

H.U. Group ESG Conference

March 17, 2022

H.U. Group Holdings, Inc.

(TSE: 4544)

- Our ESG Priorities
- Human Rights & Human Resources
- Environment
- Procurement
- Wrap-up

Our ESG Priorities

Shigekazu Takeuchi
Director, President and Group CEO,
H.U. Group Holdings, Inc.

The H.U. Group Management Philosophy

Mission

Create new value in healthcare and thereby contribute to human health and the future of medical care.

Vision

With our deep involvement in human health, we aim to be a group that contributes to the development of healthcare through trust and innovation.

Values and Traits

Customer Centricity

- Respond to medical care and healthcare needs, exceed customer expectations

Creation of New Value

- Strive for global value creation first and foremost; take risks to challenge and innovate
- Think and execute with global perspective
- Lead with result-orientation, speed and efficiency

Sincerity and Trust

- Be sincere and trustworthy, act with transparency
- Communicate openly and constructively, beyond the boundaries
- Gain and maintain trust from all stakeholders

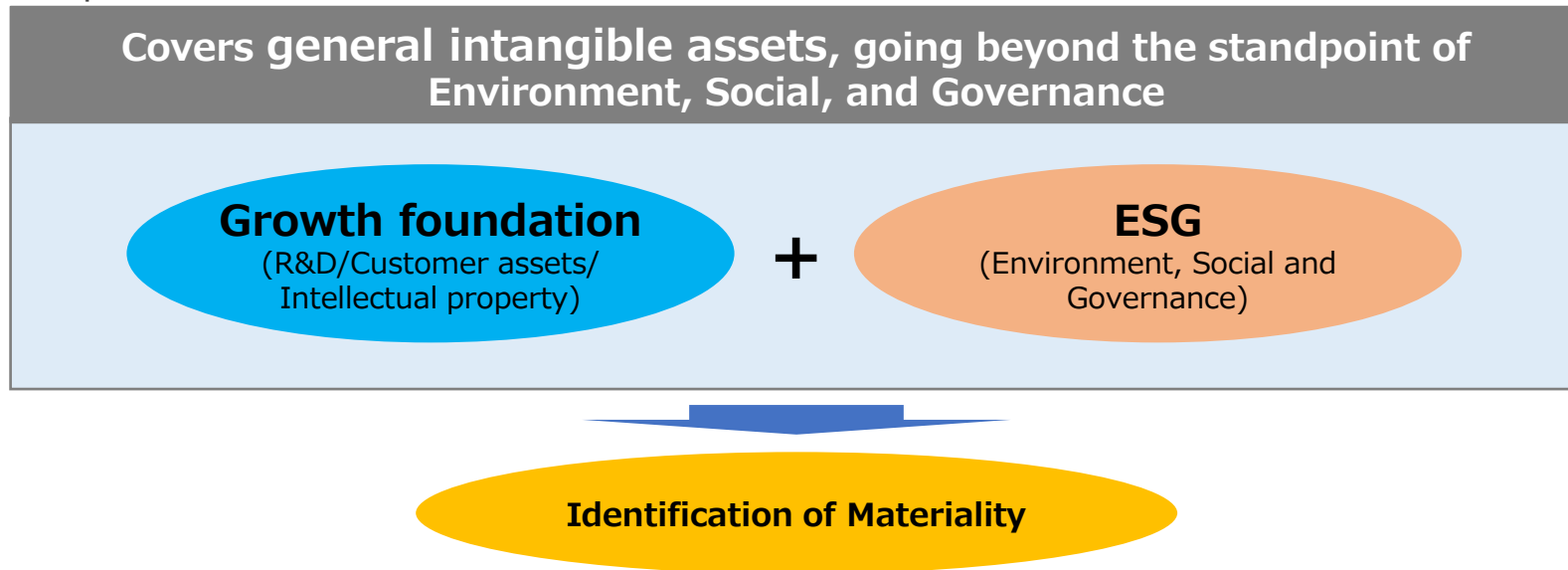
Mutual Respect

- Respect diverse values, experience, expertise and teamwork
- Praise and celebrate challenges and successes
- Grow and help others to grow

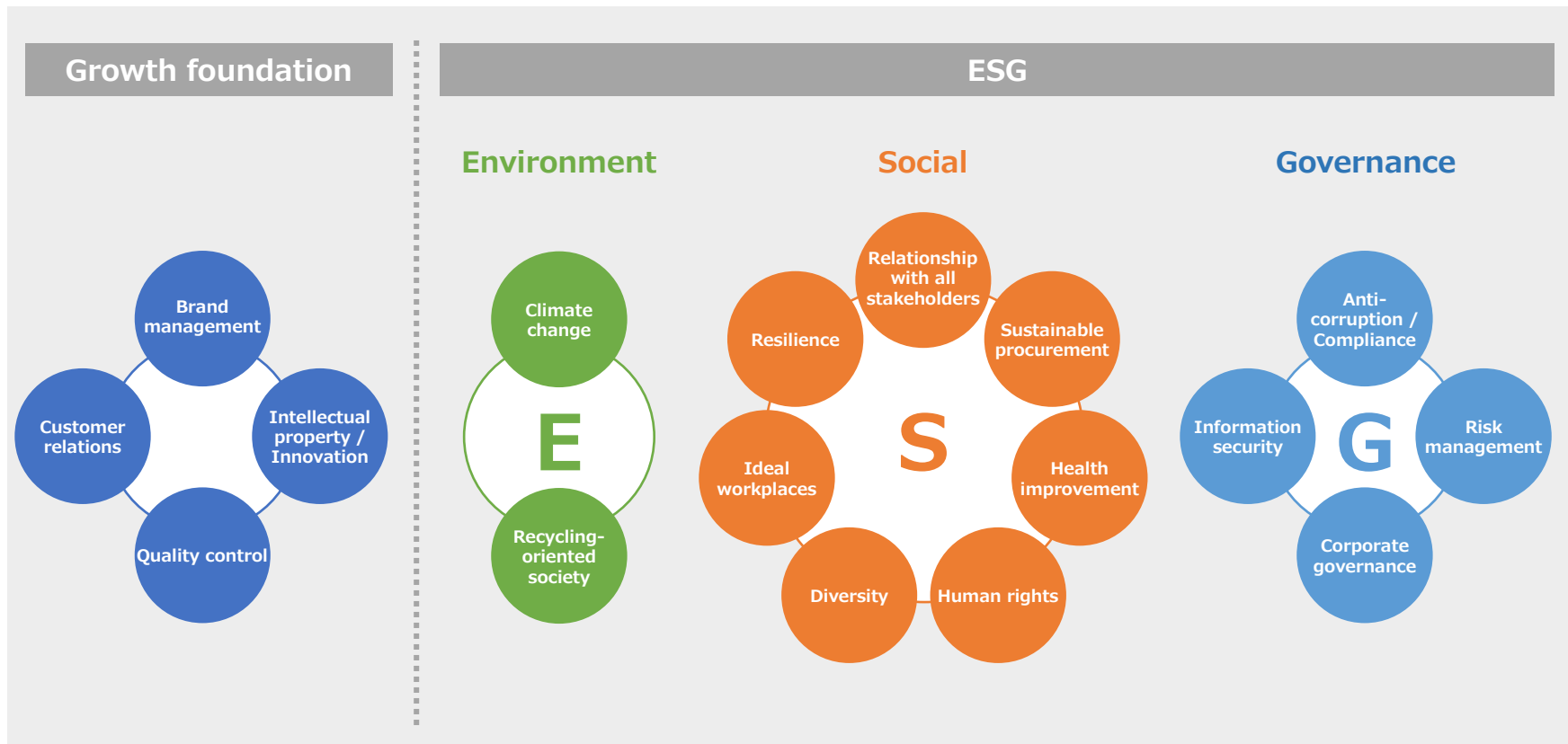
Definition of Materiality

- ✓ As assets which create corporate value, both tangible assets such as equipment for expanding production and facilities for high efficiency testing and intangible assets such as human resources, patents and knowhow are important
- ✓ The H.U. Group's definition of materiality covers the elements that impact the creation of corporate value in the medium and long term

Scope of our definition:



Materiality of H.U. Group



H.U. Group Sustainability Roadmap

Three-Year Targets (FY2020–2022)

Quantitative targets

Qualitative targets

Environment

- CO₂ emissions: -7% (Base: FY2017)
- Waste plastic recycling rate: +15% (Base: FY2017)
- CDP: B plus

Philanthropy

- Continuous enlightenment of clinical testing for 40 years

Human Rights & Human Resources

- Percentage of female managers 20%
- White 500 acquisition

Communication

- Holding of first ESG Conference

Procurement

- Excellent response rate (A) 90% on UNGC Self Assessment tool

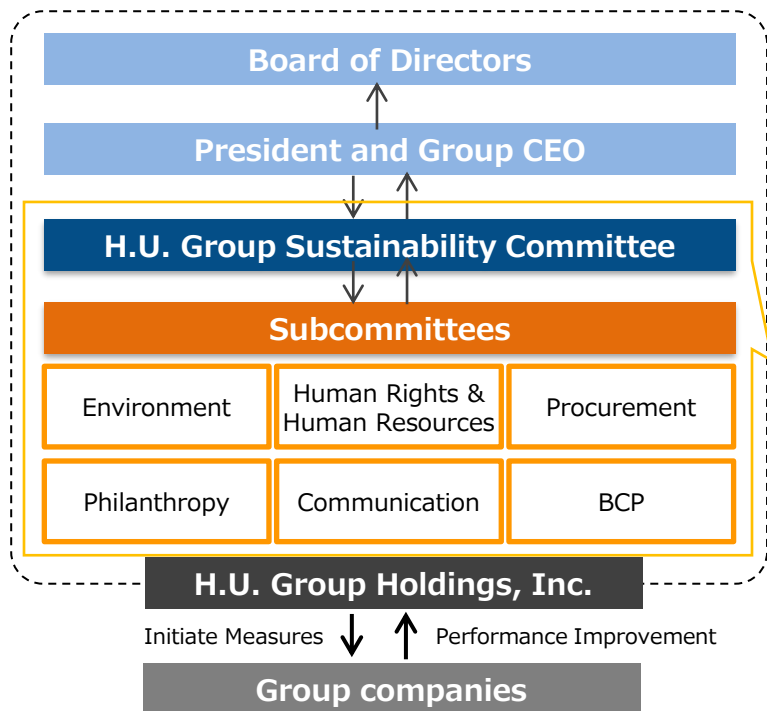
BCP

- Start-up of the H.U. Bioness Complex (Realization of high resilience)

