clinics, which place it in waiting rooms and other locations. Because the book features easy-to-understand explanations in narrative form of the characteristics of illnesses, as well as their testing and treatment, it draws the interest of children and others who have little knowledge about medicine.

## Involvement with Employees

### — Core Behavior —

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.



### Respecting Human Rights and Diversity

#### Systemex Group Compliance Code (Excerpt)

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

We will support the Universal Declaration of Human Rights and Core Labour Standards, and respect the fundamental human rights of each person and will not infringe thereon by such acts as discrimination, harassment, etc. We will also comply with applicable laws and regulations, endeavor to improve occupational health and safety, and will not force any unfair labor practice on the personnel of the company.

##### 8-1 Prohibition of discrimination and harassments

We must not discriminate with regard to a person's sex, age, nationality, race, origin, belief, religion, social status, lineage, illness or physical disability, nor must we behave in a manner that ignores the dignity of other people, including such acts as sexual harassment, power harassment, etc.

##### 8-2 Privacy protection

We must acknowledge the diverse values of people as individuals, and must respect privacy of each and every person. We must not unnecessarily disclose private information we acquire in the course of work to any other third person and must not seek to obtain private information unnecessarily.

##### 8-3 Elimination of forced labor and child labor

We must not engage in unjust labor practices by detaining someone against his or her will. We must not hire children below the minimum age of employment set forth by applicable laws or regulations.

##### 8-4 Assurance of safety and health at workplaces

We must adhere to laws and regulations related to safety and health practices so that every employee may work with peace of mind, and must maintain and enhance the mental as well as physical health of every employee so that a safe and comfortable working environment can be established.

## **Embracing Diverse Personnel through Diversity and Inclusion**

Systemex Corporation has evolved from the practice of “diversity,” which simply welcomes diverse human resources, to the more extensive practice of “diversity and inclusion.” This approach involves creating a working environment that is amenable to a wide variety of human resources, recruiting and stationing them without regard for nationality, race, gender or physical disability.

## **Endorsing the Universal Declaration of Human Rights, ILO Core Labor Standards and Other International Standards Related to Human Rights**

Systemex has formulated guidelines describing particularly important rules and behaviors for compliance with basic respect for human rights as indicated in “8. To Respect Human Rights and to Improve Occupational Health and Safety” of Systemex’s Compliance Code. 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. We also conduct training programs as needed to ensure the code is put into practice. In fiscal 2013, we conducted training for management specialists on the themes of harassment, labor management and the Worker Dispatching Act.

In May 2014, we updated our compliance code, addressing global human rights issues as a global company. We clearly spelled out our endorsement of international standards related to human rights, including the Universal Declaration of Human Rights and core ILO labor standards.

## **Consultation and Reporting Systems Related to Human Rights**

Systemex has set up “Campanula Lines” as an internal reporting system for Group companies in Japan to enable consultation related to sexual harassment and power harassment, among other topics. We also have internal reporting systems in place at Group companies overseas.

## **Promoting Employment of People with Disabilities**

Systemex Corporation encourages the employment of people with disabilities. Targeting long-term employment, we design working conditions to maximize individuals’ aptitudes and skills. As of March 31, 2014, our employment of people with disabilities was 1.94% of the total. As the statutory level is 2.0%, effective from April 2013, we are stepping up efforts to reach this level.

In addition to focusing on the hiring of people with disabilities, we are introducing Ostomates (toilets for people who have had colostomies or urostomies) and other barrier-free facilities, each month a Safety and Health Committee member visits workplaces to confirm that facilities are easily navigable by wheelchair. These are examples of our ongoing efforts to create a working environment that is amenable to people with disabilities.

## **Employing Seniors—System for Reemploying Post- Mandatory Retirement Age Workers**

Systemex Corporation’s mandatory retirement age is 60, but we have in place a system for re hiring until age 65 people who have retired at the mandatory retirement age and still wish to work. During fiscal 2013, we rehired 16 employees who had retired at the mandatory age according to the terms of our internal rules.



## 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 toward 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 achieve fairness and ensure that employees understand their evaluations, we show employees their evaluation results and their 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 human resources

- 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 Career Design

Systemex Corporation employs a voluntary reporting system for all employees. 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 2013, some 97% of employees used this system.

### Personnel Systems at Overseas Regional Headquarters

Our regional headquarters for the Americas, EMEA\*, China and Asia Pacific have in place personnel systems in line with the legal frameworks and cultures of these regions.

In general, we use management by objectives approaches to evaluate personnel. To some degree, we also employ competency evaluations in the Americas and Asia Pacific. We use talent management education for cultivating personnel and conduct level-based training. In addition, these headquarters have in place an employee exchange program with Systemex Corporation in Japan to promote global personnel intercourse and training.

\* EMEA: Europe, the Middle East and Africa

## Introducing Internal Awards Systems to Motivate Employees

In fiscal 2011, Sysmex introduced the Group CEO Award system for recognizing individuals, organizations or groups that contribute most significantly to the realization of the Sysmex Way, our Group corporate philosophy, sharing these achievements throughout the Company each year. We provide awards for one individual and one group.

Sysmex Corporation has introduced a patent award system that rewards employees who contribute to the acquisition of patents. We revised this system in fiscal 2013 to boost the motivation of R&D engineers and heighten awareness of intellectual property, increasing the types of prizes to three. The first of these is a Patent Grand Prize/Patent Prize of Distinction for inventors whose patents are recognized as excellent. The second, the Patent Meister, is for engineers who are responsible for multiple patents. The third type is the Filing Commemoration Prize, which goes to people filing a patented invention for the first time. We also present a Quality Award for success in quality improvements.

## Aiming to Equalize Employment Opportunities

Sysmex Corporation recruits new employees based the evaluation of individuals, without regard for gender, nationality, race, age, employment history or disability status.

Specifically, we instituted year-round hiring to offer equal opportunities to people who had already graduated or had studied overseas and therefore might be at a disadvantage. In fiscal 2013, this resulted in our hiring of 65 graduates and three potential candidates. To ensure our ability to recruit personnel around the world, we conduct Company briefings and interviews overseas, as well as conducting Web-based briefings and interviews. In October 2013, we welcomed three people of non-Japanese nationality into the Company, and additional six in April 2014.

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

Sysmex Corporation actively hires contract employees and temporary 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 2013 we promoted 13 contract and temporary employees to full-time positions.

### • Promotions to Full-Time Positions (Sysmex Corporation)

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Contract employees	13	10	12
Temporary employees	10	7	1
Total	23	17	13



## Focus on Supporting a Work-Life Balance

### Support for Both Work and Child-Rearing

Systemex Corporation offers a variety of systems, such as childcare leave and shorter work hour systems, to ensure that parents can spend as much time with their children as possible. In support of childrearing, we allow employees to take accumulated paid leave to care sick children in addition to offering a flex-time system. We have set up Systemex Kids Park, an in-house daycare center that accepts babies and toddlers, at Technopark, our R&D center. The center offers short-term as well as full-time daycare, so that employees whose spouses work on a part-time basis or who find it difficult to take care of their children due to caretakers' illness, bereavement or other circumstances may also temporarily utilize the service. Furthermore, we provide a reemployment system to enable employees who were forced to suspend their career paths due to child-raising with opportunities to resume their work. In recognition of its planned implementation of such systems, in fiscal 2011 Systemex Corporation received the next-generation support certification logo (nicknamed "Kurumin") from the Ministry of Health, Labour and Welfare.



In-house daycare center, Systemex Kids Park



Next-generation support certification logo (nicknamed "Kurumin")

In April 2014, to encourage male employees to take child nursing leave we revised our special leave for employees around the time of their spouses' childbirth. Whereas our system previously allowed for five days to be taken within the monthly following childbirth, the new system allows employees to take two days within one month and another three days at any point within one year.

We provide easy-to-understand explanations of these systems on a dedicated intranet site. We also send individual emails concerning programs that we particularly wish to promote.

### • Users of Systems to Support a Work-Life Balance (fiscal 2013)

System	Description	Users
Shorter work hour system for child rearing	Until the end of third grade of elementary school*	51
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	61
Accumulated paid leave system	Accumulated paid leave for up to 10 days of annual paid vacation from previous years can be taken for child nursing or short-term nursing purposes	23
Reemployment system	System to reemploy people who previously left the Company for childcare or nursing-related reasons	3 enrollment
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.	33 children

\* From fiscal 2014, this system has been extended to children through their sixth year of elementary school.

## **Supporting Return to the Workplace Following Child Nursing Leave and Nursing Care Leave**

In February 2013, Sysmex Corporation introduced a new support system to facilitate the smooth return to work of employees who have taken childrearing or nursing care leave, and the employee is loaned a tablet or notebook PC that he or she can use to connect to the Sysmex email system and intranet. Three months prior to returning to work the employee on leave can begin viewing “in-house only” company information. We require employees to consult with their superiors before commencing use of this system. This provides an opportunity to communicate about working styles after returning to work before that time is actually reached.

Being cut off from the workplace can be an obstacle to a later smooth return. However, this set-up allows the employee to access Company information at home in real-time, and enables better communications with colleagues through email. This IT-based system helps the employee get through the leave period without experiencing the torment of feelings of alienation and loneliness, and also allows the employee to play an active role at the workplace upon his or her return.

## **Aiming for an Even More Comfortable Working Environment**

In addition to a childcare support system, Sysmex 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 accumulated paid leave 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 assist employees resuming work after having been forced to suspend their careers due to nursing needs. Furthermore, we have introduced a cafeteria-type plan that meets diverse employee needs by enabling them to choose from a menu of welfare options.

