

Material issues (IV)

# Investment in human capital

**Our initiatives**

- ▶Improvements to engagement
- ▶Ensuring diversity of HR
- ▶Realizing health management
- ▶HR and organization development to achieve sustainable growth
- ▶Workstyle reforms utilizing technology

Message from an executive officer in charge of human resources

## Taking on corporate culture transformation

Executive Officer Koji Shibata



**The background of the formulation of a Medium-term Plan for the human resources department**

The major themes of our Group Vision 2030 announced in April, “Be a solution company leading the next-generation circular economy,” are “improving profitability by providing added value to resolve social issues” and “creating a company that employees who share the same value can take pride in (improvements to engagement).”

I recognize that this Group Vision cannot be achieved simply through the continuation of conventional initiatives, but that it requires major challenges and innovation at both the organizational and individual levels. Moreover, it is essential for all employees to innovate their ways of thinking, their awareness, and their actions. Up until now, we had formulated “Human Resources Medium-term Plans” based on management strategies, but this time, we have formulated a “Human Resources & Corporate Culture Transformation Medium-term Plan” that incorporates corporate culture transformation with the aim of transforming corporate culture into the one conducive to ongoing challenges and innovation. Last year, we introduced 360-degree feedback to general managers for the first time, and “challenges and innovation” was listed as one of the actions that needed improvement. Moreover, in the engagement survey conducted last year, scores for a “culture of openness and mutual respect” were lower

than other companies. Accordingly, we have incorporated various measures into our Human Resources & Corporate Culture Transformation Medium-term Plan in order to bring about a “culture that is open and free, values challenges, and allows people to participate in their own unique way,” a “culture that understands and respects the diversity of human resources and ways of thinking, and thus leads to the improvement of corporate value,” as well as a “safe work environment for both the mind and body, including psychological safety” during the period of our Medium-term Plan.

The source of our value as a company that operates financial services lies in the staff who work for us. Therefore, the key to realizing the Group Vision 2030 lies in transforming our corporate culture and helping each and every employee maximize their potential.

**What are the challenges to improving profitability?**

As part of our management strategy, we are promoting the “introduction of innovations to capital solutions” to improve profitability. Specifically, we are expanding not only conventional business segments but also peripheral domains, and venturing to create new businesses and “circular economy-oriented” services. When creating new businesses and services, it is essential to have a culture that allows diverse human resources with varying

experience, expertise, and values to openly exchange opinions. In addition, from the perspective of challenges, we need to encourage each and every employee to take on challenges, and change our organizations and systems to promote and encourage the taking on of challenges.

**Toward corporate culture transformation**

As a first step, we have established five standards of behavior that should be incorporated into employees’ daily actions based on the Principles (Action Guidelines): Four Shinka (advance, deepen, update, true value) (please see page19 for details), which were formulated together with our Group Vision 2030. As of FY2024/3, we have incorporated these standards into our human resources evaluation system. The five standards of behavior are customer-oriented, self-development, taking on challenges, speed, and open communication, and they serve as a system to promote desirable actions. For example, if a subordinate tries taking on a new initiative that is different from past practices and it does not lead to success, but they still receive a positive response from their superiors and colleagues, said subordinate is more likely to try taking on other challenges again in the future. In terms of open communication, we are encouraging innovation in communication, such as by promoting training to make management more aware of psychological safety and unconscious bias. I believe that raising each individual’s

**Behavioral evaluation items**

The actions that employees should take (Dos) are evaluated as either “Excellent” or “More” for each behavioral indicator

Indicator	Dos
Customer-oriented	Take anticipatory action
Self-development	Always look toward the future
Taking on challenges	Take on challenges by asking how to make things work
Speed	Take action first, and make changes as you go
Open communication	Openly exchange opinions

awareness of the standards of behavior and having them change their behavior accordingly will lead to a transformation in corporate culture.

**What constitutes a company that employees can take pride in?**

If a person works at a company where they can empathize with the Group Vision, contribute to resolving social issues through their daily work, and experience personal growth, then surely they will be proud to tell their family and friends about the company they work for. To realize this, we aim to be a company where all employees are recognized as important individuals and where the daily work, while demanding, is truly enjoyable. In other words, I would like for us to aim to be a company with high levels of engagement.

Improving engagement is not something that can be achieved in a single step. In addition to the engagement survey conducted once a year, we plan to measure the effectiveness of our measures and change them as necessary by conducting mini-surveys three times a year. Although we still have a lot of work to do in the future, we value our excellent culture of keeping promises to customers and seeing things through to the end, as well as trusting the colleagues who work alongside us. At the same time, we would like to work on corporate culture transformation so that all employees can play even greater roles going forward.



