

# ESG: Social

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## Ai Sato

Principal, Simplex Inc.

Joined in 2011 as a new graduate

As a project manager in the Financial Retail area, she was in charge of everything from supporting the implementation of new systems to the operation and maintenance phases. After getting married and having a baby, she returned to work in 2021. Since returning to work, she has been in charge of overseeing multiple projects in the Asset Management Team, which handles investment trust accumulation systems. As the originator of Family Day, the first event of this kind for the Group, she also served as the chairperson of the Family Day Executive Committee.

# Direction of Talent Strategy

## Providing environment for highest performance growth opportunities

Our purpose is to create innovation. We are not there to simply do our jobs and get paid. We at Simplex Group espouse the value of "being a player," and everyone in the organization, including the CEO, is at the forefront of taking on new challenges and growing while taking ownership of their work. This very attitude is our driving force.

We have made a serious effort to recruit and train people who share Simplex Group's values such as making our clients happy and who can derive a sense of accomplishment through his or her work. Our talent strategy tells why we attract a diverse group of passionate professionals.

Since our founding, we have specialized and added value in areas where technology makes a significant contribution to the business success of our clients. Innovation in the DX field stays truly ahead of the curve. Now, the exciting appeal of this challenge is attracting many talented individuals. Simplex Group will continue aspiring to be the dominant "Biz x Tech" innovator in order to continue to attract the best and brightest talent.

# Recruitment and Compensation System

## A recruitment strategy unique in the IT industry

Since going public in 2002, we have focused on recruiting new graduates. The most important feature of our recruiting policy is our focus on potential hires. Based on their own experience of our founding members, who acquired technology over the course of their careers, our hiring policy is to emphasize intellectual capabilities and high motivation, without taking into account IT knowledge at the time of interview. This stance, which targets students from a wide range of backgrounds regardless of their academic background, is unique in the IT industry, where a science or engineering background tends to be a prerequisite.

## Potential-Focused Recruitment and Training Capabilities

One reason we have focused on recruiting new graduates has been a shortage of top talent in the IT industry. Due to the multi-layered vendor hierarchy in Japan, it has been difficult for talented individuals to find jobs in the IT industry because of unappealing compensation structure and the harsh working environment. In the IT industry, which had these kinds of structural problems, we have refined a system for identifying high-potential talent from students with no work experience and rapidly developing them in a short period of time. This system is the foundation that supports Simplex Group and is the driving force behind our growth going forward.

## The highest level of compensation in the industry

It is also worth mentioning that despite being in the IT industry, we have always seen our competitors in recruitment as the global consulting firms. We have focused both on fostering a culture and developing a compensation structure in order to attract high potential and gifted students who are in the top 10 percent in the HR market. We have designed a compensation structure that allows us to offer compensation at the same level as the global consulting firms for those who develop their career at the normal speed, and compensation exceeding that of global consulting firms for those who excel. This gives us a significant advantage in our recruitment activities.

## Group-wide compensation structure (Thousands of yen)

Executive Principal	Band D	40,000 + performance pay
	Band C	30,000 + performance pay
	Band B	25,000 + performance pay
	Band A	20,000 + performance pay
Principal		1,500 – 1,900
Associate Principal		1,100 – 1,400
Lead		800 – 1,000
Staff		600 <sup>*1</sup> –

<sup>\*1</sup> The starting salary has been increased to 6 million yen for new graduates joining the company in April 2025.

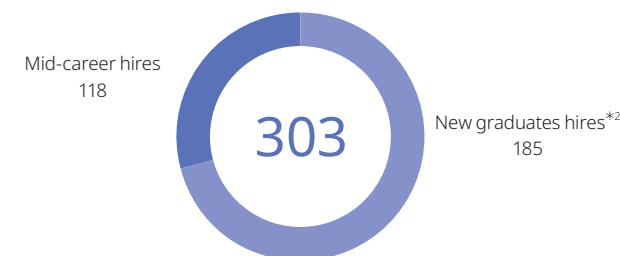
## Strengthening mid-career recruitment throughout the Group

The establishment of Xspear in 2021 was the catalyst for us to strengthen our strategic mid-career recruitment, after having long focused on hiring new graduates. Along with intra-group transfers from Simplex, we focused on mid-career recruitment of consultants who are oriented toward practical DX support based on technological expertise.