In fiscal 2013, we introduced a new attendance management system with enhanced functions to enable working-hour control over leave taking. We also conducted “positive-off” training, which encourages more varied working styles for workers ranging from management specialists to general employees. In instances in which both husband and wife are Sysmex Corporation employees, we offer the Leave System to Accompany Spouse Posted Overseas that allows the spouse not being posted overseas to accompany the one who is, and return to regular employment upon returning to Japan.

Furthermore, in April 2014 we reorganized our leave system, adding new leave categories for undergoing fertility treatment, making donations or taking part in volunteer activities. We have introduced a nursing care leave stipend of ¥100,000 per month, available for up to one year, for employees who take leave to attend a family member who requires nursing care.

Employee feedback has provided valuable instruction on introducing systems and upgrading our facilities in efforts to improve the working environment. At Technopark and certain other locations, we hold regular Liaison Conferences on Operational Improvements to elicit employees’ opinions on issues encountered in the workplace.





## Cooperation between Labor and Management

### Aligned to Create a Better Workplace

All full-time employees of Sysmex Corporation, except those holding managerial posts and some in back-office operations, are members of the Sysmex Union, the in-house labor union. In fiscal 2013, membership accounted for 67.7% of employees. Sysmex Corporation and the Sysmex Union work together to develop systems that help employees maintain their work-life balance.

We conducted collective bargaining in May 2013, with opinions exchanged concerning the realization of a rewarding workplace. We held 11 additional council meetings between labor and management, covering topics such as personnel evaluations, managing working hours, making compensation systems fairer and improving the workplace environment.

### Employee Opinions Reflected in Management

Sysmex conducts a Corporate Culture Survey of employees of all Group companies in Japan every two years, and we analyze replies to questions on over 100 categories to gain an understanding of unspoken rules and values within the organization, as well as of the degree of effectiveness of various measures. This is useful in discovering and resolving the issues surrounding the Group.

We perform employee satisfaction surveys across all regions, including the Americas, EMEA\*, China and the Asia Pacific. Group company Sysmex International Reagents has in place a system whereby employees form teams to draft proposals on topics such as approaches to making work improvements, with annual events to announce the successes of these small-group activities.

\* EMEA: Europe, the Middle East and Africa



## Health and Safety Considerations

### Maintaining and Improving Employees' Health

Sysmex Corporation encourages employees to undergo thorough physical examinations and cancer tests for women, in addition to regular health checkups, for the early detection of illness. Annual Kokoro no Health Checks are also performed annually to confirm mental health and to uncover any harassment-related situations.

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 also have established an employee assistance program (EAP), enabling employees to seek help easily.

As welfare facilities to encourage health maintenance, on the grounds of the Solution Center—the Company's customer service headquarters—Sysmex Corporation provides sports grounds and tennis courts, as well as a gymnasium with training equipment. We hold events and seminars as needed to raise employee awareness of physical health maintenance. In fiscal 2013, we offered healthy menu options at the employee cafeteria and had managerial dieticians conduct health seminars and health consultations.

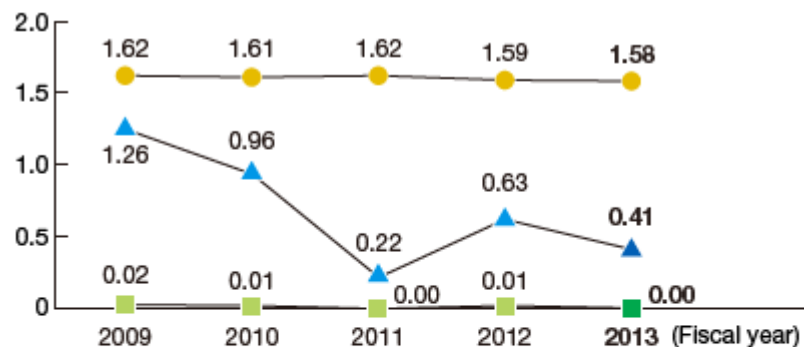
### Preventing Overwork

Recognizing its potential to harm mental and physical health, Sysmex Corporation concentrates on preventing overwork. In April 2013, we put in place internal standards for working outside regular hours or on holidays that are stricter than the guidelines set by the Ministry of Health, Labour and Welfare. Employees who exceed these standards are required to communicate this fact to their superiors, submit a voluntary check form and, if necessary, meet with an industrial physician.

## Occupational Health and Safety

To ensure the health and safety of its workers, Sysmex Corporation has formulated Safety and Health Regulations. To foster a safe and good working environment, we have also established a Safety and Health Committee at each of our offices, chaired by the executive at the head of that office, who is a board member. 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. We are also developing citizen emergency life-saving technicians.

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



● Average frequency among all industrial sectors in Japan

▲ Frequency at Sysmex Corporation

■ Severity at Sysmex Corporation

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



## Human Resources Development

### Promoting Systematic and Effective Human Resource Development

In 2013, Sysmex introduced a new human resource development system that links “assignment and transfer,” “evaluation and feedback” and “cultivation and education” to cultivate human resources in a systematic and effective manner. The education and training program comprises three types of training—selective, rank-based and elective—designed to nurture personnel in a planned and gradual manner.

In fiscal 2013, employees underwent an average of 11.0 hours of training, and training expenses per employee averaged ¥122 thousand\*.

\* This includes training provided by human resource departments and excludes certain types of training like self-development and related to each divisions specialized work.

• **Three Core Training Systems**

Training Type	Objective
Selective training	<ul style="list-style-type: none"> <li>● Cultivate global leaders</li> <li>● Cultivate future management personnel</li> </ul>
Rank-based training	<ul style="list-style-type: none"> <li>● Acquire the minimum level of understanding and expertise in management and issue resolution required at each level</li> <li>● Promote communication between departments</li> </ul>
Elective training (Sysmex College)	<ul style="list-style-type: none"> <li>● Obtain practical expertise, knowledge and skills on business execution</li> <li>● Gain various types of business management expertise</li> </ul>

**Enhancing the Skills of Employees in Manufacturing Workplaces**

Enhancing the technical skills of employees who are involved in manufacturing is important for Sysmex, which produces medical equipment. Accordingly, Sysmex Corporation has established the Monozukuri Training Center, which offers training throughout the year, to provide hands-on training in this area.



Training underway at the Monozukuri Training Center



**Examples of Activities Overseas**

**Obtaining Certification under OHSAS 18001\*, an International Standard for Occupational Health and Safety Management Systems (Brazil)**

Sysmex Brazil has acquired OHSAS 18001 certification, an international standard for occupational health and safety management systems.

\* OHSAS 18001: This standard, issued in 1999 based on BS 8800, which was developed by the British Standards Institute (BSI) in 1996, consists of some 30 certification bodies and standardization organizations in various countries.

**Creating an Open Corporate Culture (Germany)**

Sysmex Europe creates many opportunities for communication among employees, such as marketing meetings, function meetings, and unit meetings. Each season brings events in which all employees can participate, as well as a Christmas party, all of which constitute good chances for in-house communication. Sysmex Europe has also adopted an open-door policy, and encourages employees to speak frankly with managers.



Employee event

## Involvement with Business Partners

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### — Core Behavior —

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.



### CSR Promotion throughout the Value Chain

#### Putting in Place a Procurement Policy that Takes CSR into Account

Systemex Corporation has formulated a procurement policy that expresses its basic considerations on selecting suppliers and conducting procurement transactions, and is promoting its deployment across the value chain. In fiscal 2013, we revised the policy to promote CSR through procurement. We also added a clause about formulating business continuity plans (BCP) as befits a company that is developing its business globally in the healthcare field, and another on promoting business activities and CSR in compliance with the laws, regulations and social conventions of host countries. Going forward, we will also promote consideration for human rights in the supply chain.

In accordance with this revision, we asked new procurement partners to complete a survey, to which we had added questions on CSR-related topics such as occupational health and safety and human rights. During fiscal 2013, we conducted CSR surveys of four new potential business partners.

## Procurement Policy

In “shaping the advancement of healthcare,” the Mission set forth in the Sysmex Way corporate philosophy, we deliver commitment to our business partners through equitable and fair procurement activities. We also strive to be a company that can grow in step with our trading partners in a spirit of mutual trust and encouragement. Operating in strict compliance with laws, regulations, and contracts, and adhering to high ethical standards, we carry out consistent procurement of components and raw materials that meet the levels of quality required by healthcare providers. We closely follow these policies in our endeavors to supply products that customers worldwide can use with confidence. Similarly, we hope that our business partners will cooperate with us in the following seven areas as we continue to create and enhance unique and creative values.

### We ask our valued business partners to:

1. Assure quality to the requisite degree for healthcare products
2. Build a system for reliable supply
3. Refine technological capabilities that contribute to the development of healthcare
4. Create stable business foundations and formulate business continuity plans (BCP)
5. Promote business activities and CSR in compliance with the laws, regulations and social conventions of host countries
6. Carry out environmental management to help conserve the global natural environment
7. Supply products at reasonable prices and engage in aggressive cost-reduction programs

Revised in March 2014

### Reinforcing Relations with Procurement Partners

We strive to enhance relations with our procurement partners so we can conduct business together based on their understanding our business directions and procurement policy. In fiscal 2013, as part of our 45th anniversary activities we held the Sysmex Supplier Conference Commemorating the 45th Anniversary of Establishment. We expressed our appreciation for the services rendered by our procurement partners, and provided an opportunity to think together as manufacturing partners about business continuity plans (BCP) and other topics.



