

Human Resource Strategy

Message from the CHRO

We will strive to create a workplace environment where everyone can thrive, and improve the well-being of our employees, who are the ones that will deliver sustainable corporate growth.



Masashi Umeda

Chief of General Administration and Human Resources Headquarters, CHRO

Human Resource Strategy for Achieving the 2030 Business Plan

To realize the 2030 Business Plan, while advancing reforms to our business structure, we aim to adapt flexibly to environmental changes and foster a “polymer-like organization” capable of continually creating new economic and social value, thereby invigorating both people and the organization.

The foundation of the value we provide to society lies in our people. We combine the specialized expertise in rubber, plastics, and other polymer technologies we have accumulated over many years with the organizational capabilities and teamwork to transform that expertise into products. To drive the business growth and structural reforms outlined in the 2030 Business Plan, we are advancing our human resource strategies based on the following two key themes.

1. Realizing Well-Being for a Diverse Workforce

The labor market is changing at an unprecedented pace, driven by a shrinking workforce due to a declining birthrate and aging population, along with increasingly diverse work styles and evolving values. Given these circumstances, we aim to promote the well-being of our diverse workforce, ensuring that our company remains attractive and a place that people want to join and continue to work for the long term.

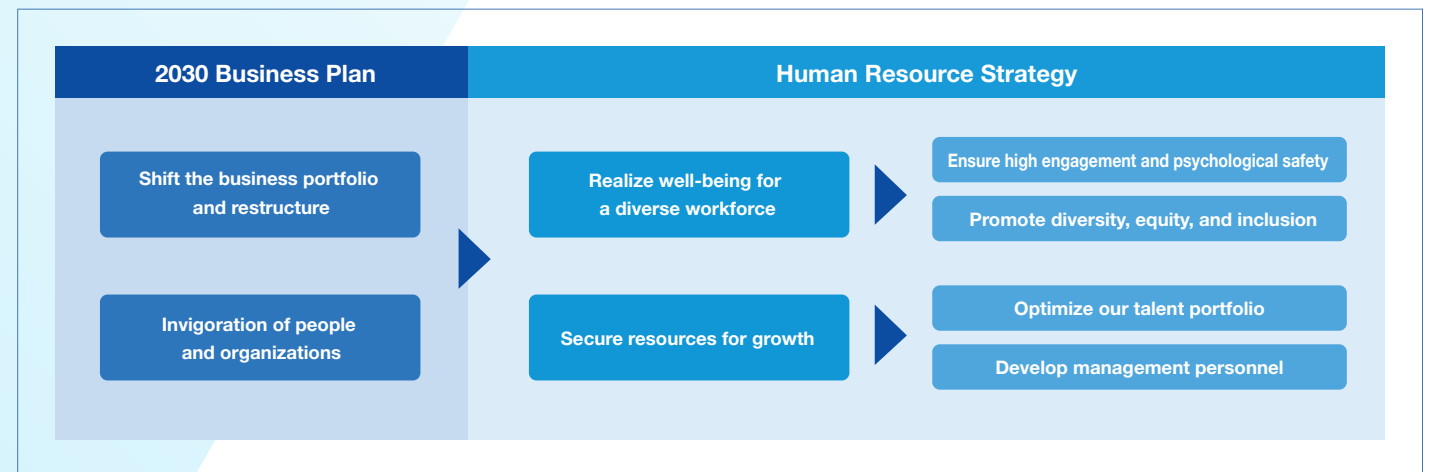
Based on the two pillars of creating safe spaces for employees to feel secure and providing platforms where everyone can thrive, we will promote initiatives that ensure psychological safety and enhance engagement through human resource development, foster a sense of unity, and encourage two-way communication. We will also advance DE&I activities to promote the advancement of women, expand opportunities for diverse talent, including people with disabilities, and create an environment where everyone can safely take on challenges, grow, and maximize their potential. Through these efforts, we aim to achieve the well-being of a diverse workforce while enhancing both economic and social value.

2. Securing Resources for Growth

While promoting initiatives to achieve the well-being of a diverse workforce, we recognize that securing the human resources necessary to realize new technologies and address priority themes looking to the future is a key factor in achieving the 2030 Business Plan.

We are developing a talent portfolio that systematically organizes the types of talent and expertise required for the future. As part of our goal to achieve a 100% talent fulfillment rate by 2030, we will assess and visualize our employees' skills, promote planned development based on these insights, place the right people in the right roles, and strategically hire as needed.

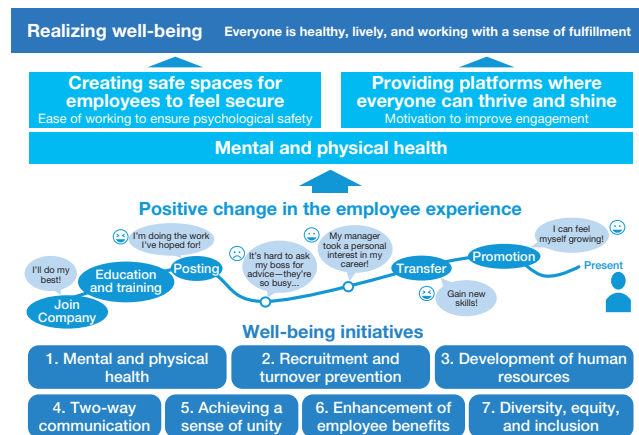
In addition, to ensure a stable pipeline of management personnel who will support our future management foundation, we will conduct succession planning, steadily develop human resources including systematic assignment of talent in management positions at both domestic and overseas affiliates, and strengthen the human resource base in order to support sustainable corporate growth.



Human Resource Strategy

Realizing Well-Being for a Diverse Workforce

Based on two pillars—creating safe spaces for employees to feel secure and providing platforms where everyone can thrive—we will promote seven initiatives, including mental and physical health, development of human resources, and two-way communication, while encouraging employees to take action with a positive mindset, fostering new value creation.



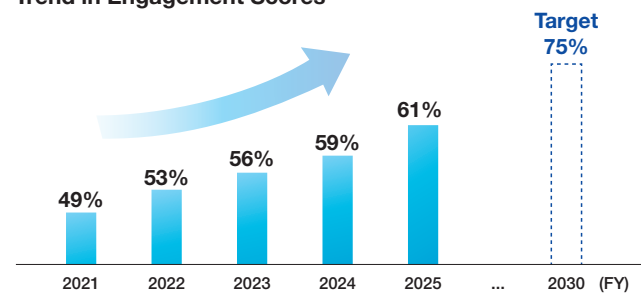
Creating Safe Spaces for Employees to Feel Secure: Initiatives for Improving Psychological Safety

Creating safe spaces for employees to feel secure means fostering a psychologically safe workplace with open communication and active dialogue. To create a workplace where employees feel safe to speak openly, we are promoting various initiatives emphasizing dialogue and two-way communication. These include a three-year “Empathy-Driven OMOIYARI Communication Training” conducted by a psychiatrist to promote change among management, well-being seminars led by external experts, and support for in-departmental social events to foster workplace communication (Community Support Activities), as well as efforts to stimulate labor-management dialogue.

Providing Platforms Where Everyone Can Thrive: Initiatives for Improving Engagement

Providing platforms where everyone can thrive means fostering a highly engaged workplace where employees are aligned with the Company’s vision, proactive in taking on challenges, and grow as individuals. Since 2021, we have conducted engagement surveys covering all employees, including those on international and domestic assignments. By analyzing the survey results across workplaces, identifying issues between labor and management, establishing countermeasures, and implementing iterative improvements, there has been a steady improvement in scores to date.

Trend in Engagement Scores



Vision Alignment

To enhance employees’ intrinsic motivation and help them understand the significance of their daily work, in FY2019, we began “Management Declarations” in which division managers outlined the vision and mission of the workplace. In FY2022, we launched the “Workplace Vision and My Thoughts” initiative in which division and department managers discuss the thinking behind the workplace vision. With the launch of the 2030 Business Plan, all division chiefs have also begun “Sharing Our Vision” sessions to communicate their own aspirations for realizing the company vision, thereby enhancing employees’ understanding and engagement with the vision.



Sharing Our Vision session

Career Fulfillment

Another key to enhancing engagement is helping employees to achieve their career goals. Although we have implemented many HRD initiatives over the years, survey results indicate that these have not always achieved the desired outcomes in terms of career fulfillment.

This issue was raised by young and mid-career members of the Human Resources Department through our business idea contest as the CareeArch career autonomy initiative with the theme of “taking ownership of one’s career.” We have decided to give this initiative top priority as it directly contributes to improving engagement and realizing well-being.

Specific initiatives include creating an environment where employees can envision their own future through dialogue with supervisors, such as by holding career training sessions that encourage employees to proactively consider their career paths and hosting departmental information sessions. In addition, each department is engaging in detailed discussions to develop its human resource development plans and launch initiatives aimed at aligning the Company’s business needs with employee’s career aspirations.

We have also introduced frameworks such as the 10-Year Development Program for Young Employees and open rotation programs to expand opportunities for employees to take on challenges to achieve their career goals, thereby strengthening the framework to support their individual growth. We will continue to create an environment where employees can independently plan their careers and take on challenges to achieve them, which we believe will lead to improved engagement.



We created the CareeArch logo and mascots Carrie and Archie to promote the career development initiatives with an approachable image.

Human Resource Strategy

DE&I



Creating Spaces Where Diverse Individuals Feel They Belong, Providing Platforms for Them to Shine, and Highlighting Their Contributions

We recognize the promotion of DE&I as an essential element for sustainable corporate growth, and we are working to create a workplace culture in which all diverse talent can thrive and demonstrate their abilities. We believe that these initiatives will foster dialogue from diverse perspectives and a flexible mindset, serving as a driving force for new value creation and, ultimately, corporate growth.



Hiroko Ando
Chief Diversity Officer

Key Initiatives for Diversity, Equity, and Inclusion (DE&I)

Regarding DE&I initiatives, we actively promote support, education, system development, and workplace improvements to enable our diverse talent, including women, people with disabilities, and senior employees, to fully utilize their abilities.

Women's Empowerment	Administrative and technical roles	<ul style="list-style-type: none"> Support female managers and strengthen their mindsets/skill sets
	Skilled roles	<ul style="list-style-type: none"> Create a pleasant workplace environment Support career development to become leaders
People with Disabilities	<ul style="list-style-type: none"> Build a workplace environment that encourages long-term employment Expand workplaces and job categories where employees with disabilities can thrive 	
Senior Employees	<ul style="list-style-type: none"> Promote the creation of a workplace where employees can thrive regardless of age Enhance education for post-retirement life 	

Promoting Women's Empowerment

In the manufacturing industry, the proportion of female employees tends to be low, and workplace environments

are often designed with male employees as the default. This, combined with a lack of female role models, has delayed the promotion and development of female managers in the Company. To address this, we have set a target of reaching 100 female managers by 2030 (we are currently at 41), accelerating initiatives to support women's empowerment.

Administrative and Technical Roles

For administrative and technical roles, we offer the Advance Program, which identifies employees' own developmental challenges for management roles and hones their skill sets to become management candidates, as well as the Encourage Program for young and mid-level employees with a focus on mindsets for managers, in which participants better understand themselves and envision leadership roles that align with their strengths.

In addition, this year we introduced an executive mentorship program as a follow-up measure after promotion to a managerial position. Going forward, we will promote various initiatives to enable individuals to better plan their careers, such as training and lectures to foster awareness of career advancement for female employees and encourage the building of networks both inside and outside the Company.



Seminar

Skilled Roles

For skilled roles, in FY2024, we began Heart Link, a project in which women selected from each plant identify workplace environment and operational challenges and work to promote their resolution. We proactively hold networking events with other companies, including the Toyota Group to provide opportunities for awareness, empathy, and learning through an information exchange on women's work styles and workplace challenges, thereby encouraging more active roles by women as future leaders. We also actively promote workplace kaizen activities by female leaders and case presentations at conferences both inside and outside the Company, and our



Speech at TPM Ladies Competition

case study presentation won the excellence award at the TPM Ladies Competition for manufacturing presentations.

Support for Work-Life Balance

To support a balance between work and family life, we are improving our systems and environment by incorporating feedback from those involved, such as by establishing special childcare leave, a flexible system of reduced working hours, and an on-site daycare center on holidays. In addition to promoting initiatives for female employees, we are also encouraging male employees to take childcare leave.

Promoting the Employment of People with Disabilities

For people with disabilities, we conduct pre-employment internships in collaboration with special support schools to help alleviate concerns about working in a manufacturing environment. To ensure long-term employee satisfaction, we have assigned life consultants at each business site. These consultants conduct regular care meetings to address concerns and help create a more supportive and accommodating workplace environment. In addition, from FY2024, we are enhancing our efforts to hire office and engineering workers. This includes expanding the range of job categories available and actively participating in job fairs. These efforts aim to position the Company as an employer of choice.

Initiatives for Empowering Senior Employees

We promote the creation of a workplace where employees can continue to thrive regardless of age, even after the mandatory retirement age of 65. For employees at age 55, we offer training that includes future work styles, health promotion, and building assets for post-retirement life. We are also promoting new opportunities for employees to thrive in the workplace by introducing a support program at suppliers that enables them to make use of their accumulated career experience. Looking ahead, we will use opinion exchange meetings and survey results from employees under 60 years old to support work styles that enable senior employees to actively demonstrate their abilities.

Human Resource Strategy

Securing Resources for Growth

In addition to promoting initiatives aimed at realizing well-being for diverse talent, we are working to develop and assign talent that will support business growth and enhance our business foundation to help achieve the 2030 Business Plan.

Optimizing Our Talent Portfolio

In FY2024, we reassessed company-wide priority focus areas and personnel requirements. By organizing these into a talent portfolio aligned with our business portfolio, we were not only able to manage workforce size, we were also able to improve the management of workforce quality. To clarify the types of talent we wish to cultivate for achieving the 2030 Business Plan, we have defined the “Three Pillars of Talent” within our talent portfolio.

The Three Pillars of Talent

- Talent for advancing key businesses: Personnel responsible for themes directly tied to the key businesses of the 2030 Business Plan
- Talent for strengthening management base: Personnel who enhance management foundations across all operations
- Next-generation management talent: Next-generation leaders and overseas site heads who will lead the two types of personnel above

Examples of Required Talent

	Initiatives to Achieve the 2030 Business Plan	Required Talent
Talent for advancing key businesses	Development of new forms and functions as well as airbags for new forms of mobility	Next-generation airbag development talent
	Development of interiors to create surroundings unique to BEVs	Next-generation spatial design talent
	Commercialization of recycled rubber and plastic materials for a decarbonized, circular society	Recycled materials commercialization talent
	Creation of new businesses, including the expansion of renewable energy	New value creation talent
Talent for strengthening management base	Establishment of a global sales policy and marketing strategy	Global marketing talent
	Promotion of collaboration with other companies in automotive and non-automotive businesses	Alliance promotion talent

These pillars are further divided into 15 distinct talent types. By identifying gaps between our current talent and the talent needed to achieve the 2030 Business Plan, we are developing strategic plans for talent acquisition, allocation, and development.

Furthermore, to support the career development and personal growth of our employees, we are using the talent portfolio to clarify career aspirations and facilitate the acquisition of necessary expertise.

When employees are interested in taking advantage of opportunities such as open rotation programs to pursue personal growth toward their desired career goals, their supervisors support their challenges by engaging in thorough dialogue. Through these career development initiatives, we are working to align employees' aspirations with company needs, thereby contributing to securing resources necessary for future growth.

Acquiring and Developing Next-Generation Management Talent

To systematically develop future leaders, we have clarified the key requirements for executive positions essential to executing management strategies. We are also implementing a succession planning system to select candidates, plan their development, and assign them to challenging roles (tough assignments). Efforts are also underway to develop human resources by appointing and training national staff executives at overseas sites. To accelerate these proactive appointments in various regions, we established a basic policy and targets for appointing national staff executives (vice president-level and above) in FY2021. Each business unit is actively working toward achieving these goals.

We are aiming to achieve a 60% ratio of national staff executives by 2030. To this end, we are progressing with evaluating and developing high-potential talent across all regions. Key initiatives include the “Leadership Development Academy,” “Basic Management Skills Training,” and other training programs for developing local executive candidates. We are also holding regional succession committees (RSC) in the Americas, China, and other regions to share updates on development and recruitment activities for executive successors, as well as to discuss challenges.