We have made steady progress in recruiting experienced consultants who can make an immediate impact on our business. Behind such a good progress lies in our corporate culture and compensation structure forged since our establishment by the leadership of our management team, who have working experience at global consulting firms. Furthermore, this trend of mid-career recruitment is not limited to Xspear, but is also spreading to Simplex, a tech firm. The number of mid-career hires, which previously hovered around 30 each year, has increased to more than 100 per year for the entire group since the establishment of Xspear.

One reason we are strengthening mid-career recruiting is the fact that the IT industry is attracting more and more attention every year due to the rise of FinTech ventures and other factors. This has created momentum for talented individuals with high potential who would not have considered IT in the past, but who now aspire to enter the IT industry. These external changes are creating a tailwind not only for new graduates, but also for mid-career hiring.

## Number of employees hired (consolidated)



<sup>\*2</sup> The number of new graduates hired is based on the number of those decided to be hired in FY2024/3, and the actual date of joining the company is April 1 of the following fiscal year.

## Taketo Kajita

Xspear Consulting, Inc.  
Joined in 2021 as a mid-career hire

After graduating from university, he worked as a news program director at NHK (Japan Broadcasting Corporation) and as a project leader at Boston Consulting Group before joining Xspear as Managing Director. His strength lies in strategy development and DX policy planning for players in the financial industry. Leveraging his training experience at a consulting firm, he offers DX talent development programs for a variety of industries. He is also a frequent speaker on the lecture circuit.



# Talent Development

## Variety of career choices and commitment to growth

Everyone at the Simplex Group, including the CEO, operates as a player with a project owner's mindset and contributes to our growth based on the "Work for Simplex" value system. We therefore have equal respect for those in management positions, whose mission is to help their teams achieve their goals and develop individually, and those in specialist positions, in which employees master specific skills. Here are three features that promote diverse career choices and employee growth.

## Quality OJT through projects done via the Simplex Way

The first feature is our unique business model, called the Simplex Way, is high-level on-the-job training acquired through projects. In contrast to the Japanese IT industry, where a multi-layered vendor hierarchy in the norm, and work is outsourced in stages from prime contractors to subcontractors, we receive prime vendor orders directly from clients. We therefore ensure we maintain a system that does not outsource development to outside vendors.

An environment in which our staff are able to directly communicate with client's management and users, and engage in daily, in-person discussions to resolve issues, is critically important to understand the true nature of any issues that arise. This environment allows employees to work on projects that affect the success of client's business with a sense of ownership and contributes greatly to the growth of our employees.

The Simplex Way is also effective in training new employees. New graduates get a solid grounding in financial engineering fundamentals, information technology, and business in the first six months of in-house training before joining their colleagues. Then they undergo another four-month training program, before being assigned to their own projects. At project sites, senior employees (unit leaders) and two new employees form one unit to further development and ensure new skills are developed on the job. (▶Page 16 Simplex Way)

## In-house training organization in specialized areas

The second feature is the Competency Team, an internal training organization dedicated to specialized areas. It was established in 2018 with the aim of taking over and refining competencies that have been the crux of the Simplex Group's strengths, and with it strengthening our organizational capabilities.

Currently, there are six teams, namely Project Management, System Development, UI/UX, Infrastructure/Cloud DX, and Mathematical Engineering, as well as Generative AI, which was newly established in July 2023. Each team further develops talent alongside OJT through projects and maintains a training system, as well as engaging in cross-organizational involvement in various projects as experts in their respective areas of expertise. The teams are also involved in researching trends and cutting-edge technologies.

Each team has a high degree of specialization. In these, employees who have mastered management or specific skills are appointed as a Competency Lead. In addition, mid-career employees who have gained a certain level of experience through OJT on projects are also offered the opportunity to participate as members if they meet requirements set by each team.

The Competency Team, in which various team members hone strengths in an apprenticeship-like environment, offers a growth opportunity for employees to acquire both specialized skills, and also leadership skills, solid work ethics, and other diverse skills.

