

To realize its vision of “Creating robust, people-friendly cities around the world,” Nikko has defined the following three types of human resources who would develop new markets, products, and services by leveraging the Company’s high technological prowess.

Types of human resources Nikko Group is looking for

Human resource that reinvents for the future

Human resource that takes on challenges without fear of failure

Human resource that respects and collaborates with diverse coworkers

To realize its vision of “Creating robust, people-friendly cities around the world,” Nikko needs human resources who would develop new markets, products, and services by leveraging the Company’s high technological prowess. In particular, we believe it is an important factor for further growth of employees and realizing the Company’s vision that individual employees independently carry out reforms and take on challenges while respecting and collaborating with diverse coworkers and others outside the company. To this end, we will work to develop mechanisms to nurture independent human resources, create connections with people inside and outside the company, and support cooperation for new reform and challenges.

Human resources strategy linked to the long-term vision

For each measure, Nikko sets KGIs and KPIs after clarifying what it aspires to be and key issues, and promotes human resources strategy initiatives to realize the long-term vision.

Measures related to human capital	What Nikko aspires to be	Key issues	KGI	KPI (progress monitoring)
Strengthen hiring of human resources	Hiring of human resources has been strengthened in all divisions and the pool of human resources to realize the vision is sufficient	- Formulate hiring plan by attribute (number of hiring by fiscal year: new graduates and hires with prior work experience) - Implement measures to increase the number of applicants according to attributes such as science-related human resources and female	Number of hires (overall and by attribute) by FY 2030	- Number of applicants - Application rate - Percentage of applicants reaching final interview - Number of applicants for final interview - Number of applicants offered jobs - Number of applicants hired
Establish and spread the ideal approach to human resource development	Each employee has an idea about his/her career and a system has been in place to support him/her in achieving his/her career goal, and employees are receiving such support and working	Redevelop training system and career support system based on the human resource development policy	- Attendance rate of independent and selective training - Training hours and costs per employee - Employee satisfaction with human resource development system	- Training report submission rate - Percentage of supervisor feedback provided
Develop global human resources	Development of global human resources who drive growth of overseas business has been strengthened, and human resources are deployed in each overseas base in a stable manner	- Establish and implement hiring and development programs for global human resources - Foster an organizational culture that considers career formation from a global perspective	Number of global human resources	- Number of foreign nationals hired - Percentage of employees who hope to develop their careers globally - Number of overseas trainees dispatched, number of employees with overseas work experience - Number of participants in the global human resource development program
Understanding and spreading the Vision	Each employee understands and empathizes with the CI, long-term vision, and Medium-Term Management Plan as his/her own matter, and his/her job and work style are in conformity with them	Foster an organizational culture in which all employees are interested in the CI, long-term vision, and Medium-Term Management Plan, and think on their own what they should do to realize them and take action	Behavioral change with Vision in mind	- Fulfillment rate of opportunities for dialogue between the president and employees - Fulfillment rate of opportunities for dialogue with management team and managers - Level of understanding and acceptance of the Vision
Develop independent human resources	The number of human resources who think what they should do to contribute to the organization and act independently has increased and they have become the driving force in each division	Extract the elements that are particularly important in realizing the management vision in terms of “innovative action,” “external networking action,” and “career development action,” and study and implement measures to promote specific actions by employees	Proactive human resources score	- Number of best practices shared - Participation in external exchange (training) - Number of actual job rotations
Ensure appropriate working hours	Each and every employee has a better understanding of time management, and working hours are leveled among employees	Each employee correctly understands time management from the viewpoint of work-life balance (WLB) and labor productivity, and thinks and implements specific improvement measures	- Percentage of employees whose working hours are within the 36 agreement limits - Cumulative number of cases in which an employee’s monthly overtime hours exceed 40 hours	- Awareness rate of overtime reduction measures - Implementation rate of overtime reduction measures
Improve sense of well-being and job satisfaction	Each and every employee is physically and mentally healthy, and feels socially and economically fulfilled	- Maintain and improve retention rate after joining - Increase recognition/utilization rate of childcare and nursing care support systems - Implement measures to reduce anxiety related to childcare and nursing care	Scores on well-being	- Retention rate of new graduates and people with prior work experience three years after joining - Career satisfaction rate of young human resources - Introduction and utilization rate of consecutive leave system - Implementation of seminars to support balancing work and childcare/nursing care - Ratio of employees taking childcare leave
Promote DE&I	The organization and its human resources are evolving through each and every employee’s acceptance of diversity, mutual recognition, and the exercise of diverse capabilities toward the realization of the Vision	- Study and implement measures to promote hiring, develop, and retain female employees - Reconstruct hiring routes for foreign nationals and strengthen a system for acceptance after hiring - Build an organizational foundation that enables each and every person with disabilities to demonstrate his/her diverse abilities and play an active role in his/her field of expertise	- Ratio of female employees, ratio of female managers - Number of foreign nationals in managerial positions - Employment rate of persons with disabilities	- Attendance rate of female employee development training for managers - Attendance rate of in-house seminars for the development of female managers - Ratio of employees who would like to be a manager if given the opportunity - Ratio of female hired, ratio of female candidates for management positions - Creation of opportunities for communication among foreign employees - Implementation rate of cross-cultural understanding-related themes in the new hire training - Retention rate of foreign employees three years after joining - Implementation rate of interviews with employees with disabilities - Number of study sessions for supervisors implemented

In-house environment development

Nikko believes that it is important for employees to respect and feel respected by the diverse people in and outside the company, and to develop a in-house environment where employees feel secure and energetically cooperate with each other. We are promoting initiatives for human resource development and in-house environment development in line with our human resources strategy by setting the following target values.

In order to visualize employees' well-being, we conduct a well-being survey of all employees of Nikko Co., Ltd. In FY 2023, 95.2% valid responses were received for 640 employees. The overall rating showed a well-being level of 5.9 points on a scale of 10. The results of the analysis identified issues in items related to "expectation for future career," and we will work on measures which will lead to improvements.

Human resource development and improvement in job satisfaction: indicators and targets

Category	Indicators	Results (FY 2023)	Targets (FY 2030)
Human resource development	Ratio of female managers	1.0%	7.0%
	Time spent on training	15.4 hours per employee (9,697.5 hours in total)	20 hours per employee
	Cost of training	75,779 yen per employee (47.816 million yen in total)	100,000 yen per employee
In-house environment development	Ratio of employees taking childcare leave	Female: 100% Male: 42.9%	Female: 100% Male: 50% (FY 2025 target)
	Ratio of female employees	17.7% *including executives	22.5%
	Well-being questionnaire score	Average of all items: 5.9 pts	Average of all items: 8.0 pts
	Attrition rate	Attrition rate: 4.8% One year from joining the company: 6.3% Three years from joining the company: 10.3%	Attrition rate: 3.0% One year from joining the company: 3.0% Three years from joining the company: 7.0%
	Number of occupational accidents	Accidents with lost workdays: 1 Accidents without lost workdays: 4	Accidents with lost workdays: 0 Accidents without lost workdays: 3 or fewer
	Number of death from occupational accidents	0	Zero deaths
	Training on health and work safety	- Central Safety Training - Central Health Training - Health classes	Same as left (to be held continuously)

Development of environment ensuring occupational safety and health

Nikko Group is ensuring compliance with safety and health related laws and ordinances and improving its health and safety management level through company-wide training programs such as Central Safety Training and Central Health Training. It is also making sure to implement stress level tests and special health examination for employees with focus on improvement of personal as well as workplace environment. In the manufacturing divisions, which are associated with higher risks of accidents, the Group aims to achieve zero occupational accidents through the enhancement of education and support. It is also cooperating with its contractors to strengthen safety at Nikko-related construction sites and is providing necessary support, as well as working with them to reduce and eliminate occupational accidents.

Annual targets

Accidents with lost workdays	0	Accidents without lost workdays	3 or fewer
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Trend of occupational accidents

		(number of registrations)				
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Nikko Group	Severe accidents	1	1	0	0	0
	Accidents with lost workdays	1	1	2	1	1
	Accidents without lost workdays	4	3	10	6	4
	Total	6	5	12	7	5
Contractors (Nikko-related local projects)	Severe accidents	1	0	2	2	0
	Accidents with lost workdays	2	7	6	4	1
	Accidents without lost workdays	8	6	9	3	4
	Total	11	13	17	9	5

Allotment of treasury stock with restriction on transfer to employees

Commemorating the 100th anniversary of its foundation, Nikko allotted 100 shares in treasury stock to all employees of Nikko Group (worth 293,000 yen) in September 2019. Subsequently, the Company in 2021 introduced a system for allotting shares in treasury stock with restriction on transfer to its employees with the main aims of improving employee well-being and promoting their awareness as a shareholder for participating in management. Almost all employees have become Nikko shareholders and the Company expects their active contributions from a shareholder perspective to achieve 70.0 billion yen in net sales and operating margin of 10%, which are Nikko Group's 2030 goals.

Status of allotment of shares in treasury stock with restriction on transfer

	August 2021	August 2022	August 2023	August 2024
Target	- Number of employees who received president's award (individuals, groups) - Employees who have achieved 10, 20, and 30 years in service - New hires (new graduates and mid-career hires) - Hires with prior work experience other than those allotted treasury stock in 2019	- Number of employees who received president's award (individuals, groups) - Employees who have achieved 10, 20, and 30 years in service - New hires (new graduates and mid-career hires) - Employees at affiliated companies other than those allotted treasury stock in 2019	- Number of employees who received president's award (individuals, groups) - Employees who have achieved 10, 20, and 30 years in service - New hires (new graduates and mid-career hires) - Employees at affiliated companies other than those allotted treasury stock in 2019	- Employees of Nikko and employees and executives of subsidiaries, etc. of Nikko - Number of employees who received president's award (individuals, groups) - Employees who have achieved 10, 20, and 30 years in service - New hires of Nikko Group (new graduates and hires with prior work experience)
Target	106 people	169 people	140 people	1,059 people
Number of shares awarded	100-1,000 shares	100-1,000 shares	100-1,000 shares	100-1,000 shares
Price at which shares are awarded	687 yen	649 yen	675 yen	701 yen
Period of restriction on transfer	3 years	15 months	15 months	15 months