Organizational Structure for Promoting Sustainability

Built organizational structure with Sustainability Committee, chaired by the President and Group CEO, as the highest organ

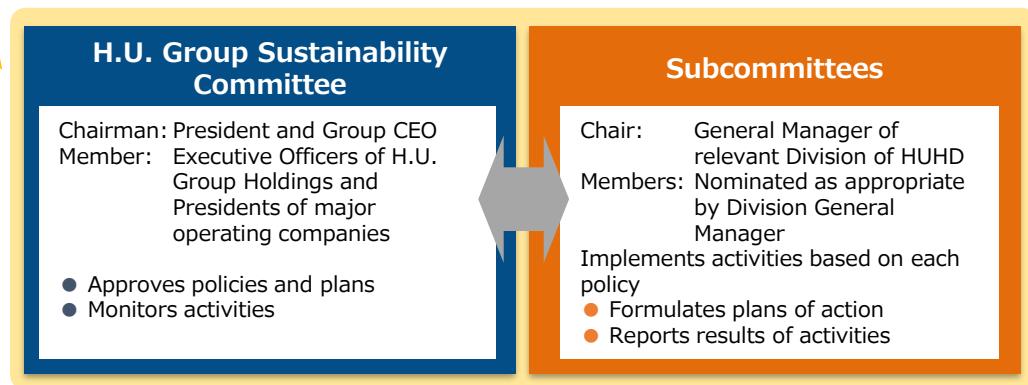
H.U. Group's organizational structure for sustainability



Organizational structure for promoting sustainability

- Chaired by President and Group CEO
- Discusses basic policies and plans of action in relation to sustainability
- Formulated qualitative and quantitative medium-to-long-term targets at six sustainability-related subcommittees and disclosed information about them in October 2020

System/Roles of Sustainability Committee and Sustainability-related Subcommittees



Corporate Governance

- Adopted company with committees system in 2005 (now company with three committees system)
 - ✓ Six of eight directors are independent external directors
 - ✓ Nominating, Audit and Compensation Committees are each chaired by an outside director
 - ✓ Outside directors constitute the majority of each committee
- Since the General Meeting for Shareholders was held in June 2021, the Nominating Committee has been composed entirely of outside directors



Inside Directors
Shigekazu Takeuchi, President and Group CEO (5 years)
Naoki Kitamura, Managing Executive Officer (3 years)

Outside Directors	
Shigehiro Aoyama (3 years)	Eriko Matsuno (1 year)
Futomichi Amano (4 years)	Keiji Miyakawa (Newly elected)
Ryoji Itoh (7 years)	Susumu Yamauchi (4 years)

*1 Red font indicates outside director

*2 Number of years in parentheses indicates years in office as of June 2021

Recent Topics

Create New Value in Healthcare 1

Leading Response to COVID-19

Track record of responding to SARS

Circulation of data verified in testing for
the development of reagents

Synergies of H.U. Group

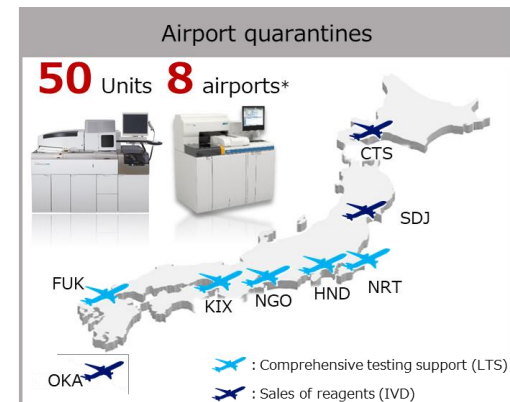
Launch of ESPLINE SARS-CoV-2
(May 2020)



Launch of LUMIPULSE SARS-CoV-2
(Jun. 2020)



Began providing comprehensive lab
testing support including antigen testing
at airport quarantine (Aug. 2020)



Create New Value in Healthcare 2

Social challenges addressed through H.U. Bioness Complex

1. Demand to reduce social welfare costs (medical costs)
2. Demand to control clinical testing costs while maintaining the quality of medical care
3. Need for more comprehensive medical checkups, presymptomatic disease care (afflictions without symptoms but for which tests find abnormalities), and advanced medical care
4. Need for more comprehensive community-based healthcare
5. Disaster response (uninterrupted testing facility operations after earthquakes or other disasters)
6. Need for research and development that contributes to advanced medical care



Capital procurement through social finance

¥25 billion of ¥36 billion investment in equipment and IT systems

Social bonds ¥20 billion

Social loans ¥5 billion

Human Rights & Human Resources

Shigekazu Takeuchi
Director, President and Group CEO,
H.U. Group Holdings, Inc.

Basic Approach/Policy for Human Rights & Human Resources

Fundamental Approach to Sustainability

- Respond to medical care and healthcare needs, exceed customer expectations
- Gain and maintain trust from all stakeholders

Firm establishment in organizations through incorporation in Values and Traits

Transformation of our employees' awareness and behaviors

Efforts to create new value in healthcare

Human Rights & Human Resources-Related Materiality

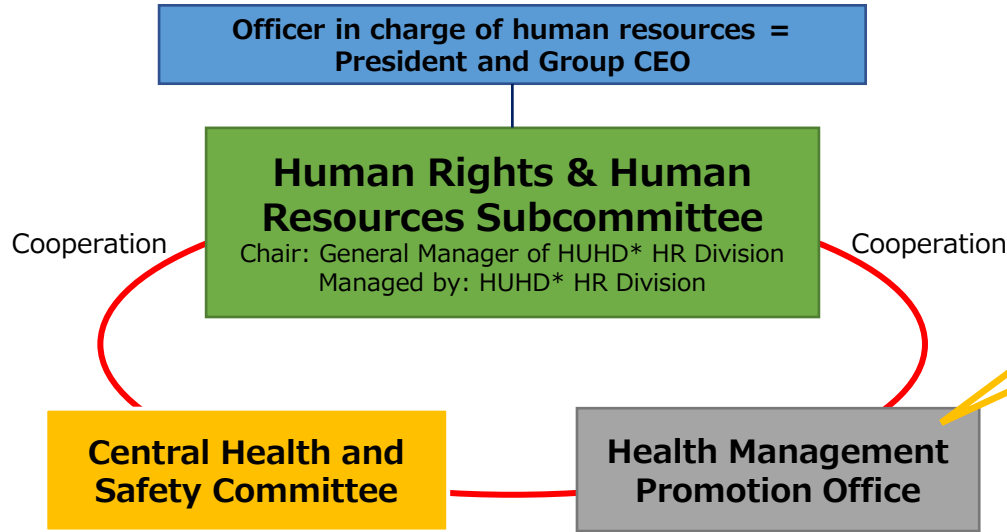
- Human rights
- Diversity
- Ideal workplaces
- Health improvement

Human Rights & Human Resources Policy

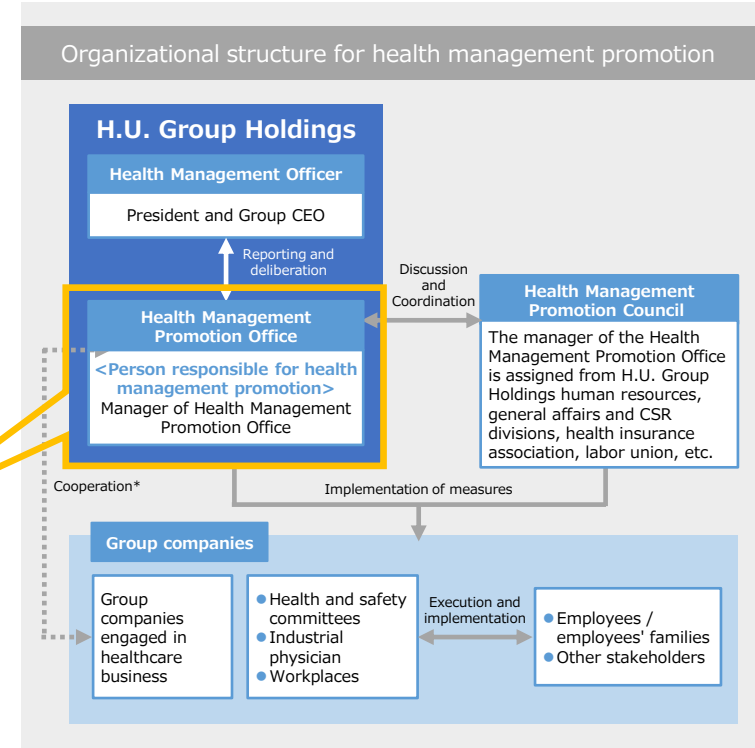
- Human rights policy
- Diversity policy
- Occupational health and safety policy
- Human resource development policy

Implementation
of human-centric
activities

Organizational Structure for Human Rights & Human Resources



* HUHD: H.U. Group Holdings, Inc.



Sustainability Roadmap for Human Rights & Human Resources

Making steady progress on KPIs and key initiatives on each theme

Main themes	KPI	Main Initiatives	FY2020		FY2021 targets
			(Target)	(Actual)	
Diversity promotion	Percentage of female managers	✓ HUHD Recruitment Section and President of each company are collaborating to implement initiatives	15% (Domestic and overseas)	17% (Domestic and overseas)	18% (Domestic and overseas)
	Percentage of persons with disabilities hired	✓ Initiatives are being led by H.U. Cast, Inc. (special subsidiary company)	2.3% (Domestic)	2.3% (Domestic)	2.3% (Domestic)
Promotion of human resources development	Average annual training time per employee	✓ Enhancing content of e-learning tools	15 hours (Domestic)	23 hours (Domestic)	20 hours (Domestic)
Health Management	White 500 listing	✓ HUHD Health Management Promotion Office is implementing various initiatives, including measures to raise awareness of health management	Likely to rank in top 500 in 2022	Ranked in top 501-600	Rank in top 500 in 2022

Continuation and strengthening of initiatives

Most Recent Initiatives/Achievements for Human Rights & Human Resources 1

Certified as White 500

Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category) [White 500]



- H.U. Group Holdings, Inc.
- SRL, Inc.
- Fujirebio, Inc.
- H.U. Frontier, Inc.

Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large enterprise category)



- Nihon Stery, Inc.
- Japan Clinical Laboratories, Inc.
- Care'x Inc.
- HOKUSHIN Clinical Laboratory, Inc.

Certified Health & Productivity Management Outstanding Organizations Recognition Program (SME category)

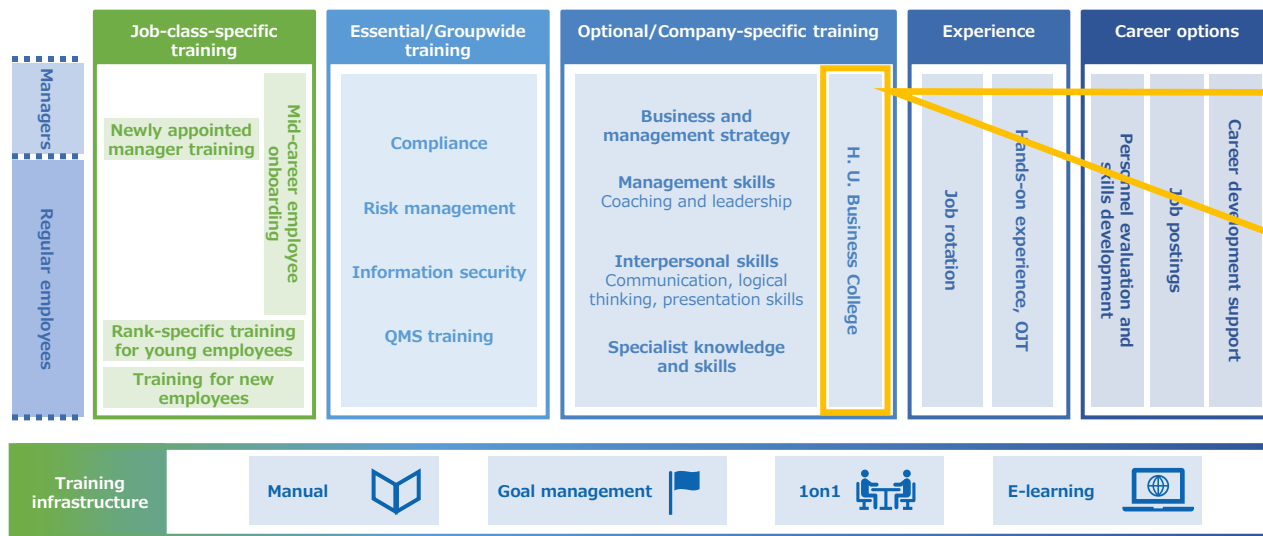


- SRL Kitakanto Laboratory, Inc.
- H.U. Wellness, Inc.
- Japan Institute of Foods Ecology, Inc.

Most Recent Initiatives/Achievements for Human Rights & Human Resources 2

Support for career self-reliance

Career development structure for H.U. Group employees



H.U. Business College (opened in Jan. 15)

H.U. Business College 2022

ビジネス知識を基礎から学べる学校
H.U.ビジネスカレッジ 開校！

《H.U.グループ初の完全公募型の学校》
H.U.グループ初の挙手制によるプログラム
応募は皆さんの意思次第です！

カリキュラム
●持続的に成長するには ●論理的思考
●マーケティング ●アカウンティング ●IT 他7カリキュラム

開校期間
2022年1月～12月

応募開始
2021年10月8日

講師紹介
中谷彰宏氏
作家 / 株式会社中谷彰宏事務所 代表取締役社長

その他講座についても、豪華講師陣があなたの学びを応援！
10月8日に募集の全概要を発表します、ご期待ください！

H.U. H.U.GROUP お問い合わせ先
HUHD人事部 人材開発課 人材開発部
hu2@hr-learning@huuso.com

Future Initiatives for Human Rights & Human Resources 1

Increase in percentage of newly hired female graduates (FY2020)



Women

108

/



Men

60

Average employment year



Women

<



Men

Percentage of female managers in Japan (FY2020)



Women

13.4%

Percentage of male employees taking childcare leave

Need improvement

Establishment of business unit to promote diversity



Establish business unit to promote diversity in FY2022 to focus on further creating work environment where diverse employees actively participate

Future Initiatives for Human Rights & Human Resources 2



Introduction of program to encourage employees to take childcare leave

- In addition to childbirth leave (existing), employees taking childcare leave will be granted childcare support leave (paid leave of 14 consecutive days)
- In addition to a childbirth congratulatory payment, a childcare support payment will be made



Environment

Hiroaki Kimura
Executive Officer,
H.U. Group Holdings, Inc.

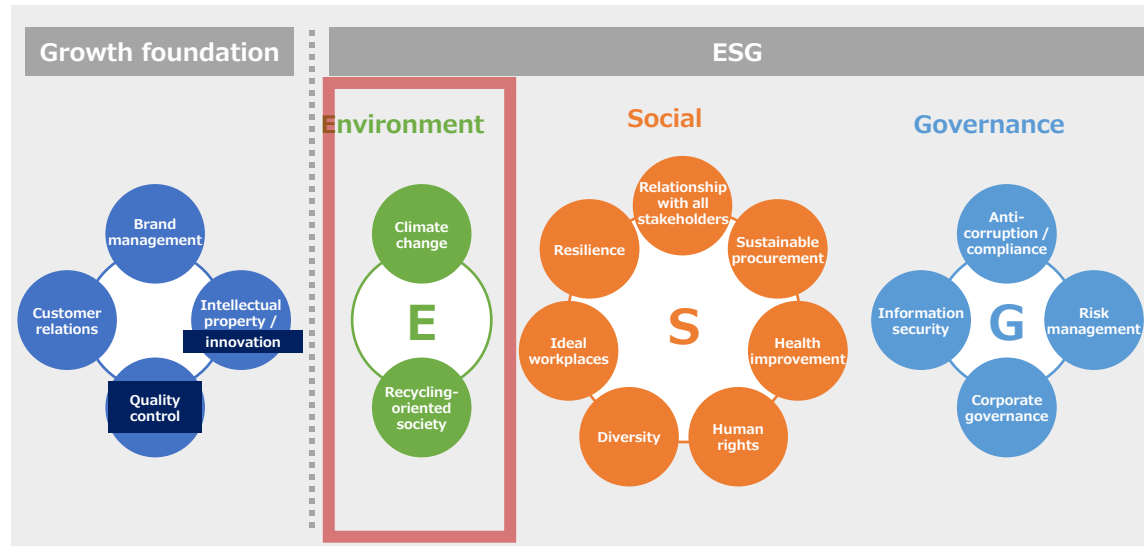
Environment-Related Materiality

Identified environment-related materiality from the two perspectives of matters that are financially material in influencing business value and material to the market, the environment, and people in line with the concept of double materiality

- Identified climate change and recycling-oriented society as environment-related materiality

Materiality of H.U. Group (revised July 2021)

■ Added in FY2021 revision



Environmental Basic Approach/Policy

Based on the "Environmental Policy," the H.U. Group initiates to reduce the environmental burden and improve operational efficiency in response to the deepening global environmental problems such as climate change

- Initiatives to reduce environmental impact based on themes of climate change and recycling-oriented society



Environmental Policy

Established on July 5, 2019
Revised on July 1, 2020

The H.U. Group recognizes the connection between diverse business characteristics and the environment. We engage in environmental preservation, contributing to a sustainable society.

1. We strive for environmentally friendly business activities, providing services and products to society that are friendly to both people and the environment.
2. We engage in energy and resource conservation, the proper control of chemicals, reduced waste, recycling, and protection of water resources, striving to prevent environmental pollution.
3. We comply with laws, regulations, and agreements on the environment. We also strive for ongoing improvements in our environmental management systems and environmental performance.
4. We communicate our environmental policies and other environmental initiatives to employees and all others involved in our business activities. We also disclose these policies and initiatives externally.

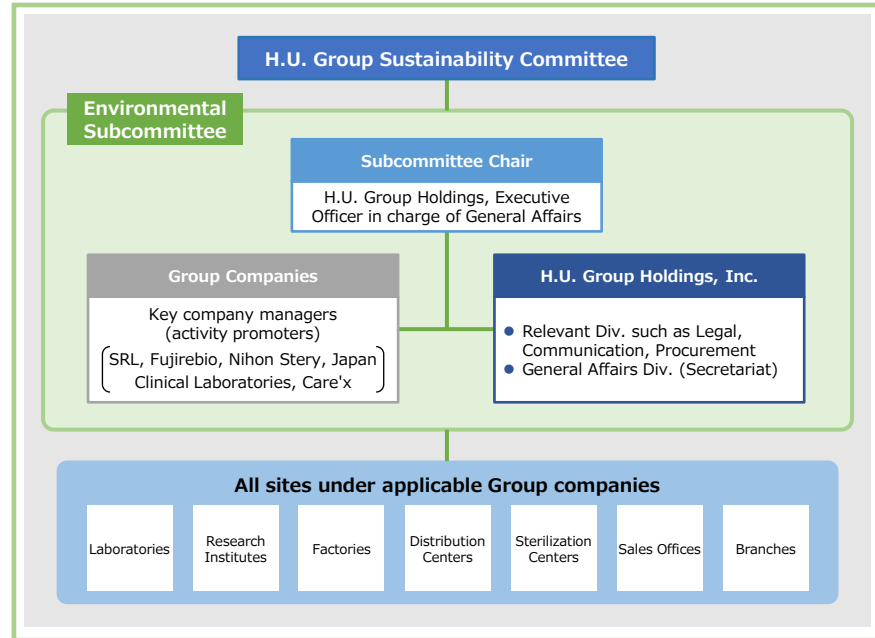
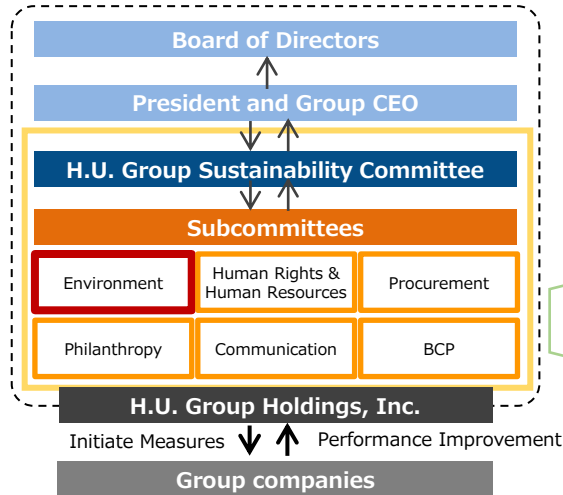
Related Materiality