### List of Competencies

1 Project Management	4 Infrastructure/Cloud DX
2 System Development	5 Mathematical Engineering
3 UI/UX	6 Generative AI

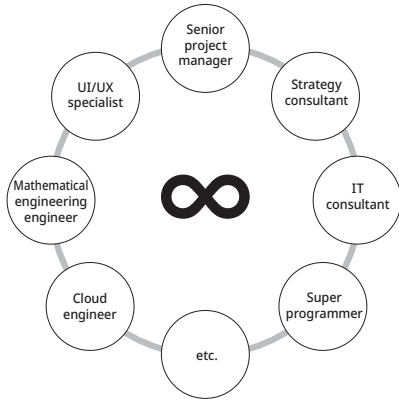
## A corporate culture that maximizes individual strengths

The third characteristic is a corporate culture that encourages diversity in career paths and maximizes individual strengths. Underpinning this philosophy is the value of Mutual Respect. For the team to achieve the best results, we need to bring together the best talents from various fields. Mutual Respect requires humility, recognizing the talents of others, learning from each other, and respecting each other. Based on these values, Simplex Group forges a corporate culture that maximizes the potential of each individual and recognizes unique talents.

In addition, from the interview stage at the time of hiring, we emphasize the importance of determining whether candidates can share our 5DNAs code of conduct. To continue being a team of value-creating professionals, we need to ensure we can maximize the power of each individual to make the Simplex Group even stronger by sharing the 5DNAs with all employees.

In addition, in order to maximize the potential of an "edgy" personality of each employee, we consider it important to make a clear distinction between job title and role. In our evaluation system, we have equal appreciation for those both in management positions and specialist positions. Our company has had employees rise to the highest level without having any reporting team members.

### Career Path Examples



# Personnel System

## System to keep our people on top of their game

The personnel system in Japanese companies is one typically based on lifetime employment and seniority. As a result, length of service and management ability have been the main criteria for salary increases and promotions. However, in order to contribute to the business success of our clients, we have adopted a unique HR system that is different from the traditional HR system.

## Fair and transparent evaluation system

Employee evaluations are conducted through an annual review session that we call "Bidding," or fudaire in Japanese. All senior managers involved in the project work for the fiscal year under review evaluate our employees, so the evaluation is not biased toward the subjective opinions of any one supervisor, but rather provides a fair assessment of the employee's performance.

At the bidding process, a theoretical annual salary for the following year is determined based on the evaluation of the employee's reproducible capabilities, reflecting the degree of difficulty for projects and past experience. There is no system of salary increases based on years of employment, as is the norm at Japanese companies. Instead, a culture of "Pay for Value" has taken root, in which employees are fairly evaluated on their work output, and not on how long they have been at the company, the number of hours worked, gender, or nationality.

In addition, the first words the CEO tells new employee at training are competition and cooperation. While we encourage competition, which is essential for growth, we also emphasize teamwork to make projects successful. Furthermore, while we adopt a meritocracy, we do not believe growth opportunities should end as a result of poor performance in any one year. Our culture emphasizes "Up or Stay" rather than "Up or Out," and we will continue to give opportunities to and value our employees as long as they share and commit to our 5DNAs.

## Increased engagement

As we consider our employees to be our most important asset, we believe that innovation will never be achieved without fostering an environment in which a diverse workforce can freely generate ideas. Based on this belief, we have established a variety of activities and systems that help improve their engagement.

### 1 Catching up on technology and know-how

#### Simplex Tech Day

An in-house conference showcasing the insights and best practices gained through technical challenges and initiatives in each business area.

### 2 Career Sharing Meetings

#### Career Sharing Meetings

An event where mid-level employees can share their experiences and learnings from their careers with younger employees, followed by a Q&A session.

### 3 Catching up on technology and know-how

#### FIKA

This is Xspear's unique approach that incorporates a coffee break culture similar to that in Sweden. FIKA promotes free interaction horizontally, vertically, and diagonally.

### 4 Creating a rewarding work environment

#### Commitment-style system

We have introduced a commitment style system that allows employees to declare their own monthly overtime hours.

#### Simplex Biz Day

An in-house conference that showcases the challenges and successes in consulting, project management, and other areas related to business promotion.

