

Human Resource Strategies

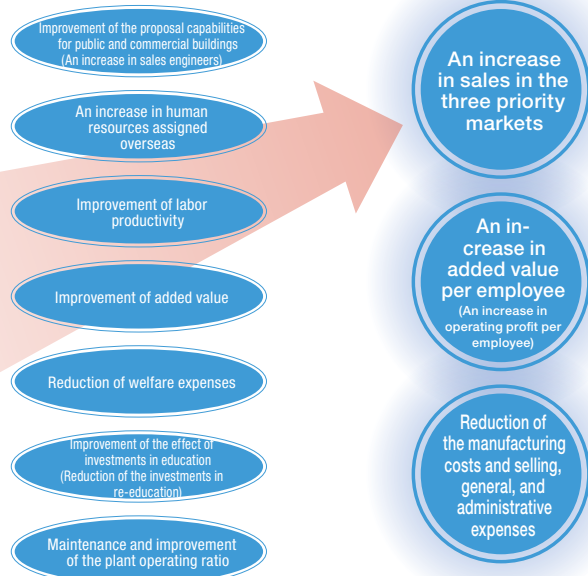
Based on the group corporate philosophy and its practice system, the Daiken Group has upheld the development of autonomous human resources that support the growth and can respond to changes (human resource development policy) and the pursuit of an organization in which human resources fully exercise their abilities, mutually inspire each other, and grow/challenge (internal environmental improvement policy) as the policies and has been promoting the initiatives from the perspectives of the promotion of diversity, workstyle reform, human resource development, health and productivity management, and challenge-oriented corporate culture. By continuously deploying the measures from five perspectives, we will lead to producing the favorable cycle, maximizing human resource value by improving individual performance, and improving the entire group's corporate value.



Priority measures and goals in the Medium-Term Management Plan GP25 3rd Stage

Theme	Priority measures	Fiscal 2026 goals/KPIs
Promotion of diversity	Total diversity index 3rd Stage	+30 pt (As compared to fiscal 2022)
	The ratio of female employees hired (New graduate nationwide course)	50%
	The female full-time employee ratio	20%
	The percentage of male employees taking childcare leave (Three-year average)	50%
	The female manager ratio	2%
	Long-term care seminar attendance rate	90%/year
	Diversity training attendance rate (Managers)	100%
	The degree of attainment of the employment rate of persons with disabilities	100%
Promotion of health management	Personnel composition by age (Difference by generation)	Within the difference of 10 pt
	The rate of receiving health promotion allowance	80%
	Health score (Exercise, rest, and nutrition)	20 pt
Promotion of workstyle reform	Presenteeism loss rate	25%
	Total work time reduction rate	3% reduction (As compared to fiscal 2022)
	Rate of taking annual paid leave	70%
Reinforcing human resources development	Employee satisfaction	60 pt
	Job separation rate within three years	Within 15%
	Young employees' career plan training attendance rate	100%
	Attendance rate for the prioritized market enhancement program	50%
Enhancement of the occupational safety and health	Attendance rate for training for management staff training program	80%
	Serious disaster	0
	Plant mutual safety diagnosis execution rate	100%
Enhancement of the governance system	Female executive ratio (Director)	10% or more
	Degree of penetration of the group corporate philosophy	60 points or more

Toward the realization of management strategies and improvement of corporate value



Initiatives toward the preservation and promotion of mental and physical health

Based on the idea that our employees' health is the essential foundation for the group's sustainable growth and development, we try to improve every employee's awareness of health and have started the initiatives toward the preservation and improvement of mental and physical health. In 2021, we formulated the Daiken health management policy and have been putting effort into the improvement of health measures for both aspects of mind and body since then, such as the payment of the health promotion allowance, quit smoking challenge to encourage our employees to quit smoking, the distribution of health videos, the introduction of the Femtech program that approaches the health issues specific to women, such as menstruation/PMS, consultations on fertility treatment, and the implementation of a walking event led by the company. In March 2023, we were certified as the Health & Productivity Management Outstanding Organizations (Large-Scale Company Category) selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi for the second straight year. We will continuously put effort into setting indices to measure the effects of measures and actively providing support and create a virtuous cycle of the productivity improvement and company growth.

