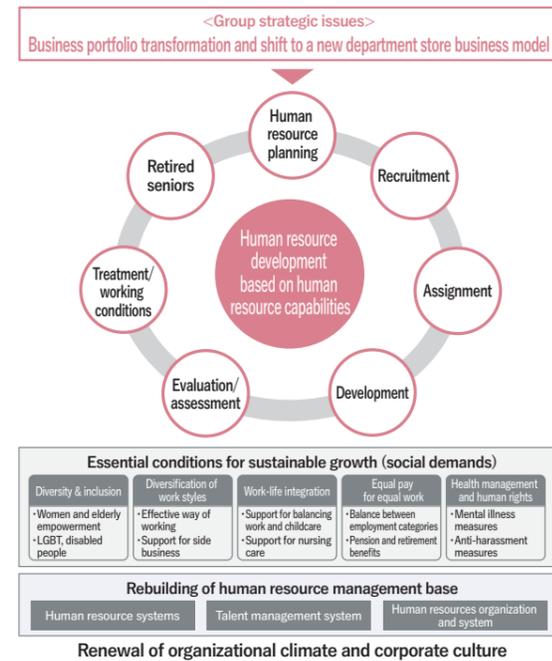


Human Resources Are the Source of Value Creation

Human resources strategy to support management strategy

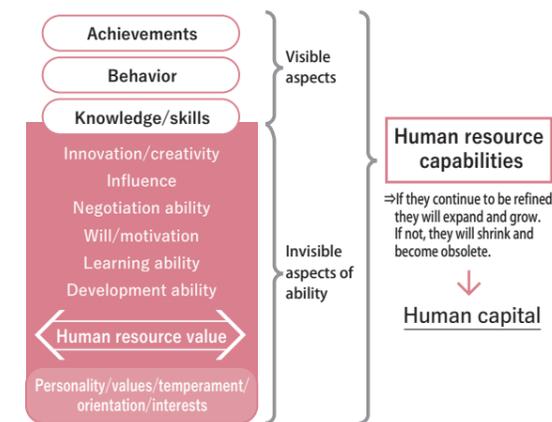
We believe that the greatest management resource for promoting sustainability management and achieving our management goals is “people” and that without the growth of our human resources, we will not be able to grow and develop as a company. Recognizing that our employees are our “treasure (asset),” we aim to be a “human resource development company” that maximizes their individuality and abilities and develops their human resource capabilities.



Principle of human resource capabilities

Instead of the job performance-based personnel system we had adopted before, we have adopted a unique approach called the “principle of human resource capabilities,” which focuses on each individual human resource to enhance “human resource capabilities,” since fiscal 2019. This is a human resource management system that accurately grasps not only the visible aspects of each individual’s achievements, behavior, and knowledge and skills, but also the invisible aspects of human resource value, personality, values, temperament, and orientation and interests, develops them through appropriate job assignments, properly assesses their achievements, and treats them accordingly.

Development from the perspective of “human resource value” leads to the refinement of basic skills that can produce results even in an uncertain business environment, which enables the strategic placement of human resources regardless of age or gender.



Emphasize “will and motivation” and “learning ability” among “human resource values”

<Concept of will and motivation>

- Will and motivation consist of “direction of thought” and “strength of thought”
- The direction of thought is to see if the thought ensures qualitative soundness, measured by the three vectors of “self,” “organization (company),” and “society (customers)”
- In human resource development, we place emphasis on expanding and strengthening the above three vectors in a well-balanced manner



<Concept of learning ability>

- Learning ability is not a skill that is acquired as a result, but the ability itself to turn the cycle of experiential learning (the strength and direction of thought, which affect the quality of learning, are included in “will and motivation”)
- Improvement in learning ability is achieved through the level of each element (ability) of the experiential learning model, the speed and steadiness of the cycle of “learning behavior,” and the “depth of learning”

Elements of learning behavior

- Flexibility
- Cognition/awareness/sensitivity
- Conceptualization/generalization
- Initiative/independence
- Self-esteem/optimism
- Curiosity/inquiry
- Challenging spirit / risk-taking spirit
- Integrity/humility
- Fairness/impartiality

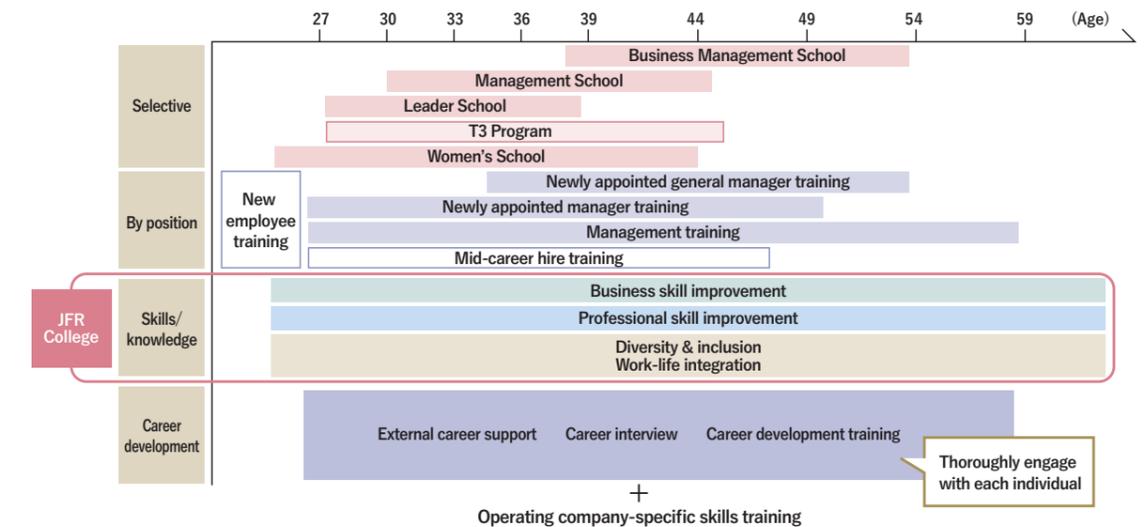
Approach to human resource development based on the principle of human resource capabilities

The human resources that we will focus on investing in is “self-motivated human resources who ‘take initiative’ by combining their intrinsic motivation with their vision and goals.” Our human resource development policy is based on “selection and concentration,” which means that we will streamline those programs that uniformly raise the

level of our employees, and invest heavily in selective, “self-initiated,” publicly offered curricula.

Specifically, we will invest resources intensively in: (i) early development and selection of younger employees; (ii) revitalization of middle and senior employees who are entering their second careers through reskilling; and (iii) development of highly versatile management human resources who are not limited to the Group’s operating companies.

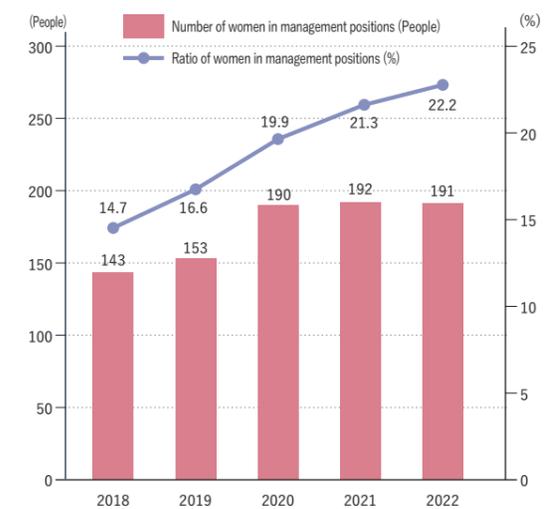
JFR Group career development system



Create systems for women’s empowerment

We recognize that diversity is the foundation of value creation, and we are working to create systems for employee empowerment. The ratio of women in management positions in the Group continues to steadily increase, reaching 22.2% as of the end of February 2023. The percentage of female directors is 30% (one inside and two outside). In April 2022, the Women’s Empowerment Promotion Project was established under the direct control of the Representative Executive Officer. Its members selected from each operating company (mainly men and women in their 30s and 40s) made recommendations for creating an environment in which women can fully demonstrate their individuality and abilities, leading to top management commitment.

In addition, the scope of the JFR Women’s School, which had previously focused on those working shorter hours for childcare, was expanded and its content was enhanced to become the Career Forum for Women. In addition to the development of systems that make it easier for women to work, we are also working to increase the ratio of male employees taking childcare leave (68.0% in fiscal 2022).



Toward the next Medium-term Business Plan

We are currently formulating the next medium-term plan, and we are creating a human resource portfolio that is synchronized with this medium-term plan. In the process of developing a business strategy, we will define the necessary human resource requirements, examine the gap between the current situation

and the requirements, and consider placement, training, and recruitment measures to eliminate the gap, in order to realize a human resource portfolio that embodies the management strategy. We will also identify KPIs for how our human capital is growing, and strive to disclose the status of their achievements and implement remedial measures.