#### In-house short-term study program

A study program for the purpose of mutual understanding and exploration of transfer opportunities within the company. For a short period of time, participants are assigned to a project or department outside of their own responsibility to learn about its activities.

#### Club activities system

To improve communication among employees and foster a sense of unity through club activities, subsidies are provided based on the number of employees involved.

#### Flextime system, discretionary labor system

We support flexible and efficient work styles by introducing flextime and discretionary labor systems.

#### boost

Simplex Group's learning portal site. A variety of training materials are available for each business area and competency.

#### Style Journal

An interview program with people who have gone through various stages of their careers. Interviewees include management team members, including outside directors, employees, and various other professionals.

#### Family Day

This event encourages communication by inviting employees' family members to the company and introducing them to the office environment and other team members.

#### Engagement Survey

An engagement survey focusing on job satisfaction is conducted every three months.



## Diversity & Inclusion

### A rewarding corporate culture that creates innovation

We promote diversity and inclusion that allows each employee, regardless of gender, age, nationality, or disability, to fully demonstrate their abilities, while complying with laws and regulations and taking sufficient care not to undermine our corporate culture. Through these efforts, we are striving to foster a rewarding corporate culture that creates innovation.

### Respect for Human Rights

The Simplex Group considers it a social responsibility to conduct its business in a manner consistent with human rights—in other words, everyone's right to pursue happiness. To effectively promote this philosophy in each of our businesses, we have established the Simplex Group Basic Policy on Human Rights and strive to conduct our business with the utmost respect for human rights.

### Promotion of Health and Productivity Management

For us to improve productivity and achieve sustainable growth, it is important that its employees are able to show their great potential at all times—in other words, they need to be healthy both physically and mentally. The Simplex Group proactively focuses efforts on Health and Productivity Management and is dedicated to providing an environment in which all employees can work with peace of mind and engage in work with health, vitality, and a sense of fulfillment. Under the Health and Productivity Management Declaration issued by the President and CEO, Simplex Group implements a variety of initiatives built on the premise of Health and Productivity Management.

#### Health and Productivity Management Declaration

The Simplex Group places the utmost value on employee health and also considers health and productivity management to be an important operational matter.

Our Health and Productivity Management Declaration aims to maintain and improve the physical and mental health of our employees and their families, while also maintaining the company's productivity, by putting its principles into practice.

### Social contribution

We make donations to Hitotsubashi University, which has a Master's Program in Financial Strategy (MBA), and also provide free lectures (on informatization strategies and applications, and risk management and financial education). We also support our employees' participation in various competitions for athletes with disabilities and provide support to organizations and employees engaged in minor sports.

### Obtaining external certifications

In September 2023, Simplex received the "Kurumin Certification" from the Minister of Health, Labor and Welfare as a company supporting childcare. The Kurumin Certification is a system to certify companies that have formulated a general employer action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children and that have achieved the goals set forth in the plan and meet certain standards.

In May 2024, Xspear received "Eruboshi Certification (2 Stars)" from the Minister of Health, Labor and Welfare. The Eruboshi Certification is a system to certify companies with excellent performance in promoting advancement of women based on the Act on the Promotion of Women's Active Engagement in Professional Life. Xspear has met the four criteria of "continuous employment," "working hours," "ratio of managers," and "various career paths."

Kurumin Certification mark

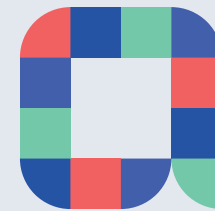


Eruboshi Certification mark



For more extensive information, please visit our website

<https://www.simplex.holdings/en/sustainability/>



# Gerbera

### Diversity promotion project using a bottom-up approach

## Gerbera

Gerbera is a project launched in 2021 by volunteer members to achieve diversity and inclusion in Simplex Group. The project aims to create an environment that embraces diverse talents and enables all employees to continuously demonstrate their value.

Gerbera's activities emphasize a bottom-up approach to listening to opinions of employees, acting as a bridge between employees and management. The concept is therefore to provide specific support to employees who have concerns or are facing problems in continuing to work for the Simplex Group.

Gerbera's goal is not simply to find value in diversity, but to achieve a state where employees can share values represented by the Simplex Group's 5DNAs and the Simplex Philosophy, thereby demonstrating their own value based on these principles.