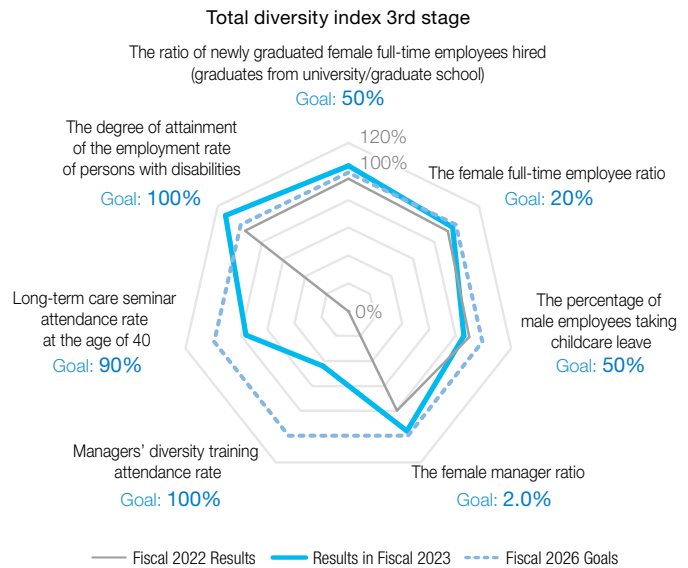




Goal management by our unique indices toward the steady promotion of diversity

To steadily promote the initiatives for the promotion of diversity in a balanced way, we have set the total diversity index from the medium-term management plan GP25 2nd stage in which the eight diversity items were indexed as our own indices and manage the goals. From fiscal 2023, we newly added newly graduated females hired, managers' diversity training attendance rate, and long-term care seminar attendance rate to the indices and have been promoting the initiatives as the total diversity index 3rd stage. The total index in fiscal 2023 resulted in surpassing the goal value and certain results were recognized for the diversity-related initiatives, such as the introduction of the Femtech program.

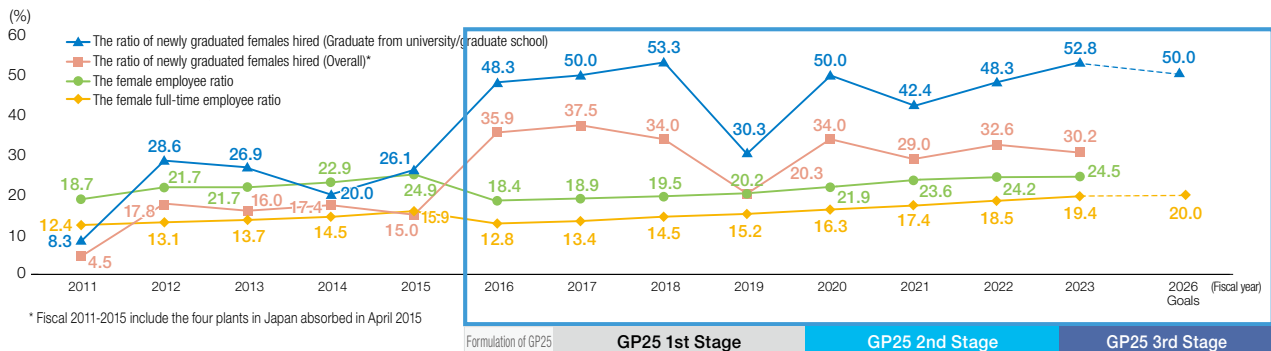
* "The percentage of male employees taking childcare leave" in the total diversity index is calculated based on the three-year total value to measure the progression rate over the years.



Deployed the measures to facilitate the active roles of female employees

As shift to more flexible work styles without being bound by the conventional ideas is necessary in order for human resources who have diverse values to fully exercise their abilities, we link the diversity promotion and the workstyle reform and have been integrally promoting the initiatives, such as the formulation of the policy and system, refreshing awareness, and education and training for upskilling. Particularly in recent years, with a view to further improving corporate value in the medium- to long-term, we have been deploying a number of measures to facilitate the active roles of female employees. As a result, the percentage of newly graduated females hired, which was approximately 8% in fiscal 2011, increased to approximately 46.9% on average of eight years after formulating GP25, and the ratio of female employees has been increasing year after year. These initiatives lead not only to the active roles of female employees but also to the building of the foundation for the workstyle reform and for employees who will be in various life events to more flexibly work with enthusiasm. We will proceed with the creation of workplaces where diverse human resources can maximally utilize their abilities from the medium- to long-term perspective.

