

1

SYSMEX CORPORATION

Companies' approach

□ Background and purpose of accounting

- As a company that conducts business globally, as one of the CSR materiality that we address preferentially, we identify measures to deal with global environmental problems that are becoming increasingly serious, draw up the long-term environmental targets (Sysmex Eco-vision 2020) and we are working to reduce the environmental burden of our business places' activities as well as environment-friendliness in the product lifecycle.
- The purpose of calculating Supply Chain CO₂ emissions is to clarify high priority targets by grasping the scale of impact of emissions in GHG Scope 1, Scope 2, and each category of Scope 3 in the value chain of the Group, and to tackle environmental activities.

□ Utilization of accounting results

- Calculation results will be used to identify the target to be addressed in reviewing the Group's long-term environmental goals.

□ Benefits of accounting

- Recognizing the target of calculating CO₂ emissions from business activities, we can find opportunities for the reduction.
- We can prioritize and decide targets and approaching measures to reduce emissions that are not contradictory to business activities.

□ Internal system for accounting

- The Group consists of the Company, 65 consolidated subsidiaries and 2 affiliated companies.
- The scope of calculation is aimed to at least 80% of group sales in manufacturing (factory) functional companies, regional headquarters, and other high sales companies, but the calculation range is set for our company alone at this time.
- We collect and aggregate data for Scope 1, 2, and Category 4 through the environmental data management system. Otherwise, we calculate them by reporting periodically relevant data from relevant departments.

2

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□ Efforts to reduce supply chain emissions	<ul style="list-style-type: none"> • In order to reduce CO₂ emissions when sold products are used, we will approach to reduce the electricity usage of products in product groups that highly affect. • We will approach to reduce CO₂ emissions in logistics of product shipment. • We will approach to reduce CO₂ emissions of business activities in our major business sites (factories, regional headquarters, companies with high sales ratio).
□ Issues in supply chain emissions accounting	<ul style="list-style-type: none"> • Regarding the target organizations for calculation, it is our company only at this time, but it is a future challenge to expand the scope of calculation to 80% of group sales, including manufacturing (factory) functional company, regional headquarters and other high sales companies. • The amount of activities used for the calculation of Categories 1, 2, 3, 5, 6, and 7 are not easy targets to tackle in order to reduce CO₂ emissions, and it is a future challenge to figure out the amount of activity which is a more direct factor. • It is a future challenge to calculate the amount of emissions during the transportation of procurement items in Category 4 and the amount of emissions in a shipping from the shipping destination's sales agent to the final customer in Category 9.
□ Other	<ul style="list-style-type: none"> • In addition to reducing CO₂ emissions, we are approaching to improve the waste recycling rate, reduce the amount of water used, and develop de-animal raw materials in environmental activities.

3

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Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Raw material procurement amount of products/services by type (fiscal year 2016) (yen) 	<ul style="list-style-type: none"> Emission per unit of purchase price (*1: [5] Industry related table of Emission intensity per unit)
Category 2: Capital goods	<ul style="list-style-type: none"> Purchase amount of fixed assets in the previous fiscal year (fiscal 2016) 	<ul style="list-style-type: none"> Emission per unit of purchase price (*1: [6] Emission intensity per unit of capital material price)
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Consumption by type of energy for the previous fiscal year (fiscal 2016) 	<ul style="list-style-type: none"> Emission per unit of energy consumption (1) Fuel: *2, (2) Electricity: *1: [7] Emission intensity per unit of electricity and heat consumption)
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Shipped products' weight in the previous fiscal year (fiscal 2016) and distance to shipping destination (transport ton-kilometer) 	<ul style="list-style-type: none"> Emission per unit by transportation mode (*3: "1.1.5 Conventional ton-kilometer method")
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Weight of generated waste by type of waste and processing method (incineration, landfilling, recycling) in the previous fiscal year (fiscal 2016) 	<ul style="list-style-type: none"> Emission per unit by waste type and processing method (*1: [8], waste type, processing (incineration, landfill, recycling), transportation process)
Category 6: Business travel	<ul style="list-style-type: none"> The average number of employees in the previous fiscal year (FY 2016) (fuel consumption of company cars is included in Scope 1) 	<ul style="list-style-type: none"> Emission per unit of employees (*1: [13])
Category 7: Employee commuting	<ul style="list-style-type: none"> The average number of employees and the average number of work days in the previous fiscal year (FY 2016) 	<ul style="list-style-type: none"> Emission per unit of number of employees and work days (*1: [14], *4)

*1: Emission per unit database for calculating organization's greenhouse gas emissions etc. through supply chain (Ver.2.4)

*2: Carbon Footprint Communication Program Basic Database Ver.1.01 (Domestic data)

*3: Calculation method of CO₂ emissions in the logistics field Joint guideline Ver.3.1

*4: Urban classification is based on " Emission per unit of employment number by work type and city classification, and work days"

4

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Category	Accounting methods	
	Activity data	Emission factor
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> No corresponding activity 	<ul style="list-style-type: none"> ---
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Exclude as a small percentage in activities at sales agents, etc. 	<ul style="list-style-type: none"> ---
Category 10: Processing of sold products	<ul style="list-style-type: none"> No corresponding activity 	<ul style="list-style-type: none"> ---
Category 11: Use of sold products	<ul style="list-style-type: none"> The number of shipments by each instrument product, the assumed lifetime use hours, and the power consumption per unit of use hours in the previous fiscal year (fiscal 2016) 	<ul style="list-style-type: none"> Emission per unit of electricity usage (Domestic: *5, overseas: *6)
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Number of shipment and weight of instrument products in the previous fiscal year (fiscal 2016) Number of production of reagent products and weight by type of containers and packaging materials, and reagent weight in the previous fiscal year (fiscal 2016) 	<ul style="list-style-type: none"> Emission per unit by waste type and processing method (*1: [8], waste type, process (incineration, landfill, recycling), transportation process)
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> No corresponding activity 	<ul style="list-style-type: none"> ---
Category 14: Franchises	<ul style="list-style-type: none"> No corresponding activity 	<ul style="list-style-type: none"> ---
Category 15: Investments	<ul style="list-style-type: none"> No corresponding activity 	<ul style="list-style-type: none"> ---
Other	<ul style="list-style-type: none"> No corresponding activity 	<ul style="list-style-type: none"> ---

*1: Emission per unit database for calculating organization's greenhouse gas emissions etc. through supply chain (Ver.2.4)

*5: Electricity companies' emission factor FY2015 (published in the Official Gazette on July 26, 2017)

*6: FY2014 survey project report on power system related equipment formation etc. (Fundamental survey on examination of CO₂ emission factor by electric power company) (Ministry of Economy, Trade and Industry, February 2015)

5

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Accounting results

- Supply chain CO₂ emissions in FY2016 (Total emission = 387,090 t-CO₂eq)

No.	Classification	Contents	Ratio
1	Scope1	Direct emission of CO ₂ (combustion of fuel etc.)	0.52%
2	Scope2	Indirect emissions accompanying the use of electricity, heat and steam (CO ₂ emissions from suppliers etc.)	2.18%
3	Scope3	CO ₂ emissions associated with other business activities	97.30%
①	Category1	Purchased goods and services	32.06%
②	Category2	Capital goods	1.28%
③	Category3	Fuel and energy related activities not included in Scope 1 or 2	0.24%
④	Category4	Transportation and delivery (upstream)	5.45%
⑤	Category5	Waste generated in operations	0.03%
⑥	Category6	Business travel	0.09%
⑦	Category7	Employee commuting	0.19%
⑪	Category11	Use of sold products	57.15%
⑫	Category12	End-of-life treatment of sold products	0.82%
Total			100.0%