Efforts toward open communication (President’s luncheon put in place based on suggestions from employees)

### Basic policy (human resources strategy)

Investment in human capital is one of the material issues we need to address to achieve the Group vision 2030. We are carrying out initiatives in five areas: improvements to engagement; ensuring diversity of HR; realizing health management; HR and organization development to achieve sustainable growth; and workstyle reforms utilizing technology.

#### Basic policy for HR development

Human resources are the greatest asset in the Group's business. By maximizing the value of our personnel, we aim to enhance our corporate value over medium- to long-term. To this end, we will develop HR, organization, and corporate culture transformation strategies that are linked to our business strategies. Based on these strategies, we will strive to be a company in which diverse personnel can maximize their potential, feel satisfied in, and can take pride in.

Based on our Group vision, the Group will take on the challenge of expanding not only our existing business, but also business in peripheral fields, as well as creating new business and "circular economy-oriented" services. To achieve these, as well as our Group vision, we aim to be a company that is chosen by diverse personnel by improving the well-being of employees that continue to take on challenges and grow.

#### Workplace environment improvement policy

Based on our basic policy for HR development, we will develop an in-house environment in which diverse personnel can maximize their potential and play an active role. We have set our eyes on achieving the following: a system that enables employees with various circumstances, such as needing childcare and nursing care, to exercise their potential regardless of time and place constraints; a compensation system based on employees' roles (work) regardless of their years of experience or age, and their contributions to company performance; and being a company that employees can take pride in, such as by creating an organizational culture that values unrestricted, vigorous action and encourages them to play an active role in their own way (a company and organization filled with highly engaged employees). To this end, we plan to implement a variety of measures, including the provision of IT environments and office space.

### Improvements to engagement

The Company regularly conducts employee engagement surveys to monitor our reforms to be a company where employees feel satisfied in and can take pride in, as outlined in our basic policy for HR development, and make improvements under the PDCA cycle. We share the company-wide engagement score and key points for improving the engagement score among all directors. We also share the results of each division among the officers and general managers in charge to improve these scores.

In the final year of the Medium-term Plan 2025 (the fiscal year ending March 31, 2026), we will accelerate improvements in order to reach the top 25% of the companies participating in the survey (see table below).

The Company will also introduce a system that links employee engagement scores to the performance evaluations used to determine the director compensation, and our management team are also committed to improve these scores.

#### ● Non-financial indicators in the Medium-term Plan 2025

Objective	Description	FY2019/3	FY2023/3	FY2026/3 (Target)
Improve employee engagement	Employee engagement score	18%	21%	34%

\*Based on a survey by Kincentric, a global HR consulting firm. The score of 34% represents the score level for the top 25th percentile of the Japanese company participants.

### Ensuring diversity of HR (diversity, equity and inclusion)

We have acquired talent with expertise and experience in different areas in line with the expansion of our business into new domains. This has enabled us to create a richly diverse organization, where 47% of our employees are mid-career recruits and 37% are women (right table). From the perspective of diversity and equity and inclusion, going forward we will further promote the creation of an environment in which diverse personnel can truly play an active role, such as by utilizing female and senior personnel and promoting the employment of people with disabilities. We will promote these initiatives from both aspects of systems and corporate culture.

#### ● Status of employee diversity (non-consolidated)

	End of 2021/3	End of 2022/3	End of 2023/3
Ratio of mid-career recruits	48%	47%	47%
Ratio of female employees	37%	38%	37%
Ratio of female managers	4.4%	5.0%	5.5%
Ratio of employees with disabilities	1.52%	2.28%	2.38%

#### Initiative to promote women's active engagement

To date, we have implemented various HR development measures. These include promoting the conversion of general clerical personnel into career-track positions, dispatching employees to external educational institutions, supporting the acquisition of specialized knowledge, and holding workshops aimed at exploring individuality and career ambitions. We have also taken steps to encourage women to take active roles, such as the enhancement of our support system for balancing childcare and work beyond the legal requirements, and the introduction of a mechanism that enables flexible work styles through revisions to our remote work and flextime systems.

In the fiscal year ended March 31, 2023, we held our first workshop for management, including directors, on identifying and controlling unconscious bias. Through these measures aimed at managers, we will strive to create an environment in which women can play an even more active role.

However, while the ratio of female managers in the Company has improved, diversity in decision-making remains an issue. We consider this as one of our top priority management issues, and we will work to improve both the recruitment and systematic development of human resources, aiming to achieve a 10% ratio of female managers as of the end of March 2026 (5.5% as of the end of March 2023).

#### ● Non-financial indicators in the Medium-term Plan 2025

Objective	Description	FY2026/3 (Target)
Promotion of diversity	Ratio of female managers	10%

#### Efforts to employ people with disabilities

In July 2021, we began operating a farm for two purposes: providing an environment where workers with disabilities can work for a long time with peace of mind and serving the local community by creating jobs for people with disabilities. This accelerates the employment of people with disabilities. In the fiscal year ended March 31, 2023, 2.38% of employees were people with disabilities (on a non-consolidated basis).