Sysmex Supplier Conference  
Commemorating 45th  
Anniversary of Establishment

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

Our ability to provide high-quality products to customers in a stable manner depends on maintaining or improving the quality of the raw materials and parts we procure. We prepared a Quality Assurance Agreement that defines the quality requirements in 2009, and after also preparing a handbook to improve understanding of the content we have since been concluding this agreement with suppliers.

We conduct quality audits without fail on new procurement partners to ensure that quality management systems are operating appropriately. For existing procurement partners, we inspect products for quality when they are delivered, conducting quality audits if deemed necessary as a corrective or precautionary measure.



## Ensuring Thorough Compliance in Transactions

### Conducting Internal Awareness Activities to Ensure Compliance with Procurement-Related Legislation

We have in place an electronic procurement system (Sysmex Trade Mission, or STM). In addition to preventing the reduction of payments to inappropriate levels, as well as avoiding product returns, each year we conduct training on this system. In fiscal 2013, we conducted this training for 25 people, including people newly assigned to a department that places orders for R&D materials and new employees. During the training, we highlighted points to bear in mind when ordering materials and provided explanations about complying with legislation such as the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

### Explaining Policies on Compliance to Distributors

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.

We engage in continuous communications with our overseas distributors through regular meetings at their locations as well as teleconferencing and meetings.



Distributor meeting (China)

# Involvement with Shareholders

## — Core Behavior —

Our shareholders can rest assured that we will continue to improve the robustness 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.



## 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.

After the general meeting, we hold informal meetings to promote interaction with shareholders. In fiscal 2013, the theme of the meeting was "Sysmex, instilling confidence." After using panels and video to provide explanations about our business and IR activities, personnel measures and global social contribution activities, as well as third-party evaluations of Sysmex, we opened the floor for comments and questions.



Informal meeting for shareholders

We accommodate shareholders who are unable to attend on the day by enabling them to exercise their voting rights in writing or over the Internet. Furthermore, we contribute to the readability of convocation and resolution notices. We also prepare English-language versions for overseas shareholders, print color convocation notices and post the same information on our corporate website.

### Further Enhancing Information Disclosure

We make 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 stock exchanges.

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.

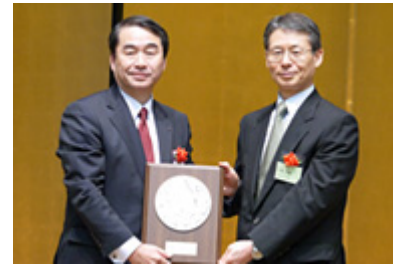


## External Evaluation

### Chosen for Excellence in Disclosure to Individual Shareholders for Second Consecutive Year

In fiscal 2013, Sysmex received an award for the second consecutive year. In the 2013 Awards for Excellence in Corporate Disclosure, sponsored by the Securities Analysts Association of Japan, we were selected for excellence in disclosure to individual investors. Out of the more than 200 companies evaluated, we were ranked second.

We were given high marks for our chairman and CEO's explanations in his own words to individual investors at the Company's briefing meetings. On the content front, we were commended for the simple format that facilitated understanding of our business model. In addition, we received strong accolades for video distribution via our website.



Awards for Excellence in Corporate Disclosure award ceremony



# Corporate Citizenship Activities

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## 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



## Systems to Facilitate Employees' Efforts toward Social Contribution

We introduced the Social Contribution Point System in April 2014 to encourage employees to take part in social contribution activities. Under this system, employees earn points for participating in social contribution activities, as well as social contribution events sponsored by the Company. They can redeem the points they earn for items such as emergency medical kits, antimalarial drugs, vaccines to be donated to developing countries. This approach allows employees to decide what donations they wish to make.

Through systems such as these, we strive to play a role in encouraging employees to take the initiative in participating in social contribution activities as a member of society.

### Participation 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.

Sysmex Corporation established the Sysmex Asano Laboratory in January 2007 within the Translational Research Informatics Center, one of the core facilities of this project. In March 2014, the name of this laboratory was revised to Sysmex IBRI. By turning this into an open lab that promotes collaborative research between various medical institutions and companies, we aim to further expand its scale of research, while maintaining immunological disease diagnosis technologies at its core.

### Funding of University Courses

Since fiscal 2004, Sysmex Corporation has contributed funds to a course at the Kobe University Graduate School of Medicine. The course, entitled “Assessment of Clinical Testing (Sysmex),” consists in research into new clinical testing technologies, including the research and study of autoimmune diseases such as connective tissue disease and rheumatism. Advances will continue to be made in the development and verification of the utility of new clinical testing methods, bringing about the realization of personalized medicine, which is one of the challenges of recent years. In addition to achieving accuracy in diagnoses, this research also contributes to the establishment of methodologies that can provide patients with efficient treatment with few side effects, and we expect the research to make significant contributions to society.

The Nakatani Foundation of Electronic Measuring Technology Advancement, established to promote the development of electronic measuring instruments, became a public interest incorporated foundation in 2012 and changed its name to the Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering. This foundation provides awards and grants for research in the field of biomedical measurements and related technologies. The current fiscal year marks the foundation’s 30th anniversary of establishment. In commemoration, the foundation expanded its research grants and extended its grant-giving activities to include grants for overseas study and to promote science education at the junior and senior high school level.

From the time of its launch through fiscal 2013, the foundation has provided 321 grants amounting to a cumulative ¥603.04 million.

### Continuing to Support Blood Donations

Sysmex, which provides the testing instruments used for blood donations, is also an active participant in blood donations. Several times each year, employees at Technopark, the Kakogawa Factory, the Ono Factory, the Seishin Factory and other facilities cooperate with the blood donation activities of our local Red Cross center in Hyogo Prefecture.

In recognition of these efforts, in August 2013 the Kakogawa Factory received a gold merit plaque and the Ono Factory a silver plaque from the Japanese Red Cross Society as part of its fiscal 2013 Hyogo Prefecture blood donation merit awards. The Japanese Red Cross Society provides these awards in recognition of major contributions, the gold and silver signifying 20 years and 15 years of continued blood donation activities, respectively.



Gold merit plaque received by the Kakogawa Factory

## Conducting a Training Course for Citizen Emergency Life-Saving Technicians

Each year, Sysmex Corporation holds a training course for citizen emergency life-saving technicians at Technopark or the Solution Center. Certified by the city of Kobe First Aid Support Team (FAST), this course is designed to train people in appropriate responses in the event of illness or injury.

In November 2013, instructors from a nearby welfare center came to the Solution Center to conduct this training. The 18 participants underwent practical training on cardiopulmonary resuscitation procedures, including heart massage, artificial respiration and use of an automated external defibrillator (AED).



Training course for citizen emergency life-saving technicians

## Participating in International Cooperation Efforts

Sysmex takes part in international cooperation efforts by Japan's Ministry of Foreign Affairs and the Japan International Cooperation Agency (JICA) by providing materials and instruments (either by extending yen credit or through outright donation) aimed at raising the level of healthcare in emerging and developing countries.

Every year, Sysmex hosts trainees visiting Japan through JICA programs at its research facilities. In fiscal 2013, three times interns from Africa, Oceania, Central America and other regions underwent training at our facilities, including the Solution Center and Kakogawa Factory.



JICA trainees



### Contributions in Hyogo Prefecture, Sysmex's Headquarters Location

#### Holding Various Community Events

Every year, Sysmex Corporation invites community residents to its offices to strengthen its relationship with the local community. In May 2013, we held a Technopark Festa, where participants could attend health-related lectures and experiencing measurement of estimated hemoglobin levels. Some 700 visitors took part in these and other activities.

In fiscal 2013, we also opened the Minato Ijinkan to the public for two days from November 30, 2013. A historical edifice constructed in 1906, the structure had become decrepit and was closed to the public in 2008. In September 2012, Sysmex rented the building, performed renovations and now uses it as a guest house. In addition to making the building open to the public, we held a photo exhibit introducing the history of Kobe and arranged for other enjoyable events. Some 250 people visited. We plan to open Minato Ijinkan to the public on a regular basis going forward.



Technopark Festa



Photo exhibit at the Minato Ijinkan

#### Local Community Development Support

Sysmex Corporation supports local development through donations and sponsorship.

##### 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 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.

##### Sponsoring the KOBE JAZZ FESTIVAL

Sysmex sponsors the KOBE JAZZ FESTIVAL, which aims to spread Kobe's jazz culture and cultivate the jazz musicians of the future. The festival includes concerts by professional jazz artists, as well as jazz bands from local junior and senior high schools and universities.

## Environmental Contribution

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

In fiscal 2013, we continued with a project ongoing since fiscal 2010 involving afforestation on the Tsurukabuto Forest on Mt. Rokko, in Hyogo Prefecture. In addition, we conducted cleanups around our office locations, working to improve the community. Group companies also dispatch employee volunteers to perform cleanup activities in nearby areas.



Tsurukabuto Forest afforestation project

## Supporting the Education of Local Youth

Sysmex Corporation actively hosts company tours for local junior and senior high schools, universities and schools for laboratory technologists, and we cooperate in the Try-yaru Week workplace experience program held annually for Hyogo Prefecture junior high school students. We also take part in the Science Fair in Hyogo, an event participated in by companies, universities and research institutions, at which math and science high school students in Hyogo Prefecture annually present their research results.