Specifically, we are engaged in the following activities:

- Preparation of "Work Life Integration Handbook", a booklet that provides easy-to-understand guidance and procedures for pregnancy, childcare, weddings, funerals, etc.
- Implementation of interview project "Style Journal"
- Holding of Career Sharing Meetings

## A Message from the HR Division Head

# Personnel policies that deepen our culture and unlock employee potential

The Simplex Group's greatest strength is its people. Our employees are the cornerstone of our overall strategy and are essential for achieving sustainable growth and high profitability. We asked Yoshihiro Kuji, Head of the Human Resources Division, how the Simplex Group will deepen its culture and create an environment that brings out the best in its employees as it aims for further growth in the future.

## When hiring talent, we aim to determine how they will fit into our culture

### – What qualities do you look for when hiring?

As the Simplex Group promotes expansion and deep-diving into new business areas, we hire both new graduates and mid-career professionals collectively as a Group, regardless of which company (Simplex or Xspear) they are assigned to.

This way, each and every one of our employees can go on to achieve their potential and develop their careers in their own unique way. The qualities we emphasize in hiring new graduates are the ability to work diligently, a willingness to take on any task and deliver results, and a strong desire to grow. In the recruitment process, we also check to see if the candidate is likely to fit into our culture as represented by our code of conduct (the 5DNAs) and our values (the Simplex Philosophy).

In mid-career hiring, we do look at the candidate's work history and achievements, but that's not all. We also place emphasis on what mindset that has guided their life as a business professional to date. We value people who have maintained a positive attitude and desire to grow, even in the face of setbacks or stagnation. We believe what matters is a willingness to learn from failure and move forward.



**Yoshihiro Kuji**

Head of Human Resources Division  
Simplex Holdings, Inc.

### – What is Simplex's competitive edge in the new graduate labor market?

Our greatest competitive advantage is our ability to identify talent with high potential from students with no prior work experience and rapidly develop them in a short period of time. Although no IT knowledge is required when they interview, all employees undergo rigorous training to enhance their IT skills, including programming, during pre-employment training and after they join the company. After being assigned to a project team, new employees are prioritized for development projects.

IT skills are a valuable asset for future success as a business professional. Being able to develop these skills while still young and put them into practice on the job is an advantage that many other companies do not offer. Some say that today's young people are averse to challenging themselves, but the reality is many graduates want to work for a company that can offer abundant opportunities for growth while they are in their twenties. The total number of students in Japan is decreasing due to the declining birthrate, and the fresh graduate recruitment environment is a challenging one. But by adopting the right approach and ensuring that the Simplex Group is a place where people can grow, we believe we can strengthen our brand in the new graduate labor market.

### – How are you working to deepen the culture?

Assuming that we can reach the top 10% of talent in the labor market, we look at candidates' fundamental attributes, qualities, and potential to determine whether they are a good fit to our culture at the hiring stage. We attach particular importance to this process. We look to bring in employees who embody our values and have been evaluated favorably by our interview panels. Although we do not conduct uniform checks, we focus on ensuring candidates can communicate effectively in a team and determining if our culture would be a good fit for them.

Beyond this, we focus on their potential to transmit and sustain our workplace culture. There are many employees onsite who make decisions on how to behave based on this culture while verbalizing to others the process that led to those decisions. New graduates and mid-career professionals with strong potential are immersed in such an environment. This repetition deepens the culture. I am always checking the extent to which our corporate culture has gained traction within our organization through interviews with employees, of which I conduct around 80 to 100 per month. I am very satisfied with the current situation.

