

Theme 2 Strengthen the business foundation

Human capital initiatives

Policy (our fundamental view)

Amidst the rapidly changing and increasingly uncertain business environment, as we are increasingly required to face various social issues, stay acutely aware of the progress of innovative technologies, and take on the challenge of creating new value, we are working on three pillars of better performance of human resources based on the belief that human resources growth is the foundation of management while also taking into account the perspective of human capital management: “human resources development,” “diversity & inclusion,” and “employee engagement.”

We will continue to hire diverse human resources regardless of an individual's gender, age, nationality, or disability. Further, in order to create a corporate culture in which women can play a more active role, we will enhance systems that enable women to work comfortably.



We will continuously advance creation of mechanisms, systems, and workplaces that enable each employee to understand our Corporate Philosophy and Values and perform their duties with motivation. We will also conduct employee engagement surveys on a regular basis and strive to improve job satisfaction.

We will promote human resources development measures that include support for career design development in addition to the development of autonomous human resources and DX human resources. We will also work to develop employee leadership and promote a corporate culture that values “challenge” in order to achieve sustainable business growth.

Each individual takes on the challenge of creating new value

In order to further strengthen an organizational culture where employees themselves embody and act in accordance with the three values of “Challenge,” “Fairness,” and “Harmony,” we have launched human resources development initiatives to deepen all employees’ understanding of the three values as relevant to themselves. By having an awareness that each individual takes ownership in promoting businesses and is responsible for his or her own work, we hope to achieve growth both as individuals who take on the challenge of creating new value in a rapidly changing and increasingly uncertain business environment and as an organization in which human resources are assembled together. Based on the belief that human resources growth is the foundation of management, we hope to continue to provide generous support for the growth aspirations of each individual by enhancing diversity and improving employee engagement while also taking into account the perspective of human capital management.

General Manager,
HR & General Affairs
Department and Operating Officer

Akihisa Maeda



Governance

① Sustainability Committee

The Sustainability Committee, which is attended by all Directors, identifies and discusses materiality issues (important issues) related to human capital and reports to the Board of Directors. The Sustainability Committee sets KPIs and numerical targets for each materiality issue, then deliberates on the progress of each. The committee also discusses KPIs and numerical targets for the next fiscal year to continuously improve the level of our activities.

② Strategic Meetings

At Strategic Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members promote activities to secure human resources, including deliberating on the number of personnel expected to be hired, their assignments, and ensuring diversity, as well as evaluating the status of hiring, in order to secure diverse human resources based on the belief that acceptance and respect for diversity encourages the creation of innovation. In addition, to ensure that each and every employee can perform their duties with motivation, we aim to create rewarding and comfortable workplaces by conducting employee engagement surveys, evaluating the survey results, and identifying issues to improve the effectiveness of our efforts.