6th Science Fair in Hyogo

At the 6th Science Fair in Hyogo, held in February 2014, we provided a health check experience that involved ASTRIM, our product that measures estimated hemoglobin levels without the need for blood sampling. We also put up posters explaining our business. The ASTRIM proved popular, being tried by nearly 200 people.



## Other Community Contributions

### Hosting Student Interns

Sysmex accepts ambitious students on internship programs every year from Japan and other countries in which the Company conducts business.

In the past, we have hosted student interns from South Korea, China and Russia. In May 2013, we invited six students from India and Thailand to visit Japan, tour our factories, view instrument maintenance and experience logistics operations. These efforts provide opportunities for Sysmex to gain the interest of students overseas. We will continue such internship programs as part of our efforts to foster regional development in tandem with the growth of our business.



Student interns from India



Student interns from Thailand

# Environmental Conservation Activities

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## — Core Behavior —

As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.



## 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



## **Environmental Management System**

### **Environmental Policy**

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

### **Core Behaviors**

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.
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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**

Systemex is pursuing groupwide to achieve the targets set in the Systemex Group Environmental Action Plan (Systemex Eco-Vision 2020), which was set in fiscal 2010 and revised in fiscal 2012.

In fiscal 2013, we established Global Environmental Management Regulations to reinforce Group environmental management by clarifying the roles and responsibilities of Group companies. We have assigned a senior executive officer and senior managing director of Systemex Corporation as environmental management officer to oversee and control Group environmental management. We have in place a global environmental management system under which we promote environmental activities in individual regions and fields of operation under his instruction.

## Acquiring ISO 14001 Certification

Systemex is working toward the acquisition of ISO 14001, the international standard for environmental management, for the Group's principal affiliated companies. As of April 30, 2014, 19 companies had obtained this certification.

In fiscal 2013, we integrated our certifications for ISO 14001 in Japan, adding Systemex RA and Systemex Medica certifications to those for Systemex Corporation and Systemex International Reagents. By centralizing the environmental activities of Group companies in Japan and seeing the progress situation and issues of activities as a Group, we aim to enhance our management.

### Acquiring ISO 14001 Certification

Company Name	Site	Acquired in
Systemex Corporation	Kakogawa Factory	April 2000
	Technopark	February 2002
	Head office	February 2002
	Solution Center	November 2005
Systemex International Reagents	Ono Factory	March 2001
	Seishin Factory	June 2007
Systemex Medica	-	March 2001
Systemex RA	-	June 2008
Systemex Europe	Neumunster Factory	November 1999
	Head office	October 2011
Systemex Deutschland	-	October 2011
Systemex Brazil	-	May 2006
Systemex America	-	December 2009
Systemex Reagents America	-	December 2009
Systemex New Zealand	-	May 2011
Systemex India	-	March 2012
Systemex Asia Pacific	-	April 2012
Systemex Middle East	-	March 2013
Systemex Wuxi	-	June 2013

## Conducting Environmental Auditing

In fiscal 2013, the four Group companies for which certification in Japan has been integrated conducted evaluation of compliance for the environmental laws and regulations as self-assessments and internal environmental audit, and got external environmental audit by a third-party auditing organization.

The internal environmental audits found two nonconformities, while the external environmental audits discovered three, and corrective actions for these nonconformities were promptly completed.


## Managing Poisonous and Deleterious Substances

In February 2014, Systemex International Reagents Co., Ltd., discovered that 46.2g of sodium azide had been lost at its Seishin Factory. The company quickly mounted an internal investigation but was unable to locate the missing substance.

As sodium azide, which is used in the manufacture of diagnostic reagents, is subject to the Poisonous and Deleterious Substances Control Act, the company promptly filed a police report indicating the loss. To prevent a recurrence, we will reinforce our control structure.



# Environmental Plans and Performance



## Plans and Objectives

**Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020)/ Mid-term Environmental Objectives**

	Sysmex Eco-Vision 2020 Long-term Environmental Objectives(FY2020) (Revised Edition)	Mid-term Environmental Objectives (FY2013 – 2015)	Activities/Achievements in FY 2013
Environment consciousness in product life cycle process	Promote eco-friendly products and service models	Promote eco-friendly products and service models	<ul style="list-style-type: none"> <li>● Promoted efforts toward RoHS directive compliance</li> <li>● Promoted product development for reduced power consumption</li> <li>● Promoted a switchover of protein raw materials used in reagents from animal derivatives to artificially synthesized protein</li> <li>● Promoted reduction in materials used in product containers and packaging</li> <li>● Promoted expansion of remote service in Asian regions for CO<sub>2</sub> emissions reduction through improved service efficiency</li> </ul>
	Reduce carbon dioxide emissions for logistics by 50% (per unit of freight ton-km: Japan domestic and inter-regional transportation) <sup>*1</sup> <span style="background-color: #008000; color: white; border-radius: 5px; padding: 2px;">Base year: FY2010</span>	Reduce carbon dioxide emissions for logistics by 30% (per unit of freight ton-km: Japan domestic and inter-regional transportation) <sup>*1</sup> <span style="background-color: #008000; color: white; border-radius: 5px; padding: 2px;">Base year: FY2010</span>	<ul style="list-style-type: none"> <li>● For exports, promoted shift from air to ocean transport</li> </ul> <p><b>Result in fiscal 2013: 0.15</b>  <b>Base year (fiscal 2010): 0.14</b>  <b>Up 3% against base year</b></p>

Environment consciousness at business offices	Reduce greenhouse gas emissions at business offices by 50%(per unit of consolidated sales) <sup>*2</sup> Base year: FY2008	Reduce greenhouse gas emissions at business offices by 25% (per unit of consolidated sales) <sup>*2</sup> Base year: FY2008	<ul style="list-style-type: none"> <li>● Installed equipment (including thorough air conditioning controls, installation of energy efficient fluorescent lighting, placement of motion detectors to activate staircase lighting) as measures against global warming (each business office)</li> <li>● Purchased electricity from power companies using renewables (Sysmex Europe)</li> <li>● Reduced CO<sub>2</sub> emissions by using solar power (Sysmex Europe Neumünster Factory)</li> </ul> <p><b>Result in fiscal 2013: 8.19</b> <b>Base year (fiscal 2008): 10.07</b> <b>Down 20% against base year</b></p>
	Achieve a recycle rate of 93% or higher at all business offices <sup>*3</sup>	Achieve a recycle rate of 90% or higher at all business offices <sup>*3</sup>	<ul style="list-style-type: none"> <li>● Conducted review of waste disposal companies (Technopark)</li> <li>● Reuse of packaged on outsourced items (Sysmex Wuxi)</li> </ul> <p><b>Result in fiscal 2013: 88.9%</b></p>
	Reduce water usage at reagent factories by 10% (per unit of amount of production) <sup>*4</sup> Base year: FY2008	Reduce water usage at reagent factories by 3% (per unit of amount of production) <sup>*4</sup> Base year: FY2008	<ul style="list-style-type: none"> <li>● Installed water purifying equipment (Jinan Sysmex)</li> <li>● Reused industrial waste water after treatment (Sysmex India)</li> </ul> <p><b>Result in fiscal 2013: 22.0</b> <b>Base year (fiscal 2008): 21.5</b> <b>Up 3% against base year</b></p>

\*1 Sysmex Corporation

\*2 Business offices: All Factories and major business sites  
Twelve domestic and overseas Group factories (five in Japan; one each in Germany, the United States and Brazil; two in China; one each in India and Singapore)  
Eight domestic and overseas Group offices (four in Japan; one each in Germany, the United States, China and Singapore)

\*3 Business offices: All Factories and major business sites that product and/or chemical substances are handled  
Twelve domestic and overseas Group factories (five in Japan; one each in Germany, the United States and Brazil; two in China; one each in India and Singapore)  
Six domestic and overseas Group offices (two in Japan; one each in Germany, the United States, China and Singapore)

\*4 Reagent factories (nine sites)



## Reducing the Use of Substances with Environmental Impact

### Conforming with Regulations

Application of the revised RoHS Directive\* (which was amended in July 2011) to Sysmex's diagnostic instruments and diagnostic instruments for animals begins from July 2016.

To ensure its compliance with this revised RoHS Directive, Sysmex is conducting parts inspections on products shipped to Europe. After completing these inspections in fiscal 2014, we will introduce design changes on parts requiring a response. By moving forward with this initiative, we aim to achieve full compliance in fiscal 2015.

\* 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).

### Developing Smaller, More Energy-Efficient Products

To help our customers save energy, we are pursuing efforts to develop diagnostic instruments that are smaller and use even less electricity.

To reduce the environmental impact that occurs during product shipping, we are cutting back on the use of packaging materials and pursuing ways of making packaging methods more efficient.

### Establishing Eco-Friendly Diagnostic Reagent Raw Material Production

Sysmex has established a method of producing from silkworms the proteins used as raw materials in its diagnostic reagents. Our protein production contracting service business using this technology has also been fully operational since fiscal 2012, and we are already taking orders from a number of pharmaceutical companies.

In the past, proteins were cultivated with equipment such as tanks to control for environmental factors (such as sterility, temperature and oxygen concentrations), using cells from mammals and other animals; the new approach reduces energy consumption substantially. As silkworms can be cultivated at room temperature, simply by using shelves and breeding containers and providing them with food, we anticipate energy savings and waste reduction.



Silkworms to produce proteins



## Eco-Friendly Service

### Promoting Eco-Friendly Service Models

Systemex is lowering environmental impact by making service more efficient.

