

Material issues

Investment in human capital

Basic policy

Human resources are the source of our competitiveness in our business of proposing solutions to customers. We have identified “investment in human capital” as one of the material issues to realize our Group Vision, and we are working on formulating a human resources portfolio in line with our business strategy and implementing measures to fill gaps.

For investment in human capital, we are mainly carrying out initiatives in five areas: improvements to engagement; ensuring diversity of HR; HR and organization development to achieve sustainable growth; workstyle reforms utilizing technology; and realizing health management.

Basic policy for HR development

With the recognition that HR are the greatest asset, 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, we are expanding not only conventional business segments but also peripheral domains, and venturing to create new businesses and “circular economy-oriented” services. To achieve 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. In addition to conducting a main survey once a year, a mini-survey has also been conducted three times a year from FY2024/3 to gain an understanding on the situation in a timely manner and accelerate the PDCA cycle for improvements. 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 current Medium-term Plan (FY2026/3), we will accelerate improvements in order to reach the top 25% of the Japanese companies participating in the participation engagement survey. The Company also has 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.

Although the engagement score for FY2024/3 remained the same as the previous fiscal year at 21%, scores for 14 out of 17 areas improved when looking at individual factors. Improvements in the areas of the “management team,” “diversity,” and “customer orientation” were particularly notable. However, there are still areas where there are issues, and we will continue to implement measures to achieve our targets in FY2025/3, such as improving HR management.

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

Employee engagement score (non-consolidated)

FY2023/3	FY2024/3		FY2026/3 target
21%	21%		34%

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

TOPICS Dialogue with the management team and improvement actions

The management team held 35 direct dialogue sessions with all employees between May and July 2023. These dialogue sessions aimed to promote understanding and disseminate the Group Vision 2030 and the Medium-term Plan 2025 announced in April 2023, and to provide an opportunity to exchange opinions with employees. Dialogue with the management team is ongoing, and a position-specific dialogue session started in February 2024 as a second round. In addition, based on employee suggestions, 24 dialogue sessions with 70 employees were held over the course of a year, including a “Lunch with the President” event, which employees could voluntarily apply to join. We are promoting timely actions for improvement while listening to candid opinions from employees.

In November 2023, we held a 45th-anniversary event. Although the Group has just under 900

employees, it has not been easy for all employees to gather in one place until now, with offices all around Japan. We decided to hold the event because there were many requests for communication within the Company and between departments during the dialogue sessions, against the backdrop of diversifying business activities, and because this was the first year for formulating the Group Vision. All employees gathered at two venues in Tokyo and Osaka (with some employees participating online from offices or homes), and the event fostered a sense of unity and solidified bonds toward the realization of the Vision through cross-departmental exchanges, introductions of each other's businesses, and more.

We are promoting the creation of a culture of openness and autonomously taking on challenges to realize our Vision, including opportunities for open communication.



Dialogue session



45th-anniversary event (Tokyo venue)



Officers from the head office joined to participate at the Osaka venue

Ensuring diversity of HR

We have hired talent with expertise and experience in various fields through business expansion into new business areas. As a result, we have become a diverse organization, as shown in the table on the right. From the perspective of diversity, equity and inclusion, going forward we will further promote the creation of an environment in which diverse personnel can truly play an active role. We will promote these initiatives from both aspects of systems and corporate culture. We aim to create an environment where human resources with various circumstances, such as childcare or nursing care, can continue to actively participate in order to improve the quality of discussions and decision-making by taking

advantage of diverse values and strengths. We also aim to create a company and organization where human resources with diverse values and ways of thinking can make the most of their strengths and remain active.

● Status of employee diversity (non-consolidated)

	End of 2022/3	End of 2023/3	End of 2024/3
Ratio of mid-career recruits	47%	47%	49%
Ratio of female employees	38%	37%	39%
Ratio of female managers	5.0%	5.5%	6.7%
Ratio of employees with disabilities	2.28%	2.38%	2.53%

resources, aiming to achieve a 10% ratio of female managers as of the end of March 2026.