- Climate change
- Recycling-oriented society

Organizational Structure for Environment

Established the H.U. Group Environmental Management System (EMS) and formulating and implementing plans for environmental activities on themes such as climate change and recycling-oriented society. Striving to respond to future developments and take corrective action based on a regular assessment of these plans of actions and progress made

- Established the Environmental Subcommittee, which is attended by those responsible for environmental management at key operating companies
- Important matters such as setting targets and becoming a signatory of/participating in external initiatives are deliberated by the H.U. Group Sustainability Committee which is chaired by the President and Group CEO

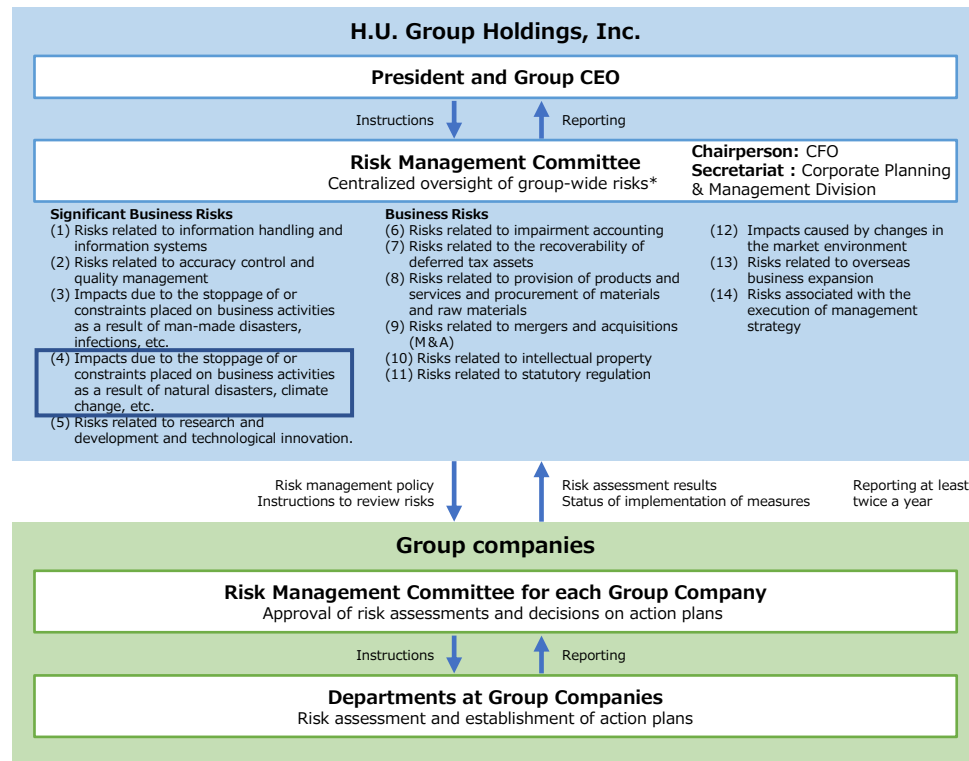


Environmental Risk Management

Established a Groupwide risk management structure and implement risk management according to a uniform policy that applies to the entire H.U. Group

The Risk Management Committee specifies group-wide business risks including significant business risks, taking the status of risk management at each Group company into consideration, and also is also responsible for management climate risks

- Impacts due to the stoppage of or constraints placed on business activities as a result of natural disasters, climate change, etc.



* Risk is subject to management using a risk control matrix, which consists of risk identification, risk analysis and assessment based on the probability of its materialization and degree of impact, and implementation of risk countermeasures.

Long-Term Environmental Goals and Roadmap

The H.U. Group is implementing environmental initiatives with the long-term environmental goal of reaching net-zero CO₂ emissions by 2050

- At the beginning of FY2021, Long-Term Environmental Goal was to reduce emissions on a sales intensity basis but this was revised to a more proactive goal after HUHD became signatory of/participated in external initiatives
- Targets for FY2030 of CO₂ (Scope 1,2) emissions Absolute target: 25% reduction (Base: FY2020) and CO₂ (Scope 3) emissions Absolute target: 12.5% reduction (Base: FY2020) were set as intermediate targets on the way to achieving FY2050 goal

H.U. Group Long-Term Environmental Goals (revised in October 2021)

Intermediate targets: FY2020–2030

Total CO₂ (Scope 1 + 2) emissions

Reduced by 25%
(Base: FY2020)



Total CO₂ (Scope 3) emissions

Reduced by 12.5%
(Base: FY2020)



Waste plastic recycling rate at major business locations

90%



Final target date: 2050

CO₂ (Scope 1 + 2) emissions

Net Zero

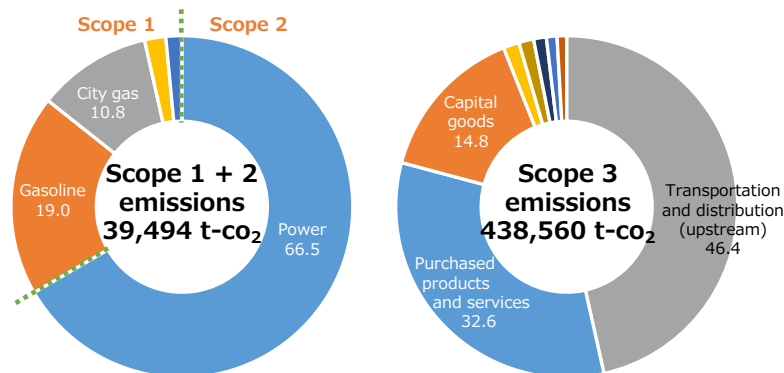


Waste plastic recycling rate at major business locations

100%



Breakdown of CO₂ emissions (2020)



Results of Environmental Activities

Achieved FY2020 single fiscal year targets for both CO₂ reduction (Total of Scope 1 & 2 emissions (sales intensity basis)) and improvement of total recycling rate of waste plastic. Revised CO₂ reduction target to absolute reduction target midway through FY2021

- In terms of CO₂ reduction, although energy consumption (CO₂ emissions) increased, net sales grew at a faster rate, partly due to the effects of COVID-19
- In terms of the recycling rate of waste plastic, the balance of waste changed, as the effects of COVID-19 created unusual business conditions

KPI		Performance					Target			
Major Category	Subcategory	Item	Unit	2017	2018	2019	Target	Actual	2021	2022
Climate change	CO ₂ reduction	Total of Scope 1 & 2 emissions (sales intensity basis)	(t-CO ₂ / 100 million yen)	23.3	21.0	19.9	20	17.4	22	22
		(Reference) Achievement status for long-term targets (-20%)	(%)	0	9.8	14.6	16	25.3	7	7
Marine plastic waste (Formation of a recycling-oriented society)	Circular, effective use of resources	Total recycling rate of waste plastic	(%) (Recycled amount / total amount)	66.0	67.6	71.4	72	73.6	74	76
CDP	Climate	—	Rank	F	F	C	C	C	B-	B

Participation in Global External Initiatives

Becoming a signatory to/participating in initiatives for ambitious goal setting, and proactive external initiatives and information disclosure

JAPAN
CLIMATE
INITIATIVE

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



BUSINESS
AMBITION FOR 1.5°C



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TCFD Climate Change Scenario Analysis

Declared support for TCFD recommendations in November 2021, in response to changing global trends in relation to global warming and increased information disclosure concerning climate-related risks and opportunities. Conducting scenario analysis using TCFD framework to assess the impact of climate change

- Under 1.5°C and 2°C scenarios, transition risks increase (1.5°C and 2°C)
- Under 4°C scenario, physical risks increase

Scenario	TCFD Framework		Event	Time Horizon	Impact	Response	Risk	Opportunity
4°C scenario	Physical risk	Acute risk	Flooding of business locations	Short-term	<ul style="list-style-type: none"> Damages of equipment 	<ul style="list-style-type: none"> Formulates BCPs at the head office and field levels Purchase non-life insurance water damage rider 	Low	–
			Supply chain disruption	Short-term	<ul style="list-style-type: none"> Interruption of sample transportation and distribution network 	<ul style="list-style-type: none"> Use multiple modes of transportation Form business alliance for sample transportation 	Low	–
		Chronic risk	Temperature rise	Long-term	<ul style="list-style-type: none"> Increasing demand for products and tests for tropical diseases 	<ul style="list-style-type: none"> Consider R&D on relevant diseases and items 	–	○
2°C scenario	Transition risk	Policy and legal risk	Introduction of carbon tax and revision of ordinances	Medium-term	<ul style="list-style-type: none"> Carbon tax to be introduced in 2030 Potential violation of ordinances (emission cap) 	<ul style="list-style-type: none"> The H.U. Bioness Complex and company vehicle emissions simulation 	Low	○
		Technology risk	Installation of renewable energy facilities	Medium-term	<ul style="list-style-type: none"> Expanded capital investment in renewable energy 	<ul style="list-style-type: none"> Study such facilities for pilot or full-scale adoption to the Group 	Low	–
		Market risk	External pressures specific to the market and industry	Long-term	<ul style="list-style-type: none"> Market pressures to do something about GHG emission reductions 	<ul style="list-style-type: none"> Reorganize to use vehicles for logistics jointly with other companies 	–	○
		Reputation risk	ESG brand	Long-term	<ul style="list-style-type: none"> Dismissed as ESG-adverse 	<ul style="list-style-type: none"> Relations with long-term investors Improve the ESG ratings 	–	○
1.5°C scenario	(Severe) Transition risk	From FY2022: Look into information disclosure based on detailed analysis						