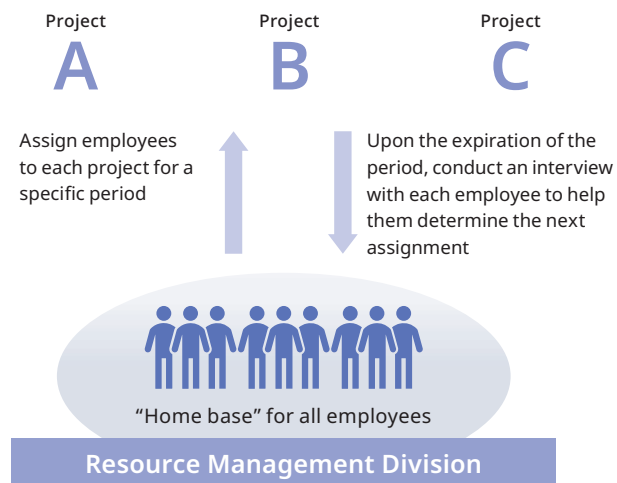


## Dynamic and strategic resource assignment

### – What is your approach to resource assignment?

One reason for corporate stagnation is the formation of silos. Japanese companies are often vertically organized and there is little cooperation between departments and the sharing of information can be extremely difficult. We also cannot ignore adverse effects when talented people are hoarded within one own team. In this context, we have managed to achieve a flat organizational management structure that eliminates divisional boundaries and assigns talent on a project-by-project basis. Simplex does split up the organization by business area for simplicity in external reporting. However, in reality, employees move back and forth across divisions between projects. Recently, we have also been focusing on intra-Group secondments from Simplex to Xspear. This mission of placing the right people in the right places throughout the Group is carried out by the independent Resource Management Division.

### Resource assignment system illustrated



The Resource Management Division was formed in 2020 with the goal of executing dynamic and strategic resource assignments. In addition to matching project-side demand with company-wide supply of talent, the Division focuses on the strategic rotation of employees from a personal development perspective. It may be easier to think of the Resource Management Division as a “home base” for all employees. We assign employees to each project for a specific period based on the status of all projects within the Group. By having an overview of the skillsets of employees and how they are being used, including assignment periods, our goal is to perform Group-wide optimization of talent deployment according to project status.

When the assignment deadline is approaching, I conduct interviews in my additional capacity as head of the Resource Management Division with relevant employees. During these interviews, I focus on understanding career aspirations, current roles in projects, sense of accomplishment, and any stresses they may be experiencing. We are very thorough when it comes to discussing future career aspirations, covering matters such as whether employees want to focus on management or solutions development, whether they want to deepen their technical expertise as an engineer, or be involved in projects from their initial stages as a consultant. I said earlier that I interview employees around 80 to 100 times a month, and these interviews are the core activity of the Resource Management Division.

After that, an assignment meeting is held once a week with the executive directors, division heads, and others in attendance, and based on the results of the employee interviews, adjustments are made with project managers. Of course, it is not always possible to fulfill everyone's wishes, but if an assignment is made that does not align with an employee's preferences, care is taken to explain the reasons for the assignment until the employee is satisfied.

This strategic assignment of employees based on career aspirations has enabled us to put the right people in the right places, which in turn has contributed to reducing our turnover rate from 11% in FY3/2021 to 8% in FY3/2024. MTBP2027 aims for a turnover rate of less than 9%, which we have already achieved numerically. The challenge now is to further improve or at least maintain this level.

## Contribute to adding value to each and every employee

### – Finally, what are your thoughts as head of the HR Division?

The businesses that we currently operate are not the kind that generate high returns from moderate effort. We are not engaged in the business of developing blockbuster games to generate large revenues or operating platforms for advertising. It is a steady, labor-intensive business model that provides high value-added services that boost clients' business. Therefore, to achieve sustainable growth and high profitability in the future, more and more talented people will be needed.

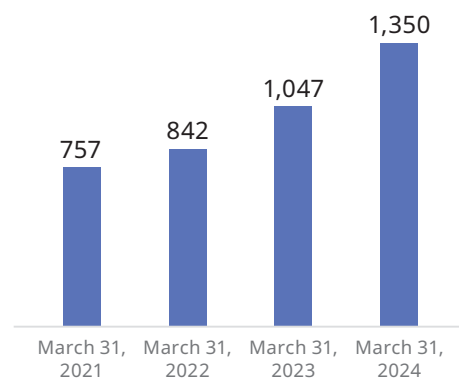
It is no exaggeration to say that more than half of our management issues are related to human resources. From a different perspective, it means that the HR Division is directly responsible for more than half of our management issues, and thus plays a pivotal role in the organization. I believe that the sum of the value added by each and every employee is reflected in the company's business performance. Although the hiring environment remains challenging, we will continue to strengthen our recruitment, reduce our turnover rate, and put in place an environment in which employees are motivated to increase their own added value. We will continue to work hard to achieve performance targets we committed to in MTBP2027 and the vision we set forth in Vision1000, while being acutely aware of the responsibility we carry in shaping the future of Simplex Group.