Trends in the ratio of newly graduated females hired and the ratio of female employees hired



Past key initiatives

	Formulation of GP25	GP25 1st Stage	GP25 2nd Stage	GP25 3rd Stage
Policy/System	Established the workstyle reform promotion office	Workstyle reform promotion policy Diversity promotion policy Total diversity index goal setting	Comeback system*	
	Started automatic PC shutdown Introduced the hourly paid leave system	Trial of working at home	Full-time work at home	Staggered working hours system
Refreshing awareness	Workstyle reform declaration Ikuboss declarations	Harassment prevention workshop for department heads Harassment prevention training Diversity management training	Diversity exchange meeting	Diversity management training
Upskilling	Female exchange meeting—Deployed it to the contract employees—Deployed it by job type	Next-generation sales recommendation project	Communication exchange meeting	
Support of the combination	Three-way meeting at the time of maternity leave and childcare leave	Training for female leader candidates Explanation meeting for the system to support the combination of work and childcare	Seminar to support the combination of work and childcare Seminar to support the combination of work and long-term care	

*Comeback System: A common name for the system to reemploy voluntarily retired persons as full-time employees

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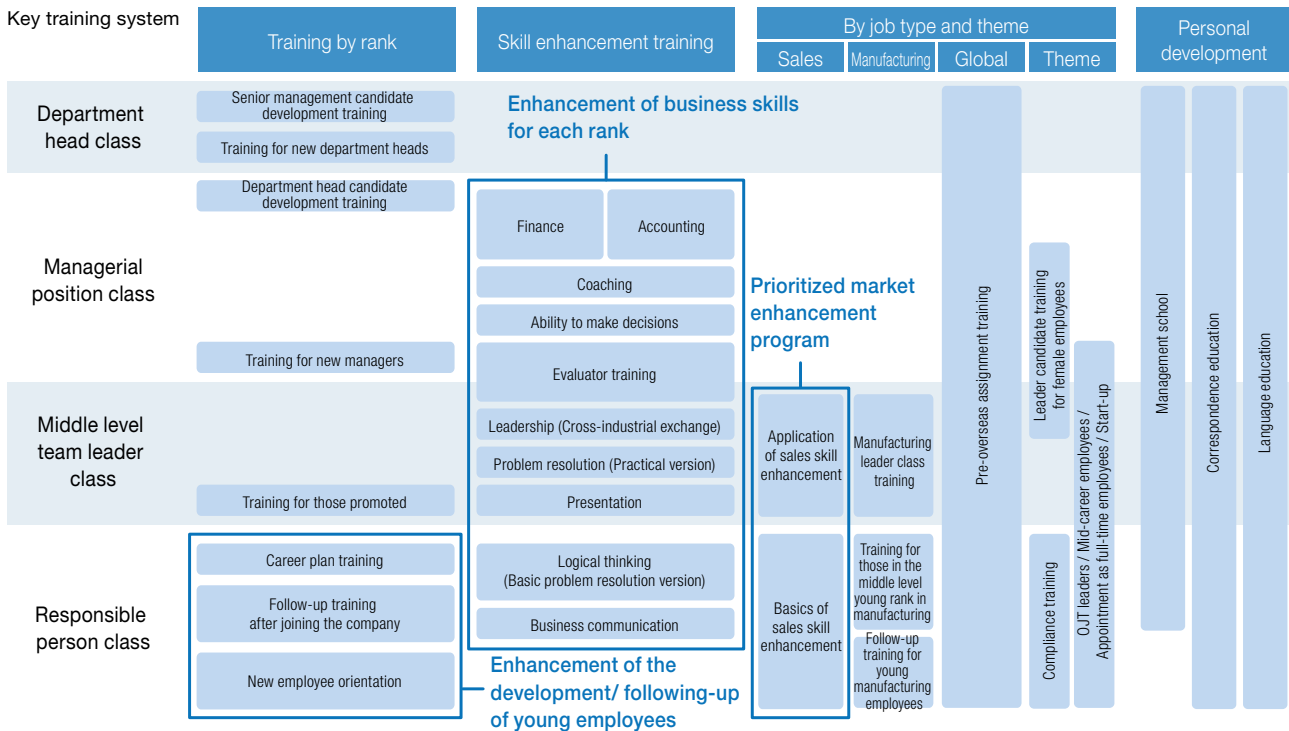


Realization of the growth strategy and development of human resource for the next generation

Believing that cultivating autonomy in our employees is a key for our further growth and persistent corporate value improvement, we have provided various training opportunities for our employees to acquire the skills or knowledge needed for each service year, rank, and job type. From the medium-term management plan GP25 3rd Stage, we newly established the skill enhancement training and have been enhancing capabilities required for each rank. Moreover, to develop human resources who can be active in the three markets that are positioned as priority markets toward the realization of the long-term vision, we will proactively invest in human resource development with a focus on the priority market enhancement program. Furthermore, toward the realization of the challenges to new business domains and the creation of values that exceed the expectations, we believe that the attitude and action to challenge new things are essential and put effort into the improvement of various systems that admire and support challenges. In the internal venture system to solicit business ideas from employees, commercialization of the vegetable garden system selected as the first case was decided, and its full-fledged proposals has started in April 2023.