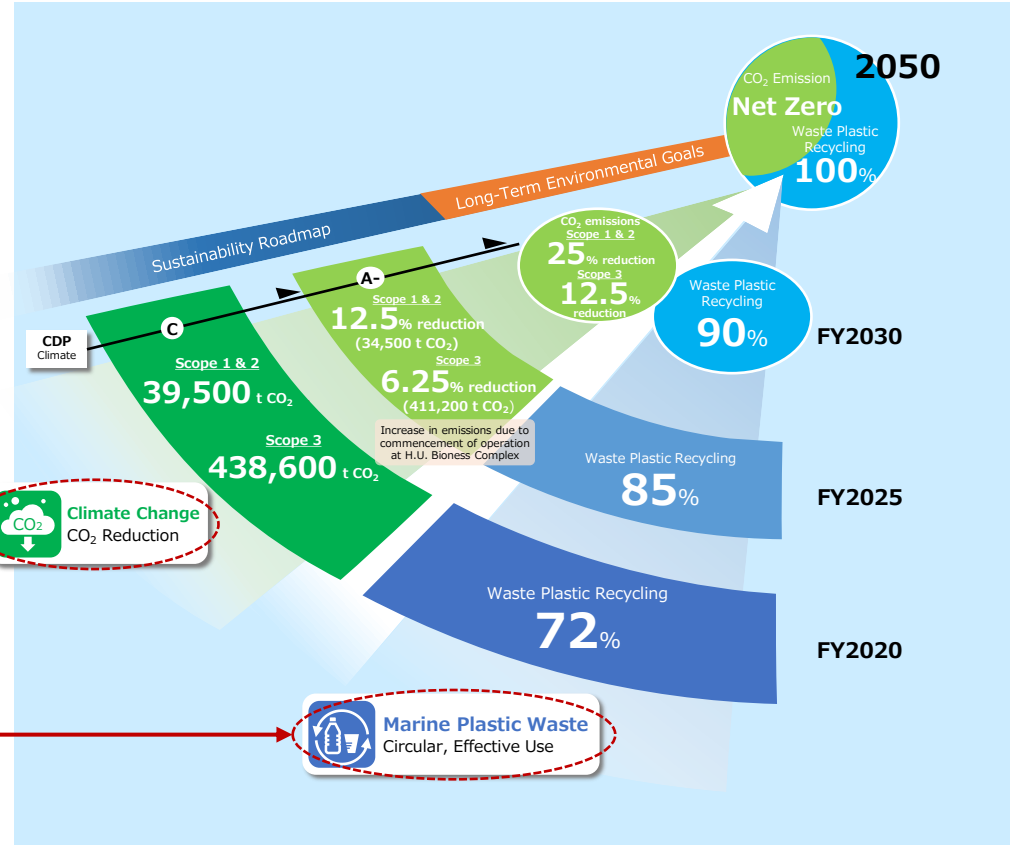
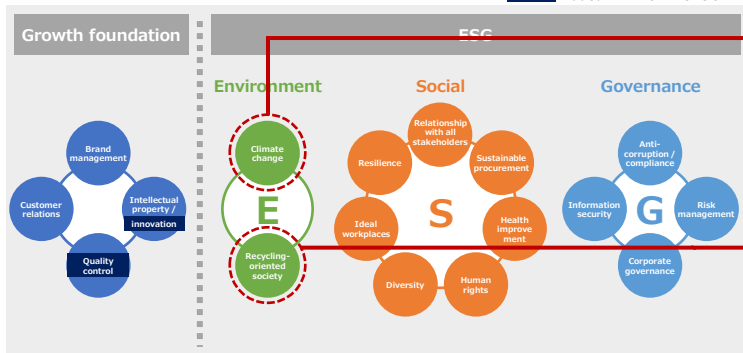
* Task Force on Climate-related Financial Disclosures. Established under the chairmanship of Michael Bloomberg by the Financial Stability Board at the request of the G20 to consider climate-related information disclosure and how financial institutions should respond.

Environmental KPIs

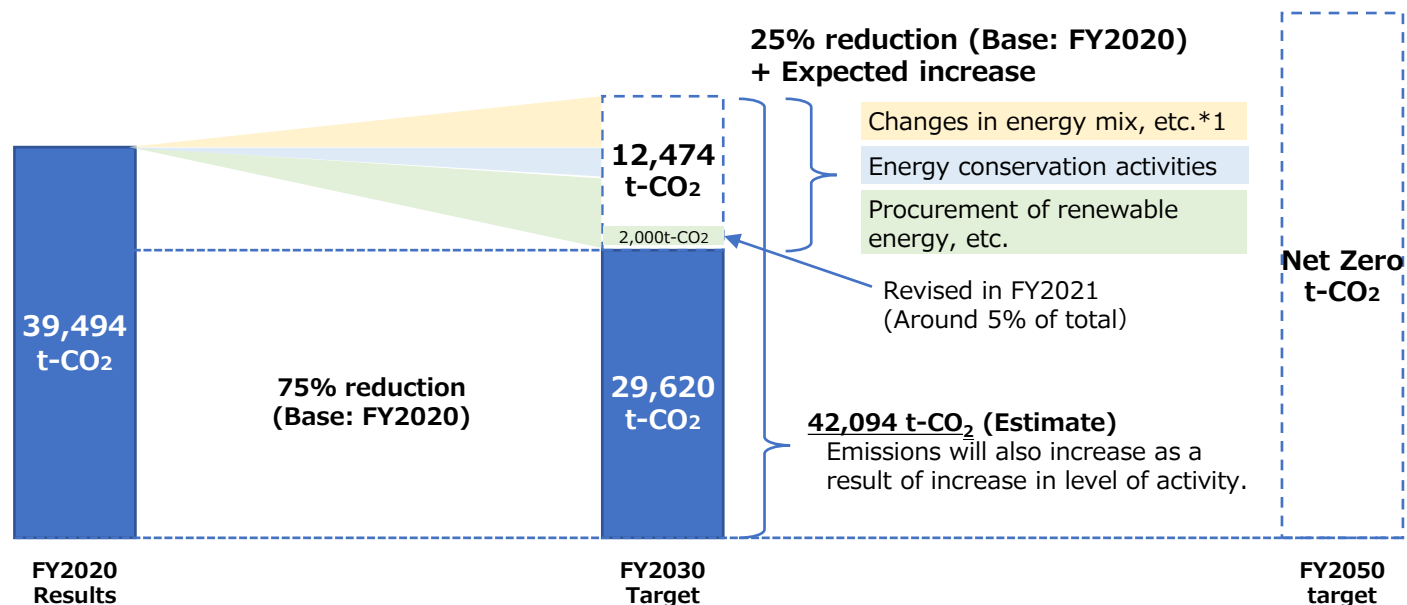
Set 2050 Long-Term Environmental Goals and formulated a medium-to-long Sustainability Roadmap to address materiality

- CO₂ reduction for climate change
- Waste plastic recycling for recycling-oriented society
- Considering collection of information on each supplier in relation to Scope 3 emissions

H.U. Group materiality (revised July 2021)



Roadmap for CO₂ Reduction



Base: FY2020 (t-CO ₂)	
Scope 1 & 2	39,494
Scope 3	438,560

Reduced by 25%
→
Reduced by 12.5%

2030 target	
Scope 1 & 2	29,620
Scope 3	383,740

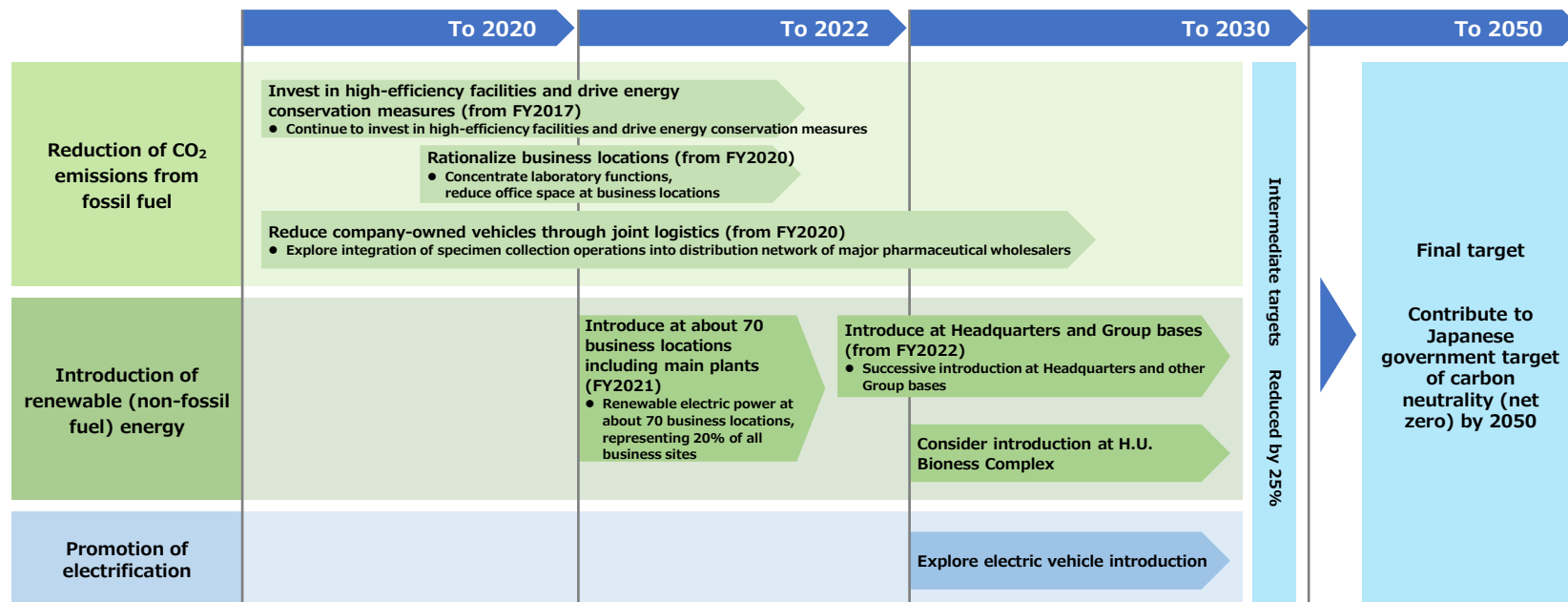
Offset of CO₂ emissions which cannot be reduced through purchase of credits and participation in environmental projects