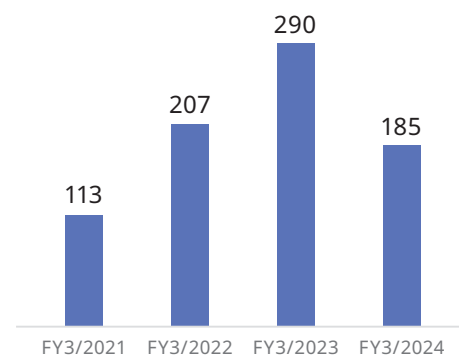


# Human Capital in Numbers

## Number of Employees

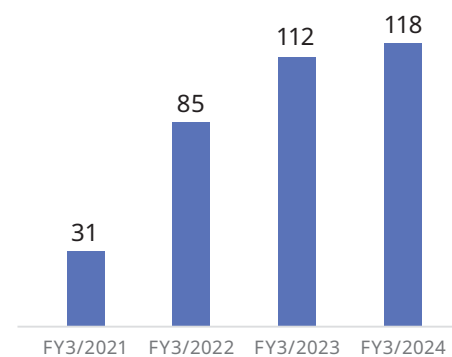


## Number of new graduate hires\*<sup>1</sup>

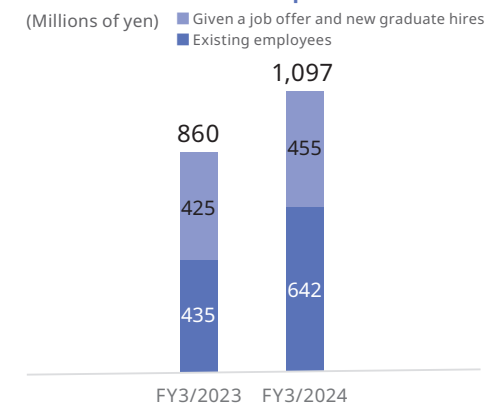


\*1 The number of new graduates hired is based on the number of those offered jobs in FY2024/3. The actual date of joining the company is April 1 of the following fiscal year.

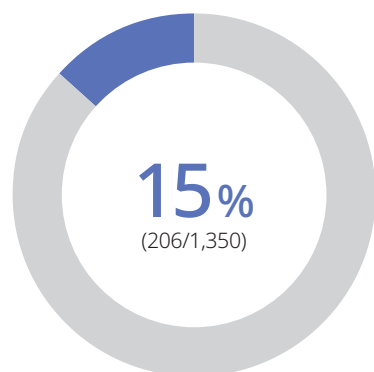
## Number of mid-career hires



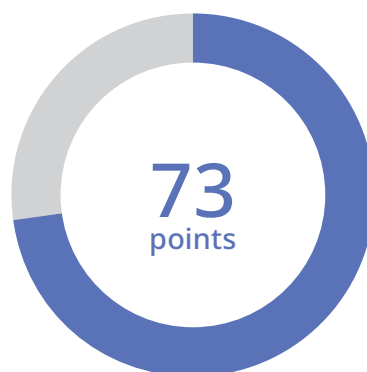
## Costs for talent development and training



## Percentage of women to total employees

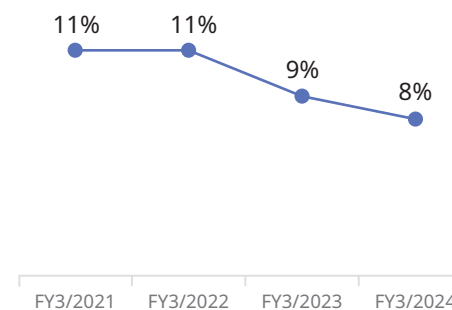


## Engagement Score\*<sup>2</sup>



\*2 The results of the engagement survey conducted in February 2024.

## Turnover rate



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