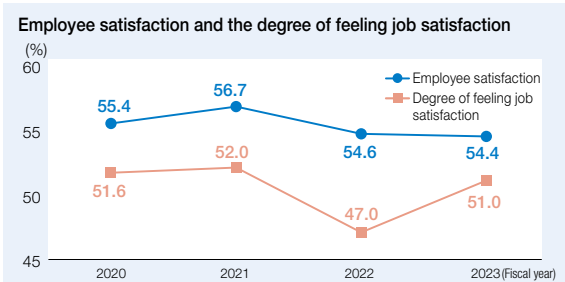
Three pillars of the Daiken Human Resource Development Policy

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| 1. Provision of learning opportunities | Active provision of learning and growth opportunities to meet the expectations of stakeholders through business and contribute to society |
| 2. Support for career development | Support for career development from the medium- to long-term perspective that respects individuality |
| 3. Revitalization of OJT and formation of a culture of learning independently | Nourishment of an organizational culture to continue refining themselves and can grow together by motivating surrounding people |



Implementation of the employee satisfaction survey

We set the employee satisfaction survey as our own index in the medium-term ESG plan from fiscal 2020 and have been managing the goals. In addition, we quantify the degree of feeling job satisfaction through the annual survey and by grasping the employees' view of work and the anxiety factors concerning work, we make use of them for the creation of rewarding workplaces and aim at improving satisfaction for all workplaces. While the employee satisfaction survey in fiscal 2023 was 54.4%, down 0.2 points from the previous fiscal year, the degree of feeling job satisfaction was 51%, up 4.0 points from the previous fiscal year. We analyze the survey results from various angles, such as work contents, the amount of work, and personal relationships at workplaces, reflect them in the future human resource strategy and measures, and aim to improve both indices.

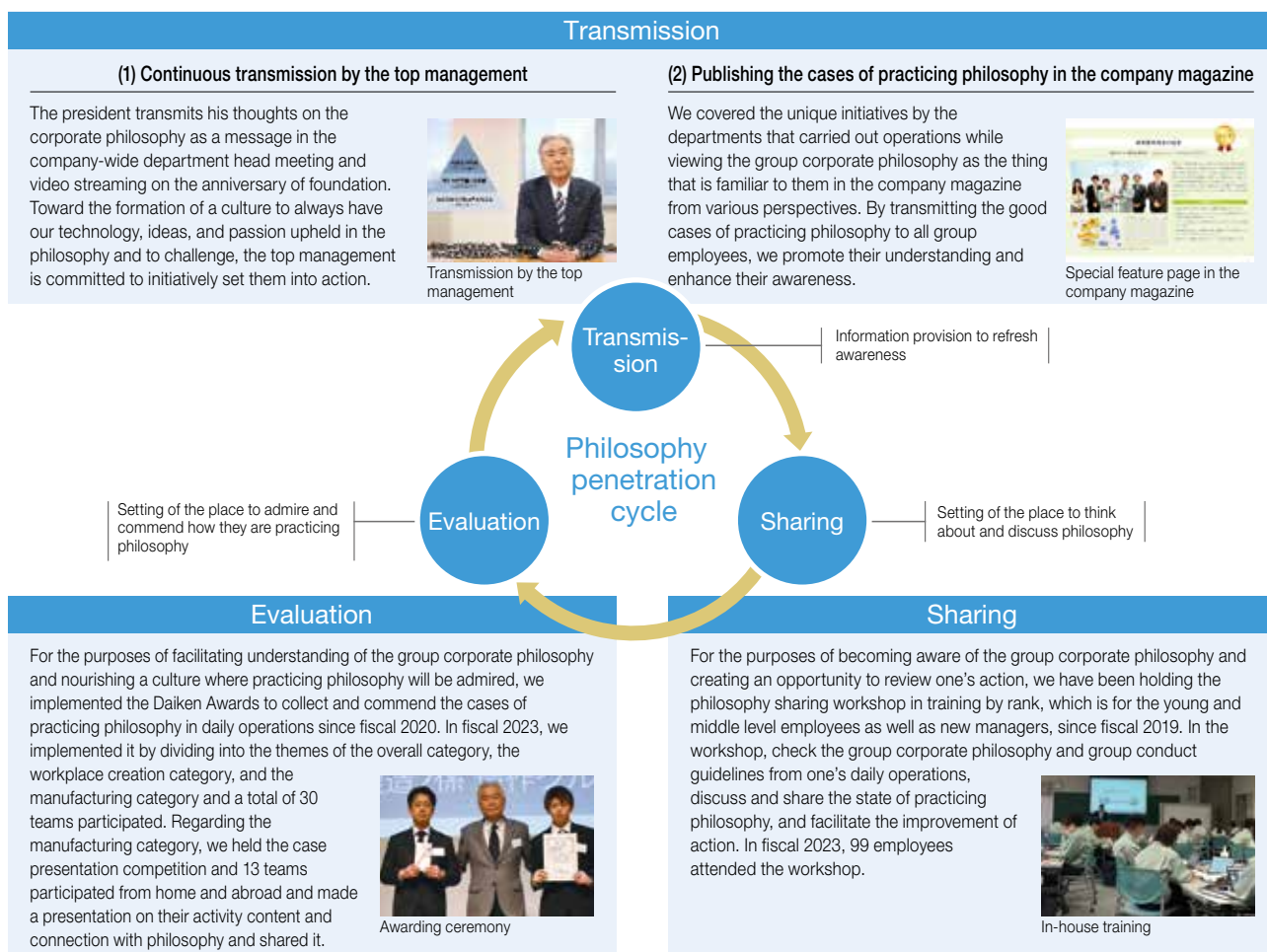


Initiatives toward the penetration of the group corporate philosophy

While globalization and diversification of human resources progress, in order to realize the further growth as a company, it has become important to share the common mission, company vision to aim for, and values to cherish with all employees and adjust the direction to move forward. So, our group aims at improving sustainable corporate value and enhancing management based on the philosophy, evolved the past management philosophy in April 2017, and established the group corporate philosophy. To particularly realize the growth strategies as specified in the long-term vision and medium-term management plan, it is essential for all the group's employees to practice and put the vision upheld in the group corporate philosophy, such as technology, ideas, and passion, new challenges, and agile action that captures changes and opportunities, into action. Based on such thoughts, we set the degree of penetration of the group corporate philosophy as an important theme from the perspective of ESG since fiscal 2020 and have been proceeding with the initiatives to improve the degrees of penetration and practice.

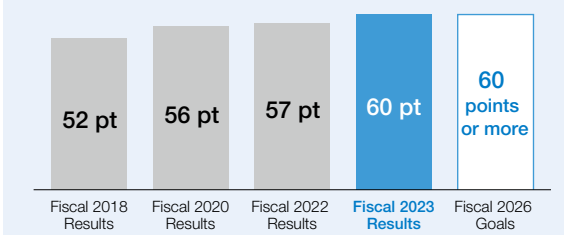
Initiatives in fiscal 2023

Based on the results of the survey on the degree of penetration of the group corporate philosophy implemented to the group's employees, we deploy the penetration measures from the three perspectives of transmission, sharing, and evaluation. By continuously following the philosophy penetration cycle of transmission, sharing, and evaluation, we promote the penetration of the philosophy in daily operations, regularly monitor the degree of penetration, and review for further effective measures.



Implementation of the survey on the degree of penetration of the group corporate philosophy

Trends in the scores of the degree of penetration of the group corporate philosophy



We implemented the survey on the degree of penetration of the group corporate philosophy once in two years since fiscal 2018, but to more diligently understand the changes in the employees' awareness and consider and implement the penetration measures to respond to such changes, we have changed to implement it once a year since fiscal 2023.

The score in fiscal 2023 was 60 points, up 3 points from the previous year and cleared 60 points or more, which is the goal in fiscal 2026, the final fiscal year of the medium-term management plan GP 25 3rd Stage. In particular, it was assumed that the deployment of the penetration measures in units of department through the department head policy book significantly contributed, and we will promote the initiatives toward the further improvement of the degree of penetration, such as the continuation of the penetration activities per department, and the enhancement of the transmission and sharing of good cases.