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

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

● Key initiatives for the active participation of diverse human resources

Women's active engagement	• Conducted unconscious bias training for all employees (to promote understanding and acceptance of diversity in the workplace) • Improved the workplace environment, including workstyle reforms • Expanded pipeline of candidates for female managers • Formulated and implemented individual training plans for the candidate pool, dispatched to external training programs
Utilizing senior personnel	• Reviewed the implementation of the employment extension system (to offer treatment based on the level of responsibility and results of assigned work)
Employment of people with disabilities	• Implemented various reasonable accommodations in accordance with the situation • Opened our own farm with the aim of providing an environment where employees can work comfortably over the long term, etc.
LGBTQ+ accommodation	• Added same-sex partners to the scope of leave, allowances, etc., which were previously limited to legal marriages • Conducted training, etc. for all employees (to promote understanding of diverse families and sexual minorities)

TOPICS Enhancement of flexible workstyle initiatives

In addition to continuing and actively utilizing the remote work system that was introduced during the COVID-19 pandemic, we introduced a system that allows employees to leave work in the middle of the workday and a remote work system for purposes such as nursing care during the current fiscal year. In addition, each department formulates workplace rules regarding workstyles that are shared company-wide. As workstyles diversify to including remote

work and staggered shifts, clarifying rules according to the characteristics of each department's work has provided an opportunity for each and every employee to reflect on their workstyles and communication methods. Going forward, we will continue to periodically review systems by department to respect diverse values and workstyles and enable each and every employee to actively participate.

HR and organization development to achieve sustainable growth

We are committed to developing human resources who can continue to contribute to the Company's transformation and growth by taking on challenges on their own and also excel in pursuing customer satisfaction, with the aim of empowering each and every employee to acquire a high level of expertise, the ability to act autonomously, and the ability to respond to changes in the market environment. Based on the Group Vision 2030, we will formulate a human resources portfolio in line with our business strategy and systematically work on human resources and organizational development to fill the gaps.

Training-related indicators and number of qualification holders
<https://www.necap.co.jp/csv/employees.html>
(available in Japanese only)



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 other companies and overseas subsidiaries, as well as selecting employees to be dispatched to external educational institutions. We have strengthened these initiatives, launching them as a succession plan from FY2023/3 and turning them into a full-fledged annual activity starting in FY2024/3, with the details shared with the Election and Compensation Committee. For the president's

succession plan, we will organize perspectives on the selection, evaluation, and development of successors, as well as establish an annual schedule, subject to regular reviews by the Election and Compensation Committee.

Expanding HR development systems that promote career autonomy

In addition to the self-reporting system implemented up until now, we introduced an HR open recruitment system in FY2023/3, and expanded the target departments and operations in FY2024/3 to create more opportunities for career autonomy.

In addition, as an initiative to raise awareness of career autonomy, a “Career Thinking Opportunity Workshop” was held for all employees in their 30s as part of career development support measures through self-understanding, career inventory taking, and consultations with career consultants. In FY2025/3, we plan to implement this workshop for employees in their 20s and 40s.

In the training, 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 FY2024/3, to

instill this system, we held workshops for all managers to promote a deeper understanding of the system and to discuss operational issues and countermeasures, in order to lead to improvements in evaluation and development.

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

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 companywide 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 generative AI. Through this, we aim to achieve high productivity. In addition, we will enhance IT and DX education to develop and secure HR. The DX Promotion Section was established in April 2024 to plan and promote the use of generated AI and IT-related skill education.

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 March 2024, we were recognized as a Health & Productivity Management Outstanding Organization 2024 (large enterprise category) as we were in the previous fiscal year. The main initiatives that were highly evaluated included disease prevention and

health promotion measures that encourage employees to receive various health checkups and subsidize such expenses; mental health care such as stress checks, mental health training, and individual follow-up for employees working long hours; and health awareness and literacy improvement initiatives such as online health seminars for employees and their family members that are regularly held.



2024
健康経営優良法人
Health and productivity

Health management monitoring indicators and results
<https://www.necap.co.jp/csv/employees.html>
(available in Japanese only)



TOPICS

Nichika Yamada, a member of our Company, participated in the Paris Olympics

NEC Red Rockets Kawasaki player Nichika Yamada represented Japan in the volleyball competition at the Paris Olympics in July 2024.

