

Special
Feature 2

Human Capital Management

To realize sustainable growth through human capital management based on our philosophy, vision, and business strategy, we aim to create an environment and human resources approach which creates new value by making the most of diverse individuals and taking on challenges.

Message

Since the establishment of Tokai Rika in 1948, we have been conducting our business based on our business philosophy which undertakes “to contribute to a higher quality of life,” “to nurture the spirit of originality, enthusiasm and innovative challenges,” and “to work in harmony with nature and local communities.”

Moreover, in 2021, we summarized the values we have cultivated over many years and which we will cherish going forward as Tokai Rika-ism and shared the importance of thinking and acting for the future with all employees.

In order to realize a growth strategy based on our business philosophy and Tokai Rika-ism, we are working toward Tokai Rika Human Capital Management in which everyone can play an active role.

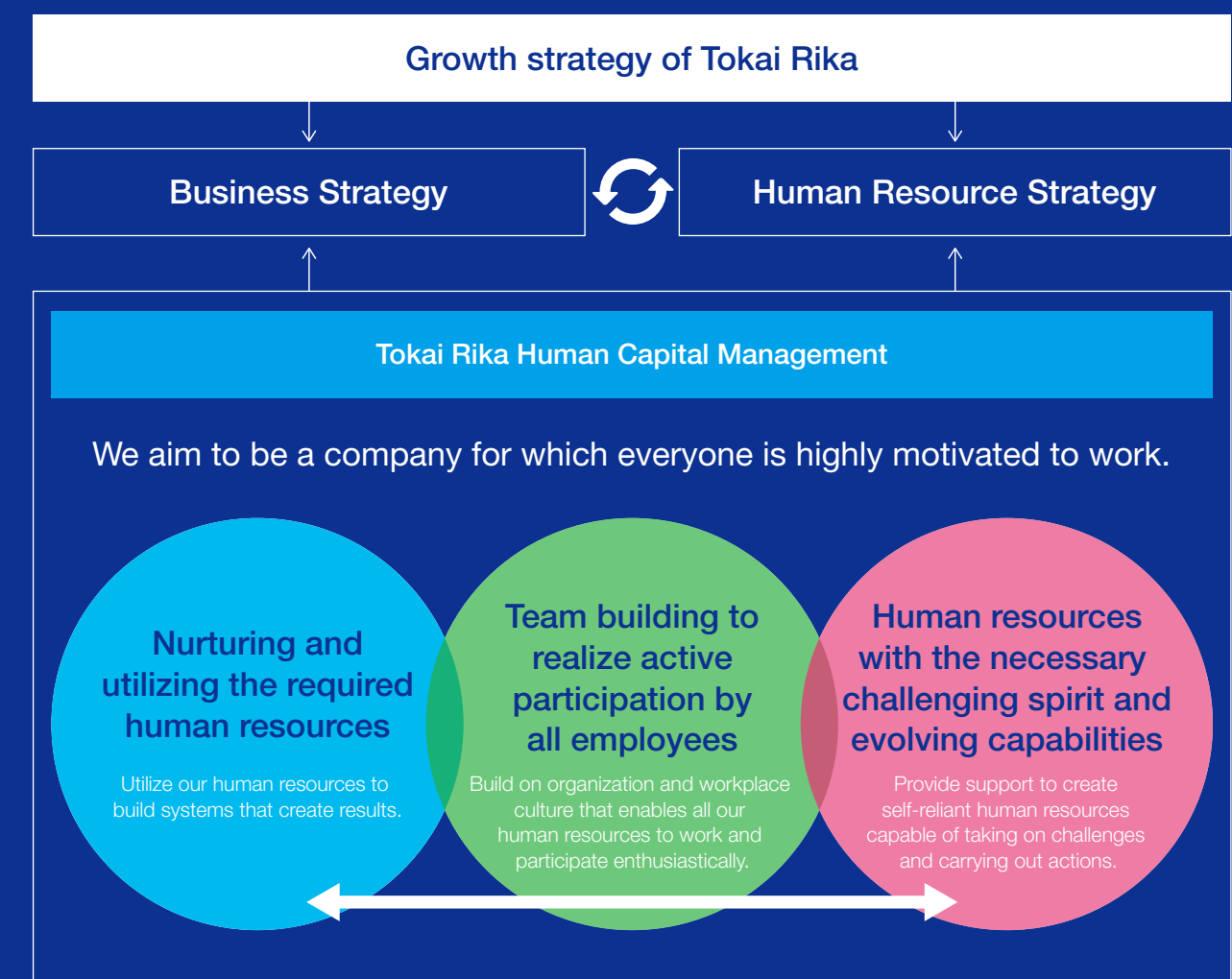
We aim to realize the sustainable growth of the company by implementing various measures with three central themes that combine “nurturing and utilizing the required human resources” with “human resources with the necessary challenging spirit and evolving capabilities” based on a foundation of “team building to realize active participation by all employees to maximize their abilities and skills.”



Sumikazu Sasaki

Corporate Officer,
General Manager of Corporate Group, in charge of Diversity
Promotion Department

Human Resource Strategy to Realize Active Participation by All Employees



Team building to realize active participation by all employees

Team building to realize active participation by all employees serves as the foundation of our human resource strategy. As part of this, we have positioned promotion of health and productivity management, increasing psychological safety, and support for self-reliant career development as essential initiatives for realizing active participation by all employees, and we have continued making proactive efforts in these areas.

1 Health and productivity management initiatives

Aim

We aim to reduce mental and physical health risks for employees and their families and increase productivity in the company by achieving a state in which every individual can take the initiative in health promotion and continue to work vigorously in good physical and mental health.

Specifically, we are implementing many initiatives that leverage the power of our workplaces, which is one of our strengths. Such initiatives include holding lectures on health, improving body fat percentages at the workplace level through our InBody Challenge, and decreasing the smoking rate through our No Smoking Challenge.

Example InBody Challenge

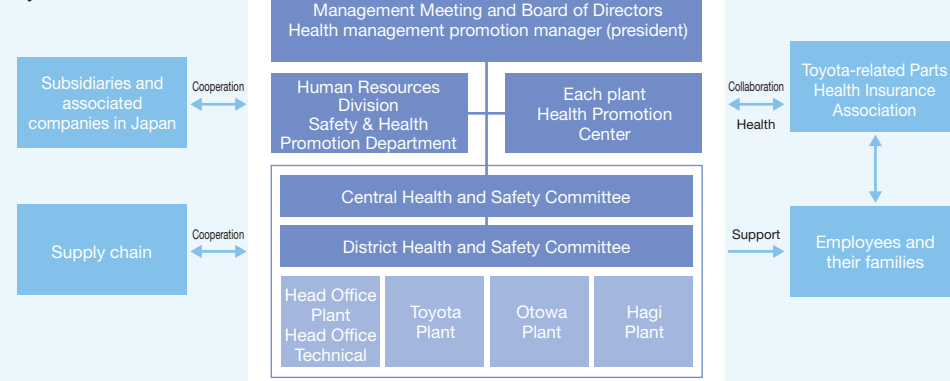


We have been holding the TR InBody Challenge, leveraging the power of our workplaces with the aim of promoting employees' health by increasing their muscle mass and reducing their body fat. Every year, we invite participation at the departmental level, and we have also set up a system of awards for both individuals and departments.

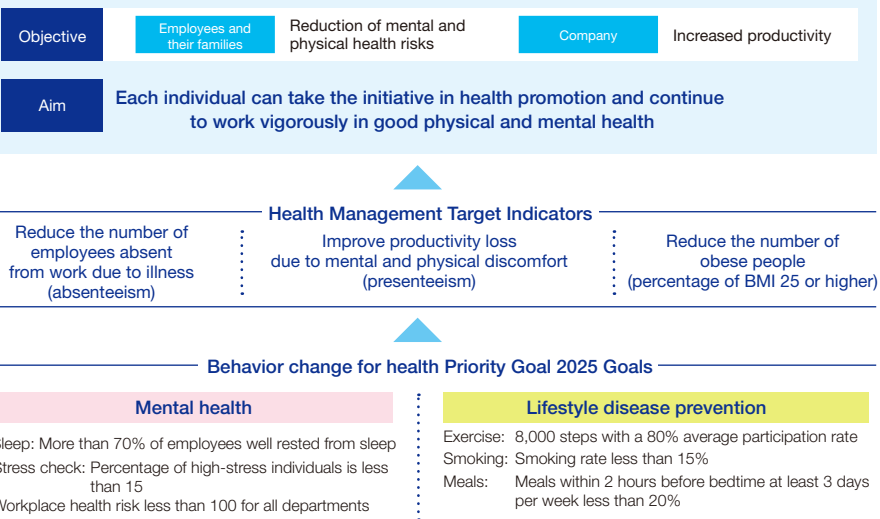
Promotion system

At Tokai Rika, the president serves as the health management promotion manager, and the Safety & Health Promotion Department of the Human Resources Division, which serves as the secretariat, the Health Promotion Center at each plant, and each District Health and Safety Committee cooperate to promote health and productivity management company-wide.

Diagram of promotion system



Certified as a "Health and Productivity Management Outstanding Organization White 500"



We established our Health Management 2030 Vision to further promote health and productivity management. We have developed a health policy centered on two principles that employees should strive to maintain and promote their health themselves (duty of personal health) and should take care to ensure they can work safely and in good mental and physical health (duty of care for safety). Based on this, we are promoting health activities and working to create a safe and secure workplace. In recognition of such initiatives, we have been selected as a "Health and Productivity Management Outstanding Organization" for five consecutive years.



2 Increasing psychological safety

From 2023 through 2024, we provided training for managers to improve the quality of communication between them and their subordinates and create workplaces that are free of harassment with the ability to deliver a high level of performance. Approximately 800 employees participated in the training. We have also put efforts into strengthening management and mechanisms to detect harassment at an early stage by establishing a counselor system in each workplace, in addition to the compliance questionnaire, to promote the creation of workplaces where employees can easily obtain advice.

Harassment guidance (April 2022)

For officers/number of participants: 36

Sharing and discussion of cases

Communication training (2023-2024)

For officers and departmental general managers/number of participants: 80

For section managers and group leaders/number of participants: 712

Facts on harassment at Tokai Rika, communication methods (listening, 1 on 1)

Compliance questionnaire (March 2024)

For all employees/number of respondents: 4,791

(Response rate: Approx. 70%)

Example Counselor system

In order to prevent harassment and promote the development of workplaces with an even higher level of psychological safety, we established a counselor system in each workplace in April 2022 and appointed staff to deal with a wide range of workplace issues. Counselors observe strict confidentiality and provide support in cooperation with the relevant department only when the person who sought advice consents.

As a result of this system, the number of people seeking advice has increased and this has helped to create workplaces where individual employees feel free to say what they think. We have also established a family help desk which provides advice for family members of employees on concerns about the work life of employees with consultations always available by email or LINE (a popular social media service in Japan).

Message



Akiko Hayama

Representative Director
Pallet Inc

Since 2019, we have been working with Tokai Rika in the areas of human resource, career, and organizational development to create a workplace environment with a high level of psychological safety where every individual can value their own thoughts (will) and share their wisdom to reach their full potential.

When the initiative first began, I recall being impressed by the way Tokai Rika employees approached their work with a spirit of altruism about "doing it for the customer," as well as their steadfast and honest way of pursuing and completing whatever they had decided to do, with a commitment to quality. On the other hand, I also surmised that, as is often seen in organizations with a strong craftsperson mindset, the emphasis on "doing it for the customer" can sometimes be too strong. I wondered whether this means leaders can be hard on themselves and their interactions with their team, although loving, can become harsh, which can be difficult for the leaders.

Based on this hypothesis, we have conducted training to increase psychological safety and to move toward an organization that delivers results. This includes coaching training and career development workshops for leaders and communication training for all line managers. In particular, the communication training we conducted in 2024 for all the more than 700 line managers explored the question of what communication that switches on the mind of each individual is like, taking its cue from the "switches" in the story of Tokai Rika's establishment. The training content was about considering the kind of words and attitude that switch the mind on, and conversely switch it off, and creating change in the behavior of leaders. Following the training, we have been pleased to hear that there has been a steady increase in high quality communication with an awareness of psychological safety and improving engagement on the ground and change has started to appear in the atmosphere of the organization.

Transformation of an organization's culture requires time, but there is no doubt that improving the quality of every individual's communication creates a better culture and paves the way to individual and corporate growth. I feel convinced that, based on the spirit of respect for humanity valued by Tokai Rika, leaders will take the initiative in continuing to turn on the mental switch to create new value without fearing challenges, and this is something I am looking forward to.

3 Support for self-reliant career development

Introduction of stock compensation plan

Tokai Rika introduced a stock compensation plan in August 2024. The aim of the plan is to foster a sense of belonging and participation in management among employees through their ownership of the Company's shares to enhance its corporate value over the medium to long term by raising awareness of our business performance and share price growth.

Strengthening of career interviews

We revised the items on the career design sheet to make it easier for employees to think for themselves about what they want their future to be like and held briefing sessions for the interviewers (workplace superiors) who play an important role in supporting self-reliant career development.

Development plan for employees who want a transfer

For three years in a row, we have identified employees who want a transfer and drawn up development plans in each department. Based on these development plans, we have created a system that enables employees who want a transfer to be transferred.

Human resources with the necessary challenging spirit and evolving capabilities

We have developed and offer systems so that Tokai Rika's human resources can continue to provide value. More specifically, in addition to providing a variety of internal and external opportunities to employees who put themselves forward, we provide support for growth aligned with career aspirations including business administration management, and specialization through on-demand training and networking events with other industries among other initiatives.

4 Initiatives to support a challenging spirit

Networking with other industries

For all employees

Information sensitivity courses (e.g. cross-industry seminars, lectures, workshops), training secondments

Example

We provide various opportunities for networking with other industries in order to increase the diversity of knowledge and experience within the company and to encourage the development of an environment in which culture can be passed on and new cultures can be created.

In addition to acquiring ideas not found at employees' own companies through joint seminars, workshops, and leaders' lectures with other companies, we have also launched a training secondment initiative to help employees enhance their skills and transform their behavior through experiences outside of their own company.

360-degree feedback

For department general managers, office managers, and section managers

Feedback for individuals based on the gaps between self-evaluation and evaluation by others

Example

With the aim of strengthening leadership and improving management skills, we introduced 360-degree feedback for department general managers, office managers, and section managers in 2024. Once a year, we carry out self-evaluations and evaluations by others on items that are based on role qualification requirements and provide feedback. By doing this, we seek to raise awareness among line managers and improve engagement as an organization.

On-demand training

For all employees

Providing a six-month learning platform ID for employees who want to take part

Example

As part of our support for employees' self-reliant career development, superiors and subordinates discussed their careers and decided to introduce on-demand training as an opportunity to acquire the necessary knowledge and skills to become what they want to be and realize their goals.

All employees were eligible to take part in training, and around 600 employees actually put themselves forward, which is 9.3% of all employees.

Voice

As one of our initiatives on networking with other industries, we have been holding networking events for female employees in production divisions in partnership with DAIKIN INDUSTRIES, LTD., which manufactures and sells air conditioners, since 2023. As of September 2024, we had held four such events at which participants discussed issues from the perspective of production sites and concerns that are specific to women, and encountered diverse values, leading to awareness and learning. We have also received feedback from DAIKIN INDUSTRIES' employees who participated in the networking events, which are featured in this section.



Working at a manufacturing site is difficult for women. I had never really heard much feedback from young employees, so it was good to be able to listen to their stories together, and I was able to feel the strong commitment and determination of all the Tokai Rika and DAIKIN INDUSTRIES employees about their work.

Ms. Okuda, Shiga Manufacturing Department

The networking events allowed me to have experiences that I cannot have during my normal work, such as roundtable discussions and plant tours. This is my personal opinion, but I got the impression that Tokai Rika's initiatives to promote women's active participation are very advanced. I wanted to take them back to our workplaces.

Ms. Matsuzaka, Shiga Manufacturing Department

It was great to be able to talk honestly and make connections as equals at the roundtable discussions. Every company has the same concerns that are specific to women working on production sites, and I was happy to share those concerns.

Ms. Sakaguchi, Sakai Manufacturing Department

The Tokai Rika employees seemed to feel that there are significant hurdles for women to become managers. Even so, many of them had a strong desire to be a leader. Knowing that there are many people with such strong desires inspired me and made me want to work even harder. I wish there were workplaces where both men and women can succeed equally. I believe that if there are more women in management positions, more people will aim for such positions, so I would like to pave the way.

Ms. Hamada,
Shiga Manufacturing Department

Nurturing and utilizing the required human resources

To fill the shortage of software human resources resulting from the transformation of our business structure, we have been recruiting applicants internally and developing human resources by providing reskilling programs for some time. In 2025, we will continue to further strengthen our efforts to secure the human resources required for business expansion, including commencing training for software human resources at Tokai Rika Training School.

5 Initiatives to secure and develop human resources

Training software human resources through a reskilling program

Example

Based on the needs of business, we conducted open recruitment for those in non-executive positions (regardless of current occupation or experience) and received applications from over 100 employees with the desire to acquire software skills. Around 30 employees transferred to the software design department after a 6-month basic software training program or a 5-month specialized software training program depending on their level of electronics knowledge and experience. Approximately 60 new employees are now playing active roles as software human resources, including people who have improved their skills within the Software Design Department.

Establishing a new computer control department at Tokai Rika Training School

Example

We have established a new computer control department to train software human resources and are now preparing to open the department in 2025 with an intake of around 10 trainees in the first year. Preparations include training computer control instructors, developing a 1,760-hour curriculum, and creating an instruction framework to support training and practical application for the skills necessary to promote and expand our business.

Indicators and targets

We implement measures using the following indicators to realize the strategies described above, and the targets and results related to the indicators are as shown below.

For more detailed data, see (Sustainability Data Book 2024).

Indicators		FY 2023	FY 2025 Targets	Measures
Team building to realize active participation by all employees	Percentage of respondents who are happy to work for their current company	68.4%	70% or higher	Strengthening career interviews/training to improve communication
	Rate of absence from work due to illness	4.0%	2.0%	Secondary examination (attendance at medical institution) 100%
	Decrease in productivity due to mental and physical ill health	22.4%	12.4%	Holding health events and lectures
	Rate of obesity	28.4%	20.0%	InBody events/guidance for improving diet
	Pay gap between men and women	65%	68% or higher	Training to support career development for female employees/encouraging acquisition of childcare leave by male employees
	Percentage of female managers	1.9%	2.1% or higher	Education for management/lectures by leaders of other industries
	Childcare leave acquisition rate for male employees	72.2%	75% or higher	Education for management/sharing examples of acquisition
Human resources with the necessary challenging spirit and evolving capabilities	Number of participants in measures aimed at cross-sectoral networking both within and outside the company	14.6% (981 people)	30.0%	Measures for networking with other industries, company-wide measures to foster environment, activities by attribute (women, people with disabilities, LGBTQ, etc.)
Nurturing and utilizing the required human resources	Training of software engineers through reskilling	60 people	100 people	Internal open recruitment Training of software engineers through reskilling
	Securing of software engineers through course-based recruitment of new graduates	No results	16 people*	*Around 10 are employed by Tokai Rika Training School's computer control department