

Q&A Highlights: H.U. Group ESG Conference 2023

Date and Time: 15:30 - 16:30, Thursday, March 14, 2024

Q-1

- Will you introduce the personnel system while applying the unified grading and compensation systems across the Group?

A-1

- The unified grade classification and compensation schemes will be introduced in April 2024 at main operating companies such as Fujirebio, SRL and H.U. Frontier.
- Other Group companies will be introduced at an appropriate time toward the final goal of adoption by fiscal 2025.

Q-2

- I would not think it would be appropriate for each Group company, which operate under different business models, to introduce a unified system. Will you implement the system flexibly in line with the situation of each company?

A-2

- Using the job-based approach adopted by global companies in Japan and abroad, we will rank organizations and positions, differentiating them according to their grade.
- According to job types, we use different salary tables. The tables are designed to reflect salaries higher than levels in the market so that they look attractive for employees and outsiders.

Q-3

- In conjunction with the introduction of the new personnel system, do you intend to address issues such as differences between countries and their cultures in the countries where it will be applied?

A-3

- The system will be introduced only in Japan for now. On the other hand, we will apply it to overseas subsidiaries if it can be introduced there.
- Looking ahead to the future, we have started to consider introducing a unified system separately for executives.

Q-4

- Based on the result of the employee engagement survey conducted recently, please describe what you recognize as challenges in particular and how you will deal with them, going forward.

A-4

- We recognize that our challenge is the development of identification with corporate philosophy and growth opportunities.
- The level of willingness to develop growth opportunities was slightly weaker than expected.
- Regarding identification with our corporate philosophy, approximately 70% of our employees responded favorably or neutrally. Still, the percentage seems insufficient from the perspective of our Group's personnel philosophy.
- Managers' management skills are important in the promotion of "self-reliance, self-direction, and self-responsibility" in conjunction with the introduction of the new personnel system. To enhance these skills, we have already started providing training programs for managers. Looking ahead, we will continue to enhance these programs to improve employee engagement survey results.

Q-5

- Do you have any projects you are working on regarding PFAS from the perspective of the demand for blood testing and the perspective of an in-vitro diagnostics manufacturer?

A-5

- The Group does not provide services testing for fluorine or fluorine compounds contained in the blood at this time.

Q-6

- Regarding the joint venture established with MEDIPAL HOLDINGS CORPORATION, please talk about the progress in the efforts to reduce the number of vehicles. Also, could you update us on CO₂ emission reductions compared to the levels before the beginning of joint venture operations, as well as the contributions to the reduction of the CO₂ emissions of the Group as a whole?

A-6

- Progress is being made in reducing the number of vehicles and it is projected that CO₂ emissions will be reduced approximately 130 tons per month.
- As Scope 1 emissions are only 2.5% of the total, reductions linked to the project are not very significant. We will continue to work on reductions steadily.

Q-7

- What is your stance and plan going forward regarding the identification and assessment of human rights risks in the supply chain?

A-7

- Our understanding is that there are no tier 1 suppliers who are facing significant risks.
- We have already started to interview tier 1 suppliers to gather information on tier 2 and subsequent tier suppliers while also creating a database of information obtained through these interviews.
- Going forward, we will identify and evaluate risks through a combination of a SAQ and meetings to exchange opinions.