

Q&A Highlights: H.U. Group ESG Conference 2021

Date and Time: 15:00 - 16:00, Thursday, March 17, 2022

Q-1

- How much do you expect will be invested in ESG in coming years?

A-1

- We have yet to decide on any specific amount at present because we will have to change our response and adjust our direction depending on changes in the external environment.

Q-2

- The market cap target for FY2030 is 800 billion yen in the Medium-term Plan. How will ESG initiatives contribute to achieving that target?

A-2

- ESG-related activities won't affect our market cap target. We hope to work toward achieving that target in parallel with running ESG initiatives.

Q-3

- Looking at the skill matrix for Outside Directors, the IT field seems to be missing, although it has recently been garnering attention from other companies. It also feels like there is little expertise and experience with regard to healthcare, which is a H.U. Group business area.

A-3

- We don't consider the currently disclosed items of the skill matrix as sufficient, so we hope to revise the contents to better meet society's needs.
- There are no IT items in the skill matrix, but we have Outside Directors who have served as directors of systems companies.
- As regards the healthcare field, the Board of Directors is engaged in broad-minded discussions as it includes members who have as much as or more knowledge than us, such as people who have led pharmaceutical business operations in other companies.

Q-4

- You are currently listed on Japanese rating indices, but will you be working toward inclusion in global indices in the future?

A-4

- We are hoping to try to get on the DJSI (Dow Jones Sustainability Indices).

Q-5

- When it comes to the environment, is it true that the LTS segment has more contents that can reduce the environmental load than the IVD segment? Moreover, what can you do with the IVD segment?

A-5

- As you say, the LTS segment has a bigger environmental impact.
- For the IVD segment, we are switching the plastic containers used for providing reagents to containers with a smaller environmental load at the R&D stage.

Q-6

- What are the challenges in advancing ESG initiatives? Also, what do you think are risk factors from an ESG perspective?

A-6

- Dealing with plastic waste is a big challenge. Since a lot of plastic is used for specimen containers, we are continuously researching alternative materials with a smaller environmental load, while also taking into careful consideration how those containers may affect the specimens.
- The biggest key to contributing to society is to never stop testing. We can't predict natural disasters, but we are implementing BCP measures as much as we can in the H.U. Bioness Complex.

Q-7

- What concrete initiatives and measures do you have for achieving the 2030 CO₂ reduction target and the 2050 net-zero target? I suppose CO₂ emissions would increase temporarily with the start of the H.U. Bioness Complex, so what initiatives are planned for those facilities?

A-7

- We will be working from two angles, energy-saving activities and renewable energy procurement, while also building on various industry responses based on government strategies.
- The facilities of the H.U. Bioness Complex are energy-efficient because of the high-performance equipment and complete automation.

Q-8

- Do you have any concrete actions to make improvements in companies with low self-assessment scores?

A-8

- We will check the situation on-site and communicate with those companies. We first try to understand what the companies with high scores are doing, so that we can introduce good practices to the companies with low scores and make improvements that way.

Q-9

- The response rate for the engagement survey is a KPI, but isn't it generally an assessment of results, such as employee satisfaction? What results are there in reality? Please also describe any challenges that might have surfaced.

A-9

- We started the engagement survey in the Group two years ago, and we thought it's important to start by getting the employees interested in the initiative, so that's why we currently have the response rate as a KPI.
- The response rate for the second survey in December last year was 89%, which is an increase by more than 10% compared to the first one, so employee interest is growing.
- We have been conducting work style reforms since three years back, so I hope that we can keep increasing engagement by promoting reforms like that.