In the fiscal year ended March 31, 2023, the second year since the opening of the farm, we held an event to plant seeds and harvest crops with the interested employees from the head office site. We also carried out initiatives to enable employees at the head office to feel closer to the people with disabilities that work on the farm, such as distributing the fresh vegetables harvested there to employees at the head office, and introducing farm activities on the Company intranet.



Employees from the head office site sowing seeds

### Realizing health management

As our energetic employees are the source of our business activities, we believe that the mental and physical health and safety of all our employees is of utmost importance. In promoting health management, we will make efforts to collaborate with industrial physicians, healthcare staff and health insurance associations, and work together to maintain and improve the health of our employees and their families, and the president will be in charge of promoting these efforts.

In September 2022, we announced our Commitment to Health Management both internally and externally. In March 2023, we were recognized as a Health & Productivity Management Outstanding Organization 2023 (large enterprise category) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



### HR and organization development to achieve sustainable growth

#### Development of next-generation leader candidates

We have been working on the systematic development of next-generation leadership candidates, ranging from senior management candidates to young talent with high potential. This has involved carrying out strategic

personnel rotations, including dispatching them to external companies and overseas subsidiaries, as well as selecting employees to be dispatched to external educational institutions. In the fiscal year ended March 31, 2023, we once again ramped up these initiatives and started the full-scale development of succession planning.

### Expanding HR development systems that promote career autonomy

To promote career autonomy, in addition to the currently implemented human resources development and placement in accordance with employees' wishes based on the self-reporting system, we introduced an HR open recruitment system in the fiscal year ended March 31, 2023. We will continue to expand this system going forward. Moreover, in order to support the autonomous learning

and career development of individual employees in line with their diverse work and roles, we collaborate with external educational institutions to provide training courses that meet a wide range of needs, including training to enhance expertise, and aim to develop qualified individuals in the financial area systematically.

### Transforming corporate culture and strengthening management

To realize our Group Vision 2030 and Medium-term Plan 2025, we established standards of behavior that we expect from our employees and introduced a new behavioral evaluation system based on these standards in April 2023. The standards of behavior for realizing our vision are divided into five categories: "customer-oriented," "self-development," "taking on challenges," "speed," and "open communication." By giving examples of expected behavior in each category, we will change the speech and conduct of

our employees, which will in turn transform the corporate culture.

In order to effectively implement an corporate culture of taking on challenges and innovation in the workplace, management skills as well as an open and psychologically safe workplace culture are essential. For this reason, we have been implementing measures to strengthen management skills and enhance psychological safety, and we will continue to strengthen and implement these initiatives.

### Workstyle reforms utilizing technology (utilization of IT, promotion of DX)

To help every employee independently choose their own workstyle and place to work, we have provided them with notebook computers and smartphones and have established an IT environment that allows them to work flexibly at home, in a satellite office, or elsewhere. Moreover, from the perspectives of improving productivity, BCP, and environmental considerations, we have reduced or eliminated the use of paper. We have also been

promoting the electronic workflow of approval processes so that work can be carried out digitally.

Going forward, we will continue to promote company-wide DX activities centered around the Information Systems Department, such as by launching a core system as DX foundation, utilizing Robotic Process Automation (RPA), and utilizing AI. Through this, we aim to achieve high productivity. In addition, we will enhance IT and DX education to develop and secure HR.

#### Message from outside director

Representative Director of  
DDD Corporation

#### Takako Hagiwara



Under the new management structure, "Group Vision 2030" and "Medium-term Plan 2025" have begun to move forward. The goals of the "Medium-term Plan 2025" are to "implement CSV management and resolve issues for customers and society through business," and "create services unique to the Company to achieve a next-generation circular economy," and now is the time to take a step toward a new stage.

Under this management policy, the major management themes are "cultural employee engagement," which makes next-generation business development possible, and "improve employee engagement," which supports this.

It is encouraging to see that, in order to achieve these, initiatives related to human capital, such as the creation of

organization and the introduction of an HR management system aligned with management strategies, and the creation of a corporate culture conducive to ongoing challenges and innovation, have been widely expanded upon since last year.

To promote the dissemination of top management's commitment and values, the Company has continued to implement activities to deepen communication, such as holding dialogue sessions between employees and the president as well as other executives, and creating opportunities for regular exchanges of opinions between the president, executive officers, and other executives expected to play leadership roles in promoting innovation. I would like to see the management team and executives work together to continue deepening communication with employees, until the results of their activities have spread throughout the entire organization, and all employees are able to talk about cultural transformation initiatives as their own issues. I hope that the Company will develop into an organization that listens sincerely to the opinions of each and every employee, and where honest communication is possible regardless of position.