2050 Target	
Scope 1 & 2	Net Zero
Scope 3	Net Zero

*1 Changes in circumstances resulting from transformation of industrial structure and economy and society associated with Ministry of Economy, Trade and Industry's 2050 Carbon-Neutral Green Growth Policy

Climate Change: Priority Issues

Aim to achieve net zero carbon emissions by 2050 for the realization of a decarbonized society through initiatives such as implementation of energy conservation activities, increased procurement of renewable energy and introduction of EVs and FCVs, taking into consideration 2050 Carbon-Neutral Green Growth Policy

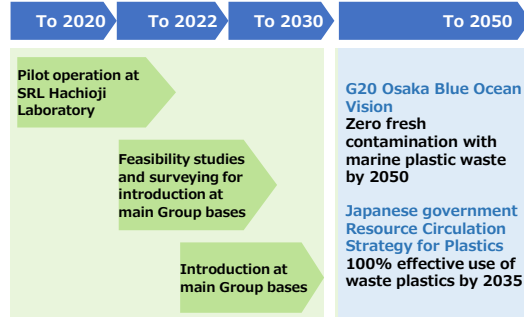


Response to Recycling-Oriented Society: Improvement of Plastic Recycling Rate

The H.U. Group is implementing initiatives with "Waste Plastic Recycling 100% by 2050" as Long-term Environmental Target

- Set FY2030 target of "Waste Plastic Recycling 90%" as intermediate target on the way to FY2050 goal
- Ensuring sorting of plastic waste and identifying businesses which can recycle plastic waste

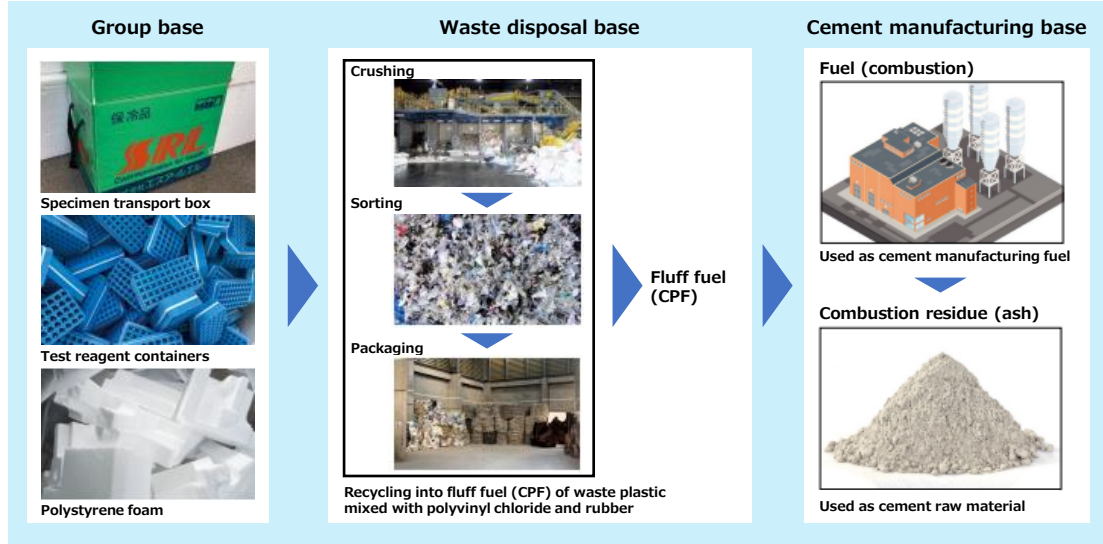
Timeline for increasing waste plastic recycling rate



H.U. Group waste plastic recycling rate

	2017	2018	2019	2020
Total amount (t)	1,133	1,163	1,156	1,071
Recycled amount (t)	748	786	826	787
Recycling rate (%)	66	68	71	74

Flow diagram of waste plastic recycling



Ratings of ESG Rating Agencies



Awarded a rating of A- in the CDP Climate Change Report 2021 as a company leading on environmental transparency and action

Key Points in 2021 Rating

- Establishment of H.U. Group Sustainability Committee comprised of management executives and corporate governance structure requiring reporting of environmental matters to the Board of Directors in some cases
- Scenario analysis for assessing risks and opportunities using TCFD Framework

Issues

- SBT certification of targets
- More proactive activities
- Introduction of renewable energy
- Third-party verification including Scope 3 emissions

Response

- Received SBT certification ("committed") during the period
- Use participation in external initiatives, etc. as opportunity to accelerate activities
- Expanded offices supplied with renewable energy
- Considered/implemented third-party verification including Scope 3 emissions

Sompo Japan Green Open Fund (Buna no Mori)

月次運用レポート (要約版) SOMPOアセットマネジメント
最終日: 2021年3月31日

環境・社会・ガバナンス (ESG) (要約版)

順位	銘柄名	保有比率 (%)	環境・社会・ガバナンス (ESG) (要約版)
1	1000 日本電産	2.5	1000 日本電産
2	1001 大和ハウス工業	2.1	1001 大和ハウス工業
3	1002 日本郵船	1.9	1002 日本郵船
4	1003 日本郵船	1.8	1003 日本郵船
5	1004 日本郵船	1.7	1004 日本郵船
6	1005 日本郵船	1.6	1005 日本郵船
7	1006 日本郵船	1.5	1006 日本郵船
8	1007 日本郵船	1.4	1007 日本郵船
9	1008 日本郵船	1.3	1008 日本郵船
10	1009 日本郵船	1.2	1009 日本郵船
11	1010 日本郵船	1.1	1010 日本郵船
12	1011 日本郵船	1.0	1011 日本郵船
13	1012 日本郵船	0.9	1012 日本郵船
14	1013 日本郵船	0.8	1013 日本郵船
15	1014 日本郵船	0.7	1014 日本郵船
16	1015 日本郵船	0.6	1015 日本郵船
17	1016 日本郵船	0.5	1016 日本郵船
18	1017 日本郵船	0.4	1017 日本郵船
19	1018 日本郵船	0.3	1018 日本郵船
20	1019 日本郵船	0.2	1019 日本郵船
21	1020 日本郵船	0.1	1020 日本郵船

17 4544 H.U. Group Holdings, Inc.



Procurement

Isao Tada
General Manager of the Procurement Division,
H.U. Group Holdings, Inc.

Introduction

Background to identification of Sustainability Procurement as ESG materiality

Social



- Strengthening of sustainability management initiatives
- Increasing need for consideration of social responsibility in relation to supply chain
- Pressure for sustainable procurement from stakeholders

All suppliers

(raw materials, materials, manufacturers engaged in production and sale distributors (including wholesalers, logistics services companies))



*In today's society, companies are under increasing pressure to fulfil their social responsibility not only in the production and sales processes they themselves are involved in but in all processes across the entire supply chain including those they are not directly involved in.

Basic Approach/Policy for Procurement



Procurement Policy

The H.U. Group engages in fair, stable, and sustainable procurement in order to contribute to human health through the creation of new value.

We value our relationship with suppliers, pursuing the following basic approach to procurement in establishing mutual trust.

1. We comply with the laws and social norms of every country in which we conduct business, striving to engage in procurement activities that consider respect for basic human rights, labor environments, occupational health and safety, child labor, and other related factors.
2. We provide opportunities for free and transparent procurement with suppliers around the world, working to improve our competitive capabilities through active due diligence, including procurement from new business partners.
3. We procure from excellent, highly trustworthy suppliers, selected based on a comprehensive list of factors including quality, price, delivery, business continuity, local procurement, and other factors.



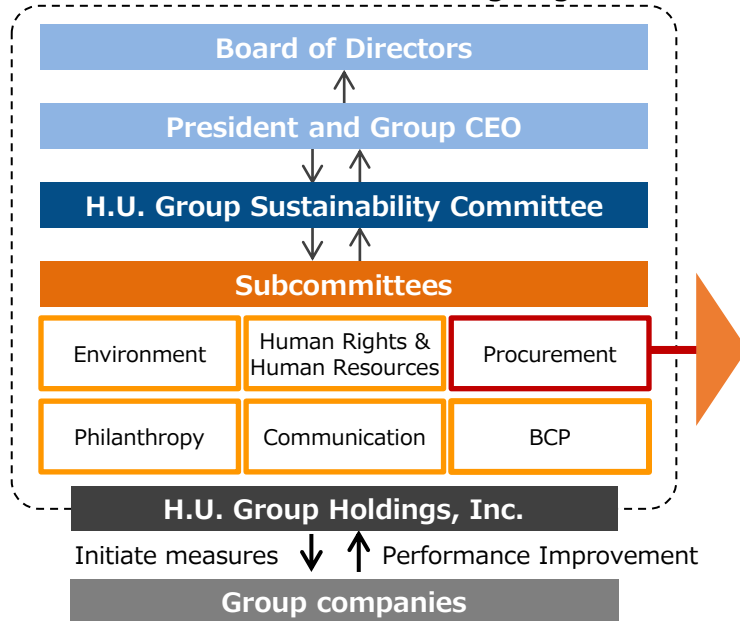
Basic Policy on Business Partner Selection

The H.U. Group selects excellent business partners based on our procurement policy and through the following assumed conditions.