③ Human Resources Meetings

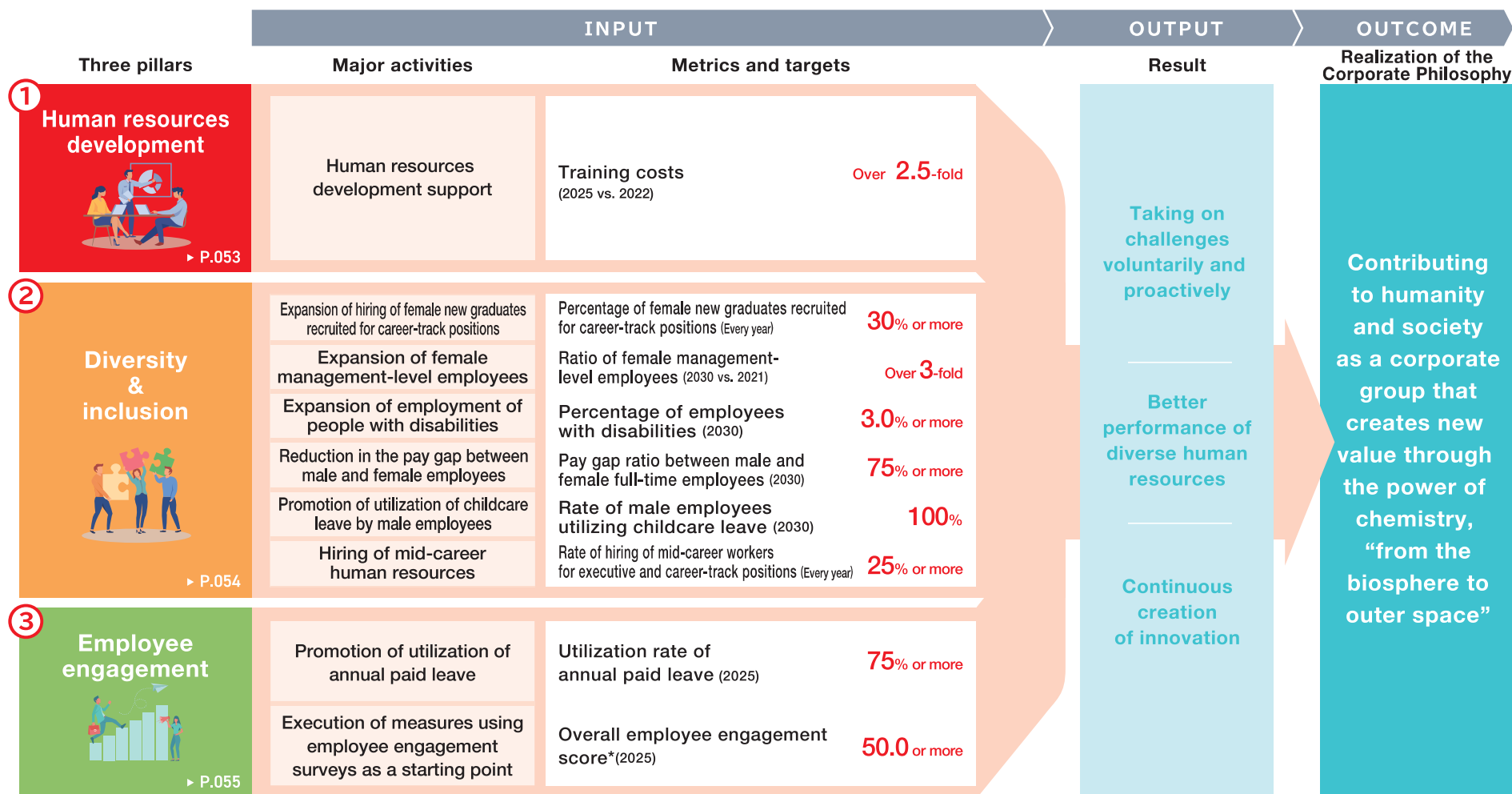
At Human Resources Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members deliberate on Company-wide human resources development plans and evaluate the details of their implementation in order to steadily promote human resources development measures that support sustainable business growth. The meetings also provide a space to implement deliberations on personnel evaluations at the general manager level, periodic interviews, interviews with candidates for promotion, and reports from managerial candidates on recommendations for management policies and other matters, and members are involved in understanding the characteristics of personnel at the general manager level and human resources development measures, and a system has been established to implement a PDCA cycle for training of human resources including successive personnel.

④ Nomination Committee

The Nomination Committee, of which Outside Directors comprise the majority, conducts evaluations and discussions from the perspective of successive human resources development, and provides feedback to the Board of Directors.

We create diverse human resources that takes on the challenge of creating new value.

NOF



*Employee engagement score by Graft, provided by M.STAGE CO., LTD.

Human Resources Development



In a rapidly changing and increasingly uncertain business environment, as a driving force toward achieving our corporate vision for fiscal 2030 depicted in NOF VISION 2030, we hope to grow into an assembled team of human resources who have a high sense of ownership and are willing to see work through to the end in order to solve problems.

To this end, as investment in human capital, we will provide an environment that encourages each individual to take on challenges by offering opportunities to learn new knowledge and various insights and skills, along with enhancing training by rank and by issue and expanding support for self-education and development.



Training costs NOF



Diversity & inclusion



We believe that in order to achieve sustainable business growth, it is important to create an environment and culture capable of drawing out the maximum vitality of employees with diverse values, and that by accepting and respecting diversity, we can continue to generate innovation. The active participation of female employees is a major issue in promoting diversity and inclusion. In order to increase the ratio of female career-track employees, NOF has been continuing its efforts to make sure that the percentage of women new graduates recruited for career-track positions is 30% or more for the past nine years. The percentage of female career-track employees, which was less than 10% of all career-track employees as of the end of fiscal 2015, rose to 25% by the end of fiscal 2023. The ranks of female career-track employees, who are expected to be promoted to management-level positions as future management candidates and play an even more active role, are growing larger. We will continue to promote this initiative from now on in our efforts to create an environment in which diverse human resources can actively participate and increase the ratio of female management-level employees from a medium-term perspective.

Ratio of female new graduates recruited for career-track positions NOF [Sustainability Report ▶ P.170](#)

2021	2022	2023	
42.9%	36.1%	32.7%	
Every year			30% or more
<ul style="list-style-type: none"> ● Posting testimonials from young employees and employees raising children on our recruitment page to deepen understanding on what working looks like after joining the company, career development, and balancing work with child rearing ● Implementing diversity training for female employees and their supervisors (general managers and section managers) to promote career development and understanding of diversity 			

Ratio of female management-level employees NOF [Sustainability Report ▶ P.172](#)

2021	2022	2023	
4.8%	4.7%	5.2%(1.1-fold)	
2030 (numerical targets)			Over 3-fold (compared to FY2021)
<ul style="list-style-type: none"> ● Promotion of female career-track employees to management positions through systematic training ● Establishment of a job return system to promote rehiring at NOF for those who resigned out of necessity for a variety of reasons, such as childbirth, childcare, or the transfer of a spouse 			

Percentage of employees with disabilities NOF [Sustainability Report ▶ P.171](#)

2021	2022	2023	
2.43%	2.46%	2.54%	
2030 (numerical targets)			3.0% or more
<ul style="list-style-type: none"> ● Promoting the creation of workplaces where employees can work with motivation (clarification of duties) 			

Pay gap ratio between male and female full-time employees*1 NOF [Sustainability Report ▶ P.173](#)

	2022	2023	2030 (numerical targets)	
Full-time employees	70.6%	72.6%	Full-time employees 75% or more	● Expanding systems to support balancing work with childbirth and childcare
Temporary/part-time employees	84.9%	84.5%		● Improving the working environment, including break rooms, to make it easier for female employees to work in manufacturing facilities that operate continuously 24 hours a day
Total	70.7%	72.0%		● Increasing number of candidates for female management-level positions

Rate of male employees utilizing childcare leave NOF [Sustainability Report ▶ P.176](#)

2021	2022	2023	
50.0%	95.2%	97.4%	
2030 (numerical targets)			100%
<ul style="list-style-type: none"> ● Implementation of support measures that enable male employees to utilize childcare leave ● Clarifying the rules on securing personnel to cover those on leave 			

Rate of hiring of mid-career workers for executive and career-track positions*2 NOF [Sustainability Report ▶ P.170](#)

2021	2022	2023	
30.0%	29.4%	38.8%	
Every year (numerical targets)			25% or more
<ul style="list-style-type: none"> ● Promoting the hiring of personnel who can make use of their career experience from other companies and talented external personnel 			

*1 Pay gap ratio between male and female employees (%) = Average annual income of women / Average annual income of men x 100

*2 Rate of hiring of mid-career workers for executive and career-track positions (%) = (new mid-career hires for executive and career-track positions between April 1 and March 31) / (new graduate career-track employees and new mid-career hires for executive and career-track positions between April 1 and March 31) x 100

Employee engagement

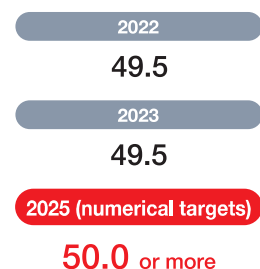


We believe that each individual employee having an understanding of our corporate philosophy and values, thereby performing his or her duties with a high sense of ownership and motivation, is the driving force for achieving sustainable business growth. We are focusing on improving employee engagement with the topic of developing human resources that can talk about and realize our vision for a decade from now, as well as increasing their number, with a view to strengthening internal branding. As efforts to achieve this, we are working to create comfortable workplaces from various perspectives, including the development of autonomous human resources based on NOF's values, diversity and inclusion, work-life balance, health, occupational health and safety, and labor-management relations. We have conducted employee engagement surveys since fiscal 2022 to ascertain employee engagement and the results of past initiatives. We identify overall employee engagement scores based on employee engagement related to work and duties (creativity, relationship building, and meaning-making) and employee engagement related to the company and organization (work content, human relations, and organizational systems). We analyze and evaluate these scores, and implement and plan the following measures.

Initiatives to improve employee engagement

- Holding workshops for all employees, etc. to share the newly defined values and promote understanding of autonomous actions based on these values
- Career development support initiatives (implementing career training, newly establishing a career consultation service)
- Support for self-education/development by enhancing distance learning
- Support for promoting health through the use of sports gyms
- Ongoing initiatives aimed at smoking cessation (from FY2021)
- Enhancing the cumulative saved leave system (revising the cumulative framework and number of days, adding illness during pregnancy as a reason for use, etc.)
- Enhancing the eligible length of service for refresh leave (service leave)

Overall employee engagement score NOF



Employee engagement survey measured items

Status of employee engagement related to work and duties

Creativity

Relationship building

Meaning-making

Status of employee engagement related to the company and organization

Content of work

Human relations

Organizational systems

Other measured items

- Understanding of the Corporate Philosophy
- Evaluation of the performance appraisal system management
- Evaluating of the remote work policy
- Evaluating of compliance initiatives