For example, in addition to expanding the functions of the Customer Support Center, we are minimizing downtime for diagnostic instruments in use by constructing the SNCS\* (Systemex Network Communication Systems) 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.

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

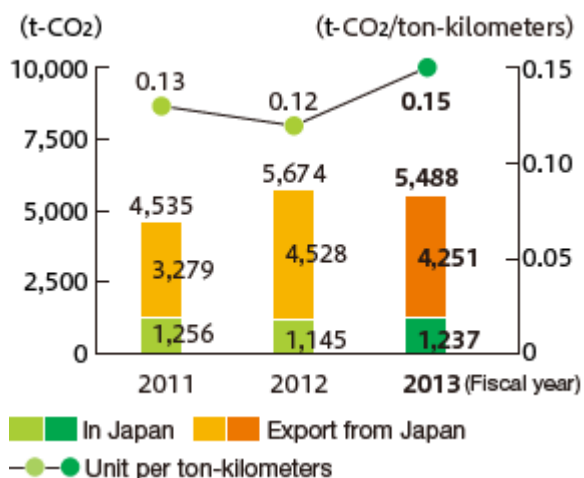
We are also promoting efforts to reduce CO<sub>2</sub> emissions generated in logistics processes. We are shifting from air to ocean freight when shipping products overseas, but urgent shipments often require products to be transported by air. We have undertaken initiatives to increase shipping container loading efficiency and conduct ocean transport in a more planned manner to reduce the need for rush shipments.

In fiscal 2013, CO<sub>2</sub> emissions increased approximately 3% year on year when converted to the unit per ton-kilometers\*, but when compared on a real numeric basis, emissions were down by approximately 3%, due to such measures as promoting a shift to ocean transport.

\* Ton-kilometer: A unit of freight carriage equal to the transportation of one metric ton of freight one kilometer. For example, one metric ton of freight transported one kilometer is expressed as "one ton-kilometer."

	FY2011	FY2012	FY2013
Within Japan	1,256t-CO <sub>2</sub>	1,145t-CO <sub>2</sub>	1,237t-CO <sub>2</sub>
Exports	3,279t-CO <sub>2</sub>	4,528t-CO <sub>2</sub>	4,251t-CO <sub>2</sub>

### CO<sub>2</sub> emissions from logistics



**Notes:** Range of calculation is CO<sub>2</sub> from factory in Japan to customers within Japan and that to overseas seaport or airport.



## Environment Consciousness at Business Offices

### 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.

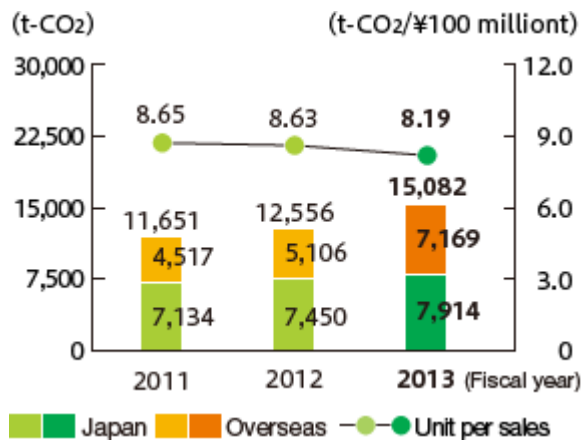
At our business offices including factories, we are implementing energy-saving measures to meet each office's characteristics, such as thoroughly monitoring room temperatures in summer and winter, installation of moving detectors to activate staircase lighting, and introducing energy-efficient fluorescent and LED lighting, etc. We have installed demand monitoring functions to control overall electricity use in some business sites.



LED lighting (Ono Factory)

As a result of these initiatives, in fiscal 2013 greenhouse gas emissions (unit per consolidated sales) were down approximately 5% from the preceding fiscal year.

### Greenhouse gas emissions at business offices



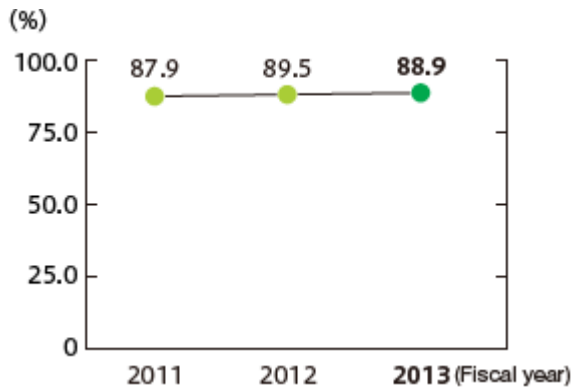
**Notes:** Scope of the data: Factories and major business offices  
 12 factories in Japan and overseas (five in Japan, one each in Germany, the USA, Brazil, India and Singapore, and two in China)  
 Eight major business offices in Japan and overseas (four in Japan, one each in Germany, the USA, China and Singapore)

## Reducing Waste at Business Offices

We are continually striving to reduce waste and increase our recycling rate through such efforts as reviewing waste disposal companies. Sysmex Wuxi, for example, has worked on reducing waste by reusing PE bags used for materials packaging in production and development offices and also for trash bags as housewares. In Japan, we are promoting the use of garbage disposer to generate fertilizer from garbage at employee cafeterias in business offices that generate substantial amounts of garbage. We are continuously conducting various approaches at each sites. In fiscal 2013, at Technopark we installed a garbage disposer that completely eliminates garbage, reducing approx. 20% of burnable waste.

Through these approaches, the Group is maintaining a stable recycling rate from year to year.

### Business office recycling rate

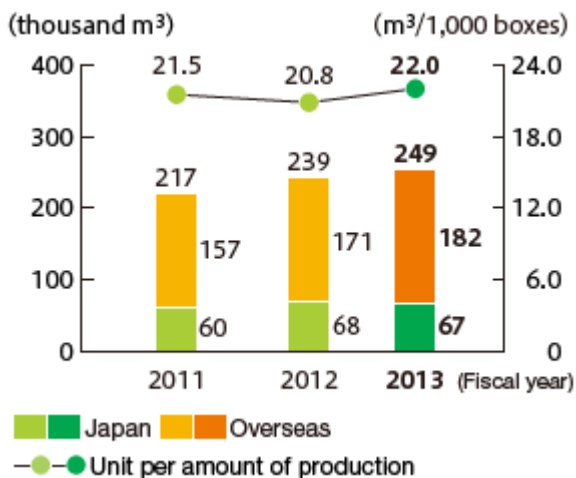


**Notes:** Scope of the data: Factories and major business offices that handle products and chemical substances  
 12 factories in Japan and overseas (five in Japan, one each in Germany, the USA, Brazil, India and Singapore, and two in China)  
 Six major business offices in Japan and overseas (two in Japan and one each in Germany, the USA, China and Singapore)

## Reducing Water Use and Adequate Wastewater Processing at Factories

We are working to improve efficiency of water use and reduce water use volume. At Sysmex India, for example, factory wastewater is purified and used as watering for the green space in the facility, although individual sites is proceeding with approaches, due to impacts such as increased production volume and extension or reconstruction of factories, in fiscal 2013 water use increased for approx. 3% year on year.

### Water use at reagent factories



**Note:** Scope of the data: Reagent factories (nine locations)



## Others

### **Reducing CO<sub>2</sub> Emissions from Company Cars in Japan**

To reduce CO<sub>2</sub> emissions from some 400 company cars in Japan, we are approaching to visualize the travel distance and the amount of use fuel for each company cars and heighten driver consciousness. We are also promoting to introduce fuel-efficient cars and and hybrid cars, but the CO<sub>2</sub> emissions from company cars increased approximately 5% over the previous year's during fiscal 2013 in Japan because of expansion for scope of the data, etc.

### **Thorough and Careful Management and Proper Processing of Infectious Materials**

System International Reagents uses biological substances as raw materials of products, and Technopark uses them as experimental materials for research and development. As these substances have infection potential, as a measure of precaution, they are managed strictly such as limit of location to storage and use them according to the manual, and furthermore, these substances are carefully segregated from general waste for proper disposal.

### **Reducing Paper Use by IT**

System Corporation has introduced tablet computers to promote paperless meetings. This approach reduces paper use and waste volumes, as well as eliminating such processes as printing and distributing documents prior to meetings. Meeting efficiency is also improved, as data can be distributed digitally to meeting participants beforehand.

We have also reduced paper use by using digital data rather than paper when presenting drawings of product parts to suppliers.

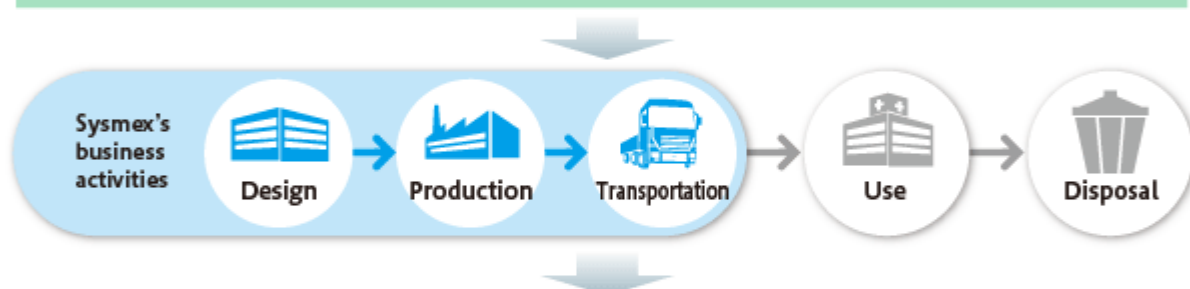
### **Promoting Green Procurement**

System has established Green Procurement Standards and works to enlighten the environmental consciousness of its suppliers. We also disclose on our website the chemical substances that we limit to use or reduce in our products, and we ask our suppliers of parts and raw materials for their cooperation in this regard.



## Environmental Impact of Business Activities

INPUT			Fiscal 2012	Fiscal 2013
①	Electricity use (thousands kWh)		28,154	34,519
①	City gas (thousands m <sup>3</sup> )		1,044	1,185
①	LPG (m <sup>3</sup> )		5,337	5,671
①	LNG (m <sup>3</sup> )		0	0
①	Heavy oil (kL)		0	0
①	Kerosene (kL)		62	68
①	Diesel oil (kL)		19	19
④	Gasoline for domestic fleet (kL)		748	795
④	Diesel for domestic fleet (kL)		3.3	11.7
③	Water use (thousands m <sup>3</sup> )		332	346
⑤	Office paper (t)		53	50
④	PRTR (t)		7.2	7.9



OUTPUT			Fiscal 2012	Fiscal 2013
①	Greenhouse gas emissions from business offices (t-CO <sub>2</sub> )		15,988	20,194
④	CO <sub>2</sub> emissions from domestic company cars (t-CO <sub>2</sub> )		1,746	1,830
②	Total waste emissions (t)		1,164	1,274
②	Recycling rate (%)		89.2	89.1
③	Wastewater volume (thousands m <sup>3</sup> )		144	144
④	PRTR (t)		0.7	4.8

- ①> All Sysmex Corporation business offices, subsidiaries in Japan, factories and regional headquarters
- ②> All Sysmex Corporation business offices (excluding branches and sales offices in recycling rate) and factories
- ③> Sysmex Corporation business offices and factories handling products and chemical substances
- ④> All Sysmex Corporation business offices and factories in Japan
- ⑤> Sysmex Group's sites that have acquired ISO 14001 certification

**Note:** As the scope of calculation for ⑤> has changed in accordance with the integration of ISO 14001 certification in Japan, the amount of office paper used has been revised to the figure indicated in the Sysmex Sustainability Report, which was published for the fiscal 2013. Also, the amount of city gas used was adjusted to correct for a mistaken calculation for one overseas regional headquarters.



## External Evaluation

### SRI (Socially Responsible Investment)

Socially responsible investment (SRI), assessing and screening corporate performance in dimensions like environment and social fairness as well as economy for a sustainable society, is drawing attention.

Sysmex Corporation has been selected as a member of the FTSE4Good Index<sup>\*1</sup>, a leading SRI index, since fiscal 2008. We have also been selected as a member of the Asia Pacific Index of the Dow Jones Sustainability Indexes<sup>\*2</sup> since fiscal 2012. In addition, we have been designated for Ethibel Excellence<sup>\*3</sup> by Forum Ethibel, a Belgian SRI evaluation organization.

- \*1 FTSE4Good Index: SRI index developed and managed by the U.K. FTSE Group, a joint venture between the Financial Times newspaper and the London Stock Exchange.
- \*2 Dow Jones Sustainability Indexes: SRI index developed through collaboration between S&P Dow Jones Indexes of the United States and Robeco SAM, a Swiss research specialist in the area of socially responsible investment.
- \*3 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.

MEMBER OF

# Dow Jones Sustainability Indices

In Collaboration with RobecoSAM 



## Recognition and Commendation by Third Parties

### 2014

- April ▪ Received the Fiscal 2014 Commendation for Science and Technology (Development Category) by the Minister of Education, Culture, Sports, Science and Technology for the Development of a Method for Analyzing Formed Elements in Urine
- March ▪ Selected for the Companies That Care Honor Roll 2014\* (Sysmex America)  
\* Companies That Care Honor Roll 2014: A corporate ranking that designates companies that contribute to the welfare of employees, their families and local community, based on a survey conducted by the Center for Companies That Care, an NPO

### 2013

- December ▪ Received the German Design Award (sponsored by the German Design Council) for the XN-2000 automated hematology analyzer and XN reagents
- November ▪ Received the "Chairman's Prize from the Hyogo Institute of Invention and Innovation" for one invention and "The Encouragement Prize for Invention" for three other inventions at the Kinki Local Commendation for Invention
- November ▪ Selected in the Top Workplaces survey of regional organizations by the Chicago Tribune (Sysmex America)
- October ▪ Selected for excellence in disclosure to individual investors at the Awards for Excellence in Corporate Disclosure, sponsored by the Securities Analysts Association of Japan
- October ▪ Received the Good Design Award, sponsored by the Japan Institute of Design Promotion, for the ASTRIM FIT health monitoring analyzer
- July ▪ Our online network support service, Sysmex Network Communication Systems (SNCS), received a Grand Prix at the IT Japan Award 2013, sponsored by *Nikkei Computer* (published by Nikkei Business Publications, Inc.)
- June ▪ Received the Hyogo Prefecture Invention Award for Specimen Analyzers and White Blood Cell Classification and Counting Method/White Blood Cell Classification and Counting Kit
- April ▪ Received the Fiscal 2013 Commendation for Science and Technology (Development Category) by the Minister of Education, Culture, Sports, Science and Technology, for development of the method of classifying and counting particles by automated hematology analyzer
- March ▪ Selected to the Companies That Care Honor Roll 2013 (Sysmex America)
- January ▪ Received Germany's iF Product Design Award for the XN-2000 automated hematology analyzer and XN reagents

## 2012

- November ▫ Received "The Encouragement Prize of the President of Japan Patent Attorneys Association" for one invention, and "The Encouragement Prize for Invention" for three inventions at the Kinki Local Commendation for Invention Awards
- October ▫ Received commendation at the Securities Analysts Association of Japan Corporate Disclosure Study Group Awards
- October ▫ Selected one of the 2012 Best Places to Work in Healthcare in recognition of its high level of employee satisfaction (Sysmex America)
  - \* Best Places to Work in Healthcare: Ranking of companies selected and recognized by employees from the healthcare industry as good places to work. Based on research by industry publication *Modern Healthcare*
- August ▫ Sysmex 2011 Annual Report awarded a bronze medal in the Healthcare Technology category of the 26th Annual International ARC Awards (held by MerComm, Inc., of the United States)
- August ▫ Received Healthcare's Hottest Award\* in recognition of rapid sales growth (Sysmex America)
  - \* Healthcare's Hottest Award: Healthcare companies with continuous growth that have generated a minimum of \$20 million in annual revenue in most recent fiscal year are selected based on research by industry publication *Modern Healthcare*
- May ▫ Received the award for contribution to industrial development of Hyogo in recognition of initiatives to the Kobe Chamber of Commerce and contributions invigorating regional industry
  - Received Hyogo Prefecture Invention Award for "Hematological analyzer sampling probe cleaning composition and method of using" and "Automated hematology slide preparation unit"
- March ▫ Selected for Companies That Care Honor Roll 2012 (Sysmex America)
- March ▫ Selected as among Germany's Best Employers in 2012\* in recognition of its high level of employee satisfaction (Sysmex Europe)
  - \* An employee satisfaction survey of over 400 companies conducted by a German researcher
- February ▫ Received 2012 Achievement in Customer Excellence Award\* for high-quality service (Sysmex America)
  - \* A program recognizes outstanding achievement in customer, employee and partner satisfaction by MarketTools, USA.
- January ▫ Selected for inclusion in the 2012 Global 100 (100 most sustainable companies in the world)

## 2011

- December ▪ Selected one of the 2011 Best Places to Work in Healthcare(Sysmex America)
- November ▪ Received the Good Design Gold Award 2011 for its highly rated in vitro diagnostic system employing the Sysmex's new Silent Design®
- August ▪ 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'
- May ▪ Received the "Invention Award" in the 2011 National Commendation for Invention, sponsored by the Japan Institute of Invention and Innovation, for technologies related to its white blood cell classification and counting method and associated reagents
- March ▪ Won the Hyogo Governor's Award in the 3rd Hyogo Manufacturing Technology Awards
- March ▪ Selected for Companies That Care Honor Roll 2011 (Sysmex America)
- February ▪ Sysmex Technopark R&D Tower received CASBEE Architectural Award (1st City of Kobe Design Award, CASBEE Category Architectural Award)
- January ▪ Received Nikkei Annual Report Award 2010 (presented by Nikkei Inc.) for the attractive layout, design and overall balance of our annual report

## 2010

- November ▪ Received the Director-General of the Patent Office Encouragement Award (1 award) and Invention Encouragement Award (3 awards) in the Kansai Region Commendation for Invention
  - The OSNA method received the "Best Ideas in Healthcare 2010\*" award (hosted by Diario Médico) in Spain
    - \* From 2002, Diario Médico, the leading medical newspaper publisher in Spain, has selected the best initiatives, products or projects leading to significant improvements in healthcare. In 2010, out of 506 ideas, Sysmex's OSNA method received the "Best Ideas in Healthcare 2010" award in the research and pharmacology field
- October ▪ Received the Minister of Economy, Trade and Industry Award in the Intellectual Property Achievement Award
  - Received the Kobe Environmental Achievement Award
- August ▪ Sysmex Annual Report 2009 won the Gold Award in the healthcare category of the 2009 Vision Award
- July ▪ Honored with the Invention Award in the National Commendation for Invention
- April ▪ Received the Hyogo Prefectural Invention Award
- March ▪ Selected for Companies That Care Honor Roll 2010 (Sysmex America)
- February ▪ Our initiative to "turn food waste into compost" recognized as a "Hyogo Biomass eco Model\*" (organized by the Hyogo Prefectural Government)
  - \* Recognizing pioneering initiatives in the efficient utilization of biomass in Hyogo Prefecture

## 2009

- October ▪ Our R&D hub, Technopark, received the Encouragement Award of the Urban Green Space Award\* (organized by the Urban Green Space Development Foundation)
  - \* Commends companies that have achieved outstanding results in improving the environment by using trees, flowers, and other "greenery," thus contributing to the creation of lush urban neighborhoods
- September ▪ Our R&D hub, Technopark, received the Promotion Award of the Best of New Offices award\*
  - \* Commends offices that incorporate originality and ingenuity, are comfortable and functional, stimulate sensitivity, and enhance creativity
- September ▪ Received Honorary Award from the Mongolian Health Minister in recognition of our investigation and support for external quality control
- April ▪ Selected as one of Daiwa Investor Relations' "580 companies that maintain outstanding Internet IR Site" for our IR site
- March ▪ Our IR site received the Gómez IR Site Ranking Excellent Award
- March ▪ Selected for Companies That Care Honor Roll 2009 (Sysmex America)

## 2008

- December ▪ Our R&D hub, Technopark, assessed as the first-ever CASBEE\* class S (highest class) facility in Kobe City
  - \* Comprehensive Assessment System for Built Environment Efficiency: Assesses buildings in terms of the global environment, earthquake performance, barrier-free functions, landscape, etc.
- November ▪ Received one "Commissioner of the Japan Patent Office Invention Incentive Award" and three "Invention Incentive Awards" in the 2008 Kinki Local Commendation for Invention (organized by the Japan Institute of Invention and Innovation)
- October ▪ Received the "Fiscal 2008 Kobe Men & Women Iki-iki Business Establishment Award" (organized by the Kobe City Government)
- March ▪ Our Sustainability Report 2007 received the Encouragement Award given as a part of the Environmental Communication Awards (organized by the Ministry of the Environment of Japan)

## 2007

- December ▪ The Sysmex Annual Report received the Special Award in the Nikkei Annual Report Awards 2007
- November ▪ Received a "Shibucho-award (Award from the Branch Director)" and two "Invention Incentive Awards" in the 2007 Kinki Local Commendation for Invention (organized by the Japan Institute of Invention and Innovation)
- April ▪ Our "reagent technology for measuring immature cells in the blood" received the 2007 Minister of Education, Culture, Sports, Science and Technology Award (organized by the Ministry of Education, Culture, Sports, Science and Technology of Japan)

## Guideline Comparative Table

### ISO 26000

The chart below includes the seven core subjects of the ISO 26000\* and indicates the location of "Sysmex Sustainability Report" that correspond to individual subjects.

\* ISO, the International Organization for Standardization, released an International Standard providing guidelines for social responsibility named ISO 26000 in November 2010.

Core Subjects	Location
Organizational Governance	▶ P25 Management ▶ P3 Message from the Chairman and CEO
Human Rights	▶ P42 Involvement with Employees
Labor Practices	▶ P42 Involvement with Employees
The Environment	▶ P61 Environmental Conservation Activities ▶ P11 Highlight 2 ▶ P13 Highlight 3
Fair Operating Practices	▶ P25 Management ▶ P51 Involvement with Business Partners
Consumer Issues	▶ P35 Involvement with Customers ▶ P9 Highlight 1
Community Involvement and Development	▶ P56 Corporate Citizenship Activities ▶ P13 Highlight 3


### GRI Sustainability Reporting Guidelines

The chart below includes the categories for disclosure required under the GRI\* Sustainability Reporting Guidelines, Edition 3.1 and indicates the website that correspond to individual categories.

\* GRI is an acronym for the Global Reporting Initiative. GRI was established in 1997 as an international institution to create and disseminate international guidelines related to corporate sustainability reporting.

GRI Sustainability Reporting Guidelines, Edition 3.1			Location
<b>Strategy and Analysis</b>			
1.1		Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	▶ P3 Message from the Chairman and CEO
1.2		Description of key impacts, risks, and opportunities.	▶ P3 Message from the Chairman and CEO ▶ Website: Investor Relations
<b>Organizational Profile</b>			
2.1		Name of the organization.	▶ P5 Sysmex at a Glance

2.2	Primary brands, products, and/or services.	▶ P5 Sysmex at a Glance
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	▶ P5 Sysmex at a Glance
2.4	Location of organization's headquarters.	▶ P5 Sysmex at a Glance
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	▶ P5 Sysmex at a Glance ▶ P3 Message from the Chairman and CEO
2.6	Nature of ownership and legal form.	▶ Website: Investor Relations
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	▶ P5 Sysmex at a Glance
2.8	Scale of the reporting organization.	▶ P5 Sysmex at a Glance
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	▶ Website: Investor Relations
2.10	Awards received in the reporting period.	▶ P72 External Evaluation
<b>Report Profile</b>		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	▶ P2 Editorial Policy (Period covered)
3.2	Date of most recent previous report (if any).	▶ P2 Editorial Policy (Date of publication)
3.3	Reporting cycle (annual, biennial, etc.)	▶ P2 Editorial Policy (Editorial policy)
3.4	Contact point for questions regarding the report or its contents.	▶ P2 Editorial Policy (Inquiries about this report)
<b>Report Scope and Boundary</b>		
3.5	Process for defining report content.	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	▶ P2 Editorial Policy (Organizations covered)
3.7	State any specific limitations on the scope or boundary of the report.	▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	▶ Website: Investor Relations
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	▶ P2 Editorial Policy (Guidelines referenced)
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	

GRI CONTENT INDEX			
3.12		Table identifying the location of the Standard Disclosures in the report.	▶ P77 Guideline Comparative Table
ASSURANCE			
3.13		Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	
GOVERNANCE			
4.1		Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	▶ P25 Management (Corporate Governance)
4.2		Indicate whether the Chair of the highest governance body is also an executive officer.	▶ Website: Corporate Governance
4.3		For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	▶ Website: Corporate Governance
4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	▶ P32 Management (CSR Management)
4.5		Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	▶ Website: Corporate Governance Report (Japanese only) 
4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided.	▶ P25 Management (Corporate Governance)
4.7		Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	▶ P25 Management (Corporate Governance)
4.8		Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<ul style="list-style-type: none"> <li>▶ P7 Corporate Philosophy</li> <li>▶ P26 Management (Compliance)</li> <li>▶ P35 Involvement with Customers (Quality Assurance)</li> <li>▶ P51 Involvement with Business Partners (CSR Promotion throughout the Value Chain)</li> <li>▶ P44 Involvement with Employees (Employee Evaluation and Treatment)</li> <li>▶ P56 Corporate Citizenship Activities (Basic Policy)</li> <li>▶ P62 Environmental Conservation Activities (Environmental Management System)</li> </ul>



4.9		Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	<ul style="list-style-type: none"> <li>▶ P32 Management (CSR Management)</li> <li>▶ P25 Management (Corporate Governance)</li> <li>▶ P31 Management (Risk Management)</li> </ul>
4.10		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	<ul style="list-style-type: none"> <li>▶ P25 Management (Corporate Governance)</li> <li>▶ P62 Environmental Conservation Activities (Environmental Management System)</li> </ul>

#### COMMITMENTS TO EXTERNAL INITIATIVES

4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<ul style="list-style-type: none"> <li>▶ P62 Environmental Conservation Activities (Environmental Management System)</li> <li>▶ P32 Management (CSR Management)</li> </ul>
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	▶ P32 Management (CSR Management)
4.13		Memberships in associations and/or national/international advocacy organizations.	

#### STAKEHOLDER ENGAGEMENT

4.14		List of stakeholder groups engaged by the organization.	▶ P32 Management (CSR Management)
4.15		Basis for identification and selection of stakeholders with whom to engage.	▶ P32 Management (CSR Management)
4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	▶ P32 Management (CSR Management)
4.17		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	

#### Economic

Management Approach		▶ P3 Message from the Chairman and CEO
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#### ECONOMIC PERFORMANCE

EC1	CORE	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	▶ Website: Investor Relations
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change.	
EC3	CORE	Coverage of the organization's defined benefit plan obligations.	
EC4	CORE	Significant financial assistance received from government.	

<b>MARKET PRESENCE</b>			
EC5	ADD	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	▶ P51 Involvement with Business Partners (CSR Promotion throughout the Value Chain)
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	
<b>INDIRECT ECONOMIC IMPACTS</b>			
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	▶ P56 Corporate Citizenship Activities
EC9	ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts.	
<b>Environmental</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>MATERIALS</b>			
EN1	CORE	Materials used by weight or volume.	
EN2	CORE	Percentage of materials used that are recycled input materials.	
<b>ENERGY</b>			
EN3	CORE	Direct energy consumption by primary energy source.	▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)
EN4	CORE	Indirect energy consumption by primary source.	▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)
EN5	ADD	Energy saved due to conservation and efficiency improvements.	▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)
EN6	ADD	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	▶ P66 Environmental Conservation Activities (Reducing the Use of Substances with Environmental Impact)
EN7	ADD	Initiatives to reduce indirect energy consumption and reductions achieved.	▶ P67 Environmental Conservation Activities (Eco-Friendly Service)
<b>WATER</b>			
EN8	CORE	Total water withdrawal by source.	▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)
EN9	ADD	Water sources significantly affected by withdrawal of water.	No incident
EN10	ADD	Percentage and total volume of water recycled and reused.	

<b>BIODIVERSITY</b>			
EN11	CORE	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	▶ P13 Highlight 3
EN12	CORE	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	▶ P13 Highlight 3
EN13	ADD	Habitats protected or restored.	▶ P13 Highlight 3
EN14	ADD	Strategies, current actions, and future plans for managing impacts on biodiversity.	
EN15	ADD	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	No incident
<b>EMISSIONS, EFFLUENTS, AND WASTE</b>			
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight.	▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight.	▶ P68 Environmental Conservation Activities (Environment consciousness at business offices)
EN18	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved.	▶ P68 Environmental Conservation Activities (Environment consciousness at business offices)
EN19	CORE	Emissions of ozone-depleting substances by weight.	▶ P68 Environmental Conservation Activities (Environment consciousness at business offices)
EN20	CORE	NO, SO, and other significant air emissions by type and weight.	Non-disclosure because of small amount of emissions
EN21	CORE	Total water discharge by quality and destination.	▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)
EN22	CORE	Total weight of waste by type and disposal method.	▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)
EN23	CORE	Total number and volume of significant spills.	▶ P62 Environmental Conservation Activities (Environmental Management System)
EN24	ADD	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	No incident
EN25	ADD	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	No incident

<b>PRODUCTS AND SERVICES</b>			
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	<ul style="list-style-type: none"> <li>▶ P66 Environmental Conservation Activities (Reducing the Use of Substances with Environmental Impact)</li> <li>▶ P67 Environmental Conservation Activities (Eco-Friendly Service)</li> <li>▶ P70 Environmental Conservation Activities (Others)</li> <li>▶ P71 Environmental Conservation Activities (Environmental Impact of Business Activities)</li> <li>▶ P11 Highlight 2</li> </ul>
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category.	
<b>COMPLIANCE</b>			
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	No incident
<b>TRANSPORT</b>			
EN29	ADD	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	<ul style="list-style-type: none"> <li>▶ P66 Environmental Conservation Activities (Reducing the Use of Substances with Environmental Impact)</li> <li>▶ P67 Environmental Conservation Activities (Eco-Friendly Service)</li> <li>▶ P70 Environmental Conservation Activities (Others)</li> </ul>
<b>OVERALL</b>			
EN30	ADD	Total environmental protection expenditures and investments by type.	
<b>Social</b>			
<b>Labor Practices and Decent Work</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>EMPLOYMENT</b>			
LA1	CORE	Total workforce by employment type, employment contract, and region, broken down by gender	
LA2	CORE	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	▶ P44 Involvement with Employees (Employee Evaluation and Treatment)
LA3	CORE	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	
LA15	CORE	Return to work and retention rates after parental leave, by gender.	

<b>LABOR / MANAGEMENT RELATIONS</b>			
LA4	CORE	Percentage of employees covered by collective bargaining agreements.	▶ P48 Involvement with Employees (Cooperation between Labor and Management)
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
LA6	ADD	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	▶ P48 Involvement with Employees (Cooperation between Labor and Management)
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region and by gender.	▶ P48 Involvement with Employees (Health and Safety Considerations)
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	▶ P48 Involvement with Employees (Health and Safety Considerations)
LA9	ADD	Health and safety topics covered in formal agreements with trade unions.	▶ P48 Involvement with Employees (Cooperation between Labor and Management)
<b>TRAINING AND EDUCATION</b>			
LA10	CORE	Average hours of training per year per employee by gender, and by employee category.	▶ P49 Involvement with Employees (Human Resources Development)
LA11	ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	▶ P49 Involvement with Employees (Human Resources Development)
LA12	ADD	Percentage of employees receiving regular performance and career development reviews, by gender.	▶ P44 Involvement with Employees (Employee Evaluation and Treatment)
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
LA13	CORE	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	▶ P42 Involvement with Employees (Respecting Human Rights and Diversity)
<b>EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
LA14	CORE	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	
<b>Human Rights</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>INVESTMENT AND PROCUREMENT PRACTICES</b>			
HR1	CORE	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	

HR2	CORE	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	▶ P51 Involvement with Business Partners (CSR Promotion throughout the Value Chain)
HR3	CORE	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	▶ P26 Management (Compliance) ▶ P42 Involvement with Employees (Respecting Human Rights and Diversity)
<b>NON-DISCRIMINATION</b>			
HR4	CORE	Total number of incidents of discrimination and corrective actions taken.	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
HR5	CORE	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	
<b>CHILD LABOR</b>			
HR6	CORE	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	▶ P42 Involvement with Employees (Respecting Human Rights and Diversity) ▶ P51 Involvement with Business Partners (CSR Promotion throughout the Value Chain)
<b>FORCED AND COMPULSORY LABOR</b>			
HR7	CORE	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	▶ P42 Involvement with Employees (Respecting Human Rights and Diversity) ▶ P51 Involvement with Business Partners (CSR Promotion throughout the Value Chain)
<b>SECURITY PRACTICES</b>			
HR8	ADD	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	
<b>INDIGENOUS RIGHTS</b>			
HR9	ADD	Total number of incidents of violations involving rights of indigenous people and actions taken.	
<b>ASSESSMENT</b>			
HR10	CORE	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	
<b>REMEDIATION</b>			
HR11	CORE	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	
<b>Society</b>			
Management Approach			▶ P3 Message from the Chairman and CEO

<b>LOCAL COMMUNITY</b>			
SO1	CORE	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	
SO9	CORE	Operations with significant potential or actual negative impacts on local communities.	
SO10	CORE	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	
<b>CORRUPTION</b>			
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption.	
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures.	<ul style="list-style-type: none"> <li>▶ P42 Involvement with Employees (Respecting Human Rights and Diversity)</li> <li>▶ P53 Involvement with Business Partners (Ensuring Thorough Compliance in Transactions)</li> </ul>
SO4	CORE	Actions taken in response to incidents of corruption.	
<b>PUBLIC POLICY</b>			
SO5	CORE	Public policy positions and participation in public policy development and lobbying.	
SO6	ADD	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	
<b>ANTI-COMPETITIVE BEHAVIOR</b>			
SO7	ADD	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	
<b>COMPLIANCE</b>			
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	No incident
<b>Product Responsibility</b>			
Management Approach			▶ P3 Message from the Chairman and CEO
<b>CUSTOMER HEALTH AND SAFETY</b>			
PR1	CORE	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	▶ P35 Involvement with Customers (Quality Assurance)
PR2	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	▶ P37 Involvement with Customers (Safety and Quality Information)
<b>PRODUCT AND SERVICE LABELING</b>			
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	

PR4	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	▶ Website: Important Product Notice (only Japanese)
PR5	ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	▶ P38 Involvement with Customers (After-Sales Support) ▶ P39 Involvement with Customers (Enhancing Customer Satisfaction)
<b>MARKETING COMMUNICATIONS</b>			
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	▶ P26 Management (Compliance)
PR7	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	
<b>CUSTOMER PRIVACY</b>			
PR8	ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	
<b>COMPLIANCE</b>			
PR9	CORE	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	No incident



# On Reading the Sysmex Sustainability Report 2014

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### Social contribution through resolving social issues

Highlight 1 describes the addition of two German companies to the Group in fiscal 2013, providing detail on the objectives for this move, as well as some of the issues. The article clearly indicates that the purpose of this business strategy is to contribute to the resolution of social issues through personalized medicine and other areas of healthcare, and to treating infectious diseases in emerging markets and developing countries. Sysmex is cultivating a business strategy that aims to resolve social issues through its main businesses, and these moves show how Sysmex is contributing to society. Expanding Group business is typically the sort of topic discussed in IR materials. I give Sysmex high marks for the fact that it is described here from a CSR perspective, as this approach exemplifies the interweaving of Sysmex's CSR strategy into its business.

### Steady Progress on Environmental Conservation Activities

During fiscal 2013, Sysmex placed a strong emphasis on improving its logistics processes (Highlight 2). Transportation, packaging and other activities present opportunities to achieve transformation through changes both large and small. I applaud Sysmex highly for its steady progress on environmental conservation activities.

The Group is also addressing biodiversity, commencing forest maintenance activities at the "Sysmex Forest" in fiscal 2013 (Highlight 3). By preserving the forests upstream of its own factory, Sysmex is protecting the water for the factory as well as showing an awareness of its responsibility for protecting the ecosystem downstream. For these reasons, I consider this project highly meaningful. Going forward, I would like to see activities such as these incorporated into the CSR objectives and their promotion continued.

### Mid-Term Objectives and KPI for CSR Activities

For its CSR activities, Sysmex has provided a table showing the status of its activities in fiscal 2013 against the targets it has set, as well as issues to address in fiscal 2014, laid out according to the seven ISO 26000 core subjects. I find this self-reporting extremely easy to follow. In the future, wherever possible I would like to see numerical targets indicated more specifically, with their additional development on activities that include overseas offices. In its pursuit of the "Sysmex Way," the Group could set key performance indicators (KPIs) for use both in Japan and overseas. Simply viewing the resulting numerical information would make it easy to see Sysmex's global CSR activities and earn recognition on a global level. The bar on CSR activities is set at a high level in Sysmex's industry; I look forward to future developments.

**We Believe the Possibilities.**

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