

Sustainability



Message from Director Ohno Shunichi

Addressing Social Issues through Our Business to Link Our Own Sustainable Growth to the Sustainable Development of Society

Ohno Shunichi
Director
Link and Motivation Inc.



Approach to Sustainability

As various social issues come to the fore and the values of our stakeholders change, demand is rising for management that emphasizes the environment, society and governance (ESG) as well as sustainability management that creates both economic and social value. We believe the Link and Motivation Group should take responsibility for the way we create a sustainable society.

For the Link and Motivation Group, sustainability means helping to resolve social issues through our business. We aim for a world where our own sustainable growth contributes to the sustainable development of society. We believe that engagement—not just with our customers, business partners, employees and shareholders, but also with the environment and society—is extremely important for achieving this goal. Since our founding in 2000, we have emphasized engagement with all stakeholders and conducted management with a focus on sustainability.

Initiatives in Our Businesses

For example, the Consulting & Cloud Business in the Organizational Development Division provides one-stop solutions for diagnosis of employee engagement (the degree of mutual understanding and affinity between a company and its employees) and transformation to improve recruiting, training, systems and corporate culture, among other areas. Our joint research with Keio University has shown that improved employee engagement has a positive impact on a company's operating margin and labor productivity. We therefore believe this business contributes to "Decent Work and Economic Growth," which is goal 8 of the United Nations Sustainable Development Goals (SDGs).

In addition, the Career School Business in the Individual Development Division offers individuals the chance to develop work-related skills and competencies in order to obtain qualifications or improve IT or English conversation skills. The ALT Placement Business of the Matching Division dispatches assistant language teachers (ALTs) to municