

## CHRO Message

# Promoting HR Strategies Linked to Supporting Management Strategy, External Environment, and Employees

### Takuya Hanada

Executive Vice President and CHRO

In 1982, Hanada joined JGC Corporation and was engaged in overseas projects and business development in the Oil & Gas sector. After the transition to a holding company in 2019, he was appointed as Senior Executive Officer and CDO of JGC Holdings Corporation. In 2021, Hanada was appointed to President of JGC Engineering Solutions Center. In 2022, he was appointed Senior Managing Executive Officer of JGC Holdings Corporation, CHRO and CDO. He has been serving in his current position since April 2023.



### Approach to Human Resource Strategy

Under the philosophy that “people are our greatest asset,” and with the purpose of “Enhancing planetary health,” the JGC Group will enhance corporate value toward realizing a sustainable society. In achieving these goals, HR strategy plays a key role. It is essential that three axes, namely, management strategy, external environment, and employees, always remain linked. We are confident that with these connections functioning organically, our Group’s human capital is truly valuable and contributes to the sustainable growth of the Company.

#### Linkage with management strategy

First, in regard to linkage with management strategy, since my appointment as CHRO in 2023 I have frequently engaged in dialogue with the CEO and other senior management members. In this era of rapid change, a sense of speed is essential to achieve desired results. However, because we are conscious of collaboration with various parties, there are times when decision-making speed is compromised. For this reason, we regularly hold HRO meetings composed of the management of each Group company and by doing so

implement HR measures with increased speed. By ensuring close communication as a member of management and through HRO, we have established a system for rapid approval of HR measures at HRO meetings. We will continue to strengthen this decision-making forum going forward.

#### Linkage with the external environment

Even in today’s rapidly changing business environment, certain trends to an extent can be predicted. First, the decline in the working population in Japan is expected to have a significant impact on future recruitment conditions. We are entering an era where workers proactively choose their workplaces, and companies are required to provide more attractive working environments. In addition, with the increase in dual-income households, for overseas assignments consideration to families is becoming a more important issue than ever before.

Furthermore, awareness of the global environment is not diminishing but rather accelerating, and carbon-neutral related businesses are expected to continue progressing at a steady pace. In response to changes in the external

environment, I recognize that the key to sustainable growth is to formulate and implement medium- to long-term HR strategies for predictable events, and to establish a system for flexible and rapid response to unpredictable events.

#### Linkage with employees

Of the three linkages, the most important is “linkage with employees.” HR strategy does not exist for the HR department alone but for the growth and happiness of each and every employee. Therefore, it must be a “strategy that employees themselves can articulate.” I am confident that if mutual trust is built between company and employee, employees will proactively respond to company initiatives, individual motivation will increase and, as a result, the entire organization will achieve better outcomes. In the matter of employee feedback, we emphasize constructive dialogue through the JGC Council (□□ P.72) and reflecting it in our HR system. At the core of our HR strategy should be a relationship of trust between company and employee, and I always keep this belief in mind when planning and implementing HR measures.

### Human Resources Grand Design 2030

As the key concept of our group’s HR strategy, we formulated the “Human Resource Grand Design 2030” in 2023 and are continuously promoting initiatives (□□ P.62). The Grand Design serves as a compass for the ideal of human resources and organization that our Group aims for, clearly demonstrating the Group’s direction regardless of changes in the times. Going forward, we are considering incorporating specific Key Performance Indicators (KPIs) into the Grand Design.

In the transformation toward realizing our Group’s long-term management vision, the “2040 Vision,” many mid-career hires have joined the Group as our colleagues. Meanwhile, challenges have also become apparent, such as the need to strengthen our internal communication, lack of understanding of work procedures, and difficulty understanding internal regulations. To address these issues, we have implemented onboarding measures for mid-career hires (□□ P.64) for the purpose of improving work efficiency and facilitating internal communications, and we are already beginning to see the results. In addition, the “Purpose Journey Training” launched in 2021 has been taken by 90% of eligible employees, and it has been steadily expanding employee understanding of our Group’s purpose. These initiatives provide opportunities for each employee to gain a renewed understanding of their own roles and value, and to deepen their connection with the organization.

#### Multi-skilled human resources

In the four EPC-related companies, over 80% of employees are technical personnel. We take pride in our Group’s technological capabilities, which we believe are essential areas of expertise for addressing the conflicting challenges of stable energy supply and decarbonization. In addition, administrative employees support the organization’s management as professional management personnel.

Along with these measures, with the advance of digitalization in the four EPC-related companies, design work and routine company operations have been streamlined, and results are gradually beginning to appear. As DX and AI are utilized more frequently, it is increasingly important for technical personnel to acquire multiple skills. Examples include plant engineers who can oversee all engineering such as civil, architecture, and piping; next-generation process engineers who, with a background in chemical engineering, are also well-versed in carbon neutral technologies such as biofields, CCS/CCUS, hydrogen, and ammonia; and mechanical engineers who can integrally manage a wide variety of equipment, from tens of millions of items that include rotating machinery, static equipment, and system machinery. We are promoting development measures aimed at multi-skilling such personnel, and one example is the “Baysix System” (□□ P.65) introduced in 2021, in addition to the conventional development rotation system.

**Field training**

The four EPC-related companies also value traditional development systems that have been adopted for many years. An example is field training for young employees, which has been in place for over 15 years. This system is aimed at employees within three years of joining as new graduates, dispatching them for about six months to construction sites both inside and outside Japan, providing valuable experience in project execution and business operations while representing the JGC Group in uncharted territories. By experiencing the scale and speed of construction sites from a young age, employees deepen their understanding of practical work and gain many points of contact with stakeholders. Furthermore, communal living at construction sites greatly contributes to building vertical, horizontal, and diagonal networks that transcend departmental boundaries. This field training is an important pillar in our Group's human resource development which we will continue to strengthen going forward.



**Visualization of personal attributes**

Behind individual achievement are ability, knowledge, and personal attributes. Ability can be easily recognized, and knowledge can also be visualized relatively easily. On the other hand, personal attributes—also called soft skills or personality—are formed by innate character and early life environment, making them difficult to grasp. However, they are critically important for drawing out an individual's latent potential. I believe that visualizing personal attributes brings noticeable benefits to human resource development and optimal placement. Based on the hypothesis that curiosity, insight, courage, objectivity and openness are the five main parameters, we have been formulating assessments since 2024. Through this, we aim to accurately grasp each employee's latent abilities and realize the full potential of all employees through optimal placement and development.

**Work in Life**

The initiatives introduced so far have mainly been from a corporate perspective, but here I would like to share a way of thinking from the perspective of employees working in our Group. In general, the term "work-life balance" is used but, in our Group, based on the idea that "fulfillment at work leads directly to fulfillment in life and enriches one's own life," we use the expression "Work in Life." While life is a much larger framework compared to work, the reality is that our Group's employees spend much of their lives working. That is why we strive to create an environment where each employee can feel growth and happiness through their work. (□ P.69)

**In Closing**

Investment in human capital does not directly correspond to short-term management indicators. However, to maximize return on investment, it is essential to solidify the fundamentals of HR strategies such as employee well-being, compliance, and I&D (Inclusion & Diversity). Based on the mentioned "Human Resource Grand Design 2030," our Group formulates medium- to long-term HR strategies and, through steady implementation, ensures linkage with the three axes of management strategy, external environment, and employees.

For the most part, I have introduced our HR strategies in the Total Engineering Business. In the Functional Materials

Manufacturing Business, which has different business characteristics, each company operates under its own HR system. However, under the long-term management vision, we aim for its further expansion as a core business, and JGC Holdings Corporation has established a system to support each company engaged in this business, as needed.

As the CHRO, I will continue to enhance the value of human capital and in doing so contribute to increasing corporate value. I take this responsibility seriously and will devote myself fully to these efforts.

**Human Capital Initiatives**

**Basicstance** Human resources are the JGC Group's greatest asset and the most important foundation for management. Our Group is promoting a human resource strategy to develop a diverse portfolio essential for realizing the three transformations—business domains, business models, and organization—set forth in our long-term management vision, the "2040 Vision." We aim to establish the portfolio by 2030.

**Human Resources Grand Design**

In order to materialize the "2040 Vision," our Group formulated the "Human Resource Grand Design 2030" in 2023 as the highest-level concept of HR strategy and is continuously promoting initiatives. Transformation requires not only the improvement of individual abilities, but also being a professional group that takes on reformation of projects and operation, and new fields, and sees them through to the end while respecting each other.

To realize this vision, we have systematized the necessary measures to strengthen both individuals and organizations and build a foundation for sustainable growth. By taking the initials of the major items of each measure, we have given the "Human Resource Grand Design" the name "MODEL."

At present, the main target of this initiative is the four EPC-related companies responsible for the Total Engineering Business. For the Functional Materials Manufacturing Business, since the business content differs, each company continues to operate under its own HR system and framework.

<b>M</b>	<b>Management System</b>	Establish a talent management system to maximize the use of human resources and project execution resources.
<b>O</b>	<b>Onboarding</b>	Establish mechanisms to acquire the necessary human resources in both quality and quantity, and ensure that they can quickly familiarize themselves with the Company and become effective contributors.
<b>D</b>	<b>Development</b>	In addition to proactive training, establish human resource development and workplace environments that foster autonomous growth rather than just passive participation.
<b>E</b>	<b>Engagement</b>	Connect the Company's purpose—its "being"—with each individual's purpose to enhance mutual trust and attachment between the Company and individuals, and ensure that everyone understands the organizational goals—the "doing"—to foster proactive challenges.
<b>L</b>	<b>Life &amp; Work</b>	With the mindset that work is a part of life, and that by enriching work one can also enrich one's own life, we aim to create a positive spiral that further enhances work satisfaction.