1. Compliance with laws in every country in which the entity conducts business activities and corporate ethics based on human rights
2. Stable, healthy business infrastructure
3. Quality, pricing, delivery are at appropriate levels and based on rational economics.
4. Compliance with non-disclosure agreements
5. Ongoing activities that consider environmental preservation
6. Capable of uninterrupted delivery activities, even in emergency situations

Organizational Structure for Procurement

- The division head of Procurement at H.U. Group Holdings as the responsible official and Procurement as its principal, the Procurement Subcommittee formulates and executes plans related to sustainable procurement.
- This subcommittee regularly monitors the progress of these activity plans and their outcome, and strives to act and take corrective actions going forward.



Procurement Subcommittee Operating Structure



Sustainability Roadmap for Procurement

Sustainability roadmap for procurement (three-year targets)

		KPI	Performance		Performance 2020		Cumulative total 2019-2020		Target	
Major Category	Subcategory	Item	Unit	2019	Target	Actual	Target	Actual	2021	2022
Promotion of sustainable procurement for Tier 1	Questionnaire collection rate	Questionnaire collection rate	%	100	100	54.1	100	81.3	100	100
	UNGC SA analysis	Class A rate (Score of 60% of total points or more)	%	84.3	Figures known	49.2	Figures known	70.0	Figures known	90
		Class B rate (Score of 40-60% of total points)	%	12.3	Figures known	5	Figures known	9.3	Figures known	8
		Class C rate (Score of 40% of total points or less)	%	3.4	Figures known	0	Figures known	2.0	Figures known	2
		Share of non-responses	%	0	Figures known	45.8	Figures known	18.7	Figures known	0

[Surveyed companies]

*1 2019: (1st Survey) H.U. Group Holdings, SRL, Fujirebio, Nihon Stery, Japan Clinical Laboratories, Care'x

*2 2020: (1st Survey) Fujirebio Diagnostics (US), Fujirebio Europe (Belgium)

2021: (1st Survey) Non-domestic Group consolidated subsidiaries as of FY2019

2022: (2nd Survey) H.U. Group Holdings, SRL, Fujirebio, Nihon Stery, Japan Clinical Laboratories, Care'x

Initiatives for Procurement 1

Assessment Using Self Assessment Tool

We confirm the status of initiatives toward the realization of a sustainable society with business partners accounting for 80% of the purchased amount of each Group company approximately once every three years.

- Specifically, we utilize the United Nations Global Compact Self Assessment Tool (hereafter the UNGC SA).
- Confirming details in a wide range of items.
- We also use these results to evaluate our business partners, providing guidance for improvement based on the results of that evaluation.

Assessment items

Categories: 9 major categories, 56 subcategories and 115 items

Major Category	Subcategory	Item	Question	Answer Entry	Answer Level1	Answer Level2	Answer Level3	Answer Level4	Answer Level5
I. CSR (1) Corporate Governance (2)	1. Establishment of CSR implementation system	Policy	Has a relevant policy or guidelines been established?	5	Neither has been established.		Either or both has/have been established.		They have been established and are reviewed in a timely and appropriate manner.
[Assessment items]	Companies are required to strive for the realization of a sustainable society whilst complying with laws and regulations and social norms, fulfilling the expectations of society and minimizing their impact on society and the environment, and must work to put this approach into practice whilst raising awareness of this approach among employees. Accordingly, CSR-related ESG (Environment, Social, Governance) risk management and the establishment of a system for implementing the PDCA (Plan, Do, Check, Act) are required.	Structure and Responsibility	Has a relevant person responsible and system (responsible/implementing business unit) been identified?	5	No		Yes		They have been identified and are reviewed in a timely and appropriate manner.
		Verification of initiative outcomes	Do relevant initiatives exist? And is there a framework for verifying the outcome of initiatives?	5	No		Initiatives exist but there is no framework for verifying outcomes.		Initiatives exist and there is also a framework for verifying outcomes.
		Correction	Is there a framework for correcting relevant initiatives where necessary?	5	No		Yes		There is a framework and it is reviewed in a timely and appropriate manner.
	2. Establishment of internal controls (3)	Policy	Has a relevant policy or guidelines been established?	5	Neither has been established.		Either or both has/have been established.		They have been established and are reviewed in a timely and appropriate manner.
	Companies should develop management systems and frameworks for ensuring the effectiveness and efficiency of business operations, the reliability of financial reporting, compliance with laws and regulations governing business activities, and the protection of assets, aiming to create an organizational structure for sound corporate management.	Structure and Responsibility	Has a relevant person responsible and system (responsible/implementing business unit) been identified?	5	No		Yes		They have been identified and are reviewed in a timely and appropriate manner.
		Verification of initiative outcomes	Do relevant initiatives exist? And is there a framework for verifying the outcome of initiatives?	5	No		Initiatives exist but there is no framework for verifying outcomes.		Initiatives exist and there is also a framework for verifying outcomes.
		Correction	Is there a framework for correcting relevant initiatives where necessary?	5	No		Yes		There is a framework and it is reviewed in a timely and appropriate manner.

Aggregated results and analysis

08年度 セルフアセスメント評価結果 集計結果

※セルフアセスメントは、集計における集計の単位は国別に集計されています。
 ※「5」は最も高い評価結果を示す数字であり、1から5までの数字で評価されています。
 ※「5」は最も高い評価結果を示す数字であり、1から5までの数字で評価されています。



項目	スコア	割合	集計の割合
総合スコア(平均)	4.5	56%	56%
環境	4.5	56%	56%
社会	4.5	56%	56%
経済	4.5	56%	56%
ガバナンス	4.5	56%	56%
その他	4.5	56%	56%

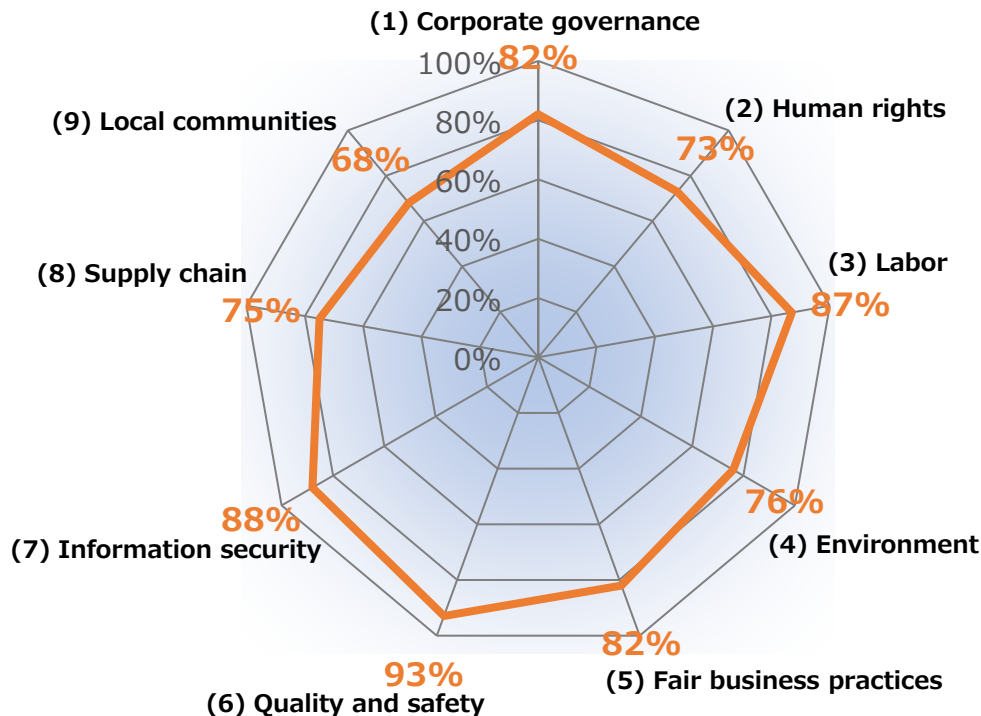
項目	スコア	割合	集計の割合
環境	4.5	56%	56%
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経済	4.5	56%	56%
ガバナンス	4.5	56%	56%
その他	4.5	56%	56%

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Initiatives for Procurement 2 Assessment Results

FY2019~FY2020 Assessment*1

Average favorable response rate by item



*1: Combined results of FY2019 assessment (89 business partners of domestic group companies) and FY2020 assessment (33 business partners of overseas group companies), 122 companies in total

High (> 80%) Low (≤ 80%)

Assessment items	2019-2020 122 companies	2019 assessment 89 domestic companies	2020 assessment 33 overseas companies
(1) Corporate governance	82%	80%	87%
(2) Human rights	73%	70%	82%
(3) Labor	87%	86%	91%
(4) Environment	76%	76%	75%
(5) Fair business practices	82%	82%	82%
(6) Quality and safety	93%	91%	96%
(7) Information security	88%	87%	90%
(8) Supply chain	75%	73%	80%
(9) Local communities	68%	68%	67%
General comments			

Summary report

- Companies have a high level of awareness concerning items related to (i) governance, (iii) labor, (vi) quality and safety and (vii) information security.
- Although (ii) human rights and (iv) environment have become global issues, initiatives to address these issues are still in the development stage at some companies.
- Whilst the COVID crisis has undeniably impacted assessments, initiatives in relation to (viii) supply chain and (ix) local communities seem to be perceived by every company as an issue that needs addressing.
- Generally speaking, Japanese companies tend to underestimate themselves compared with overseas companies.

Future Initiatives for Procurement 1

Issues Visualized Based on Aggregated Results and Future Initiatives

Assessment items	Issues	Initiatives
(2) Human rights	Need to raise awareness of initiatives among domestic companies	<ul style="list-style-type: none">• Seek to raise awareness of initiatives among domestic companies through the introduction of the best practice in overseas countries
(3) Environment	Need to work with each domestic and foreign company to determine issues and targets for new social initiatives	<ul style="list-style-type: none">• Consider reduction of plastic raw materials in relation to companies which handle molded products• Logistics optimization (reduce shipment frequency)• Strengthen communication about other current issues
(8) Supply chain	Need to rebuild new supply chain management	<ul style="list-style-type: none">• Shift from a single vendor to multiple vendors• Seek geographic diversification of production• Implement supply chain management which includes vendors not dealt with directly
(9) Local communities	Need to focus on resolving issues attributable to various causes in areas such as human rights and environment, in harmony with local communities	<ul style="list-style-type: none">• Interview business partners that score highly in assessment to refer the best practice• Encourage greater awareness among low-scoring companies through communication

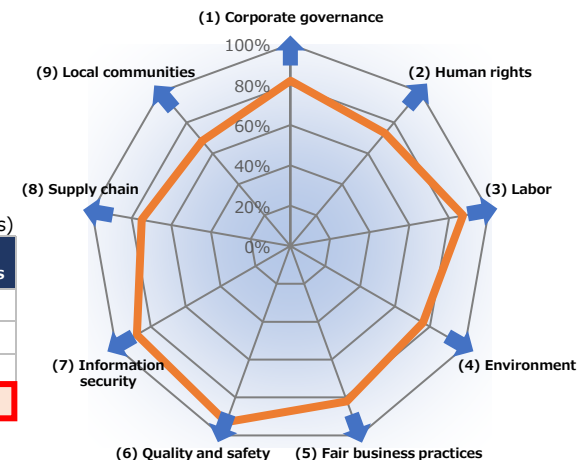
Future Initiatives for Procurement 2 Ongoing Initiatives and Targets

- Implementation of self-assessment once every three years
*** At 89 business partners of six Group companies*¹ assessed in FY2019**
 - Communication with business partners until next self-assessment
*** With 61 business partners of two Group companies*² assessed in FY2020**
*** With 26 business partners of seven Group companies*³ assessed in FY2021**
- Ask high-scoring companies (ranks A and B) for examples of best practice, etc. and then meet with low-ranking companies (rank C) and engage in dialogue with them to encourage them to improve and be upgraded to rank A or B in the next assessment.

Aim for optimal sustainability procurement through initiatives to increase good response rate and rank upgrades and to achieve assessment recovery rate 100%.

FY2019 assessment results: [Business partners of domestic Group companies] Summary of assessment targeting 89 companies (Number of companies)

	Corporate governance	Human rights	Labor	Environment	Fair business practices	Quality and safety	Information security	Supply chain	Local communities
A	73	60	81	70	72	82	81	67	59
B	8	11	4	8	10	4	8	5	12
C	8	18	4	11	7	3	0	17	18
Total	89	89	89	89	89	89	89	89	89



*1: H.U. Group Holdings, SRL, Fujirebio, Nihon Stery, Japan Clinical Laboratories, Care'x

*2: Fujirebio Diagnostics (US), Fujirebio Europe (Belgium)

*3: Clinical Network, H.U. Group Research Institute, Advanced Life Science Institute, Fujirebio Diagnostics Japan, SRL Kitakanto Laboratory, Japan Institute of Foods Ecology, H.U. Wellness

Wrap-up

Atsuko Murakami
Executive Officer and CFO,
H.U. Group Holdings, Inc.

H.U. Group Sustainability Roadmap

Three-Year Targets (FY2020–2022)

Quantitative targets

Qualitative targets

Environment

- CO₂ emissions: -7% (Base: FY2017)
- Waste plastic recycling rate: +15% (Base: FY2017)
- CDP: B plus

Philanthropy

- Continuous enlightenment of clinical testing for 40 years

Human Rights & Human Resources

- Percentage of female managers 20%
- White 500 acquisition

Communication

- Holding of first ESG Conference

Procurement

- Excellent response rate (A) 90% on UNGC Self Assessment tool

BCP

- Start-up of the H.U. Bioness Complex (Realization of high resilience)

Ratings Awarded to HUHD by ESG Rating Agencies

Global rating agencies

Ratings



MSCI ESG Ratings

- ✓ Upgraded from A rating to **AA rating** (second highest rating) in 2020



Sustainalytics

- ✓ Received rating for the first time in 2020 and was awarded a **low risk** rating (second highest rating)



CDP

- ✓ Climate: **A-** in 2021
- ✓ SER*: **A-** in 2021

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2020 CONSTITUENT MSCIジャパン
ESGセレクト・リーダーズ指数

- ✓ **Selected for five consecutive years** since 2017

2020 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)

- ✓ **Selected for three consecutive years** since 2019

Domestic rating agencies

Ratings



Toyo Keizai CSR Survey (Survey target in 2021: 1,631 companies)

- ✓ CSR Ranking
Overall: **234th** (241st in 2020)
Industry: **7th** (10th in 2020)
Three-year average growth rate: **4th** (3rd in 2020)



Toyo Keizai Platinum Career Award

- ✓ 2022: Passed preliminary selection (41 companies passed)



White 500 Program administered by METI

- ✓ **Certified for the first time in 2022**

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SOMPO Sustainability Index

- ✓ **Selected for the first time in 2021**

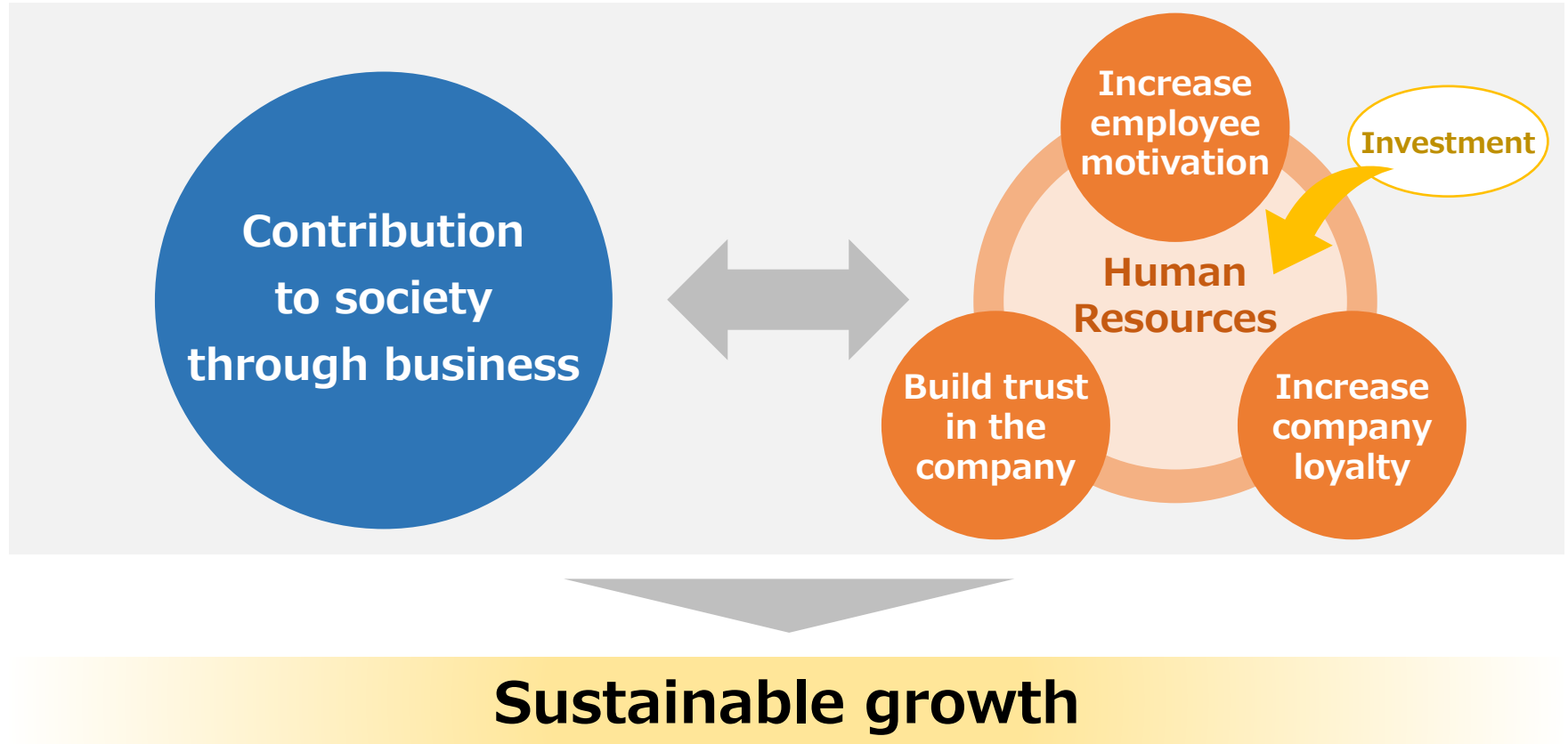


Sompo Japan Green Open Fund (Buna no Mori)

- ✓ Selected for five consecutive years since 2017

* The Supplier Engagement Rating

H.U. Group's Future Initiatives



Appendix

Relationship between H.U. Bioness Complex and SDG targets

Aim to achieve SDGs through H.U. Bioness Complex and R&D



- Contribute to the control of health care spending by providing high quality testing at low cost
- Expand testing capacity alongside improvement in test processing capacity
- Contribute to increased access to testing by keeping down the prices of health checkup screening items to make more people willing to undergo screening for the first time
- Seek to diversify testing and make preventive healthcare more accessible by conducting R&D into minimally invasive and non-invasive testing and participating in or leading social experiments for home testing



- Improve productivity through the automation of reception and testing processes and mitigate the risk of human error through automation
- Contribute to optimizing the healthcare provided by pursuing R&D which contributes to advanced healthcare and the development of innovative testing technologies
- Conduct R&D aimed at improving advanced healthcare technologies such as regenerative medicine and genetic testing



- Ensure that buildings have a seismic isolation structure to enable the continuation of business even in the event of disaster
- Flexibly expand testing capacity and develop system to enable alternative testing (contribute to the development of testing health care system which continues to operate even in the event of disaster) through the use of scalable automatic testing lines at new laboratory when continuation of business in other regions is difficult
- Ensure good logistics access in the event of disaster through disaster resilient location close to Hinode Interchange of Ken-O Expressway
- Seek to diversify testing and make preventive healthcare more accessible by participating in or leading social experiments for home testing

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Disclaimer regarding forward-looking statement:

The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result of various contributing factors.

Factors affecting the performance include, among others, aggravation of the economic situation, fluctuation of the exchange rate, change of regulatory, statutory, and administrative requirements, delayed launch of new products, pressures from the product strategies of competitive companies, and decline of the sales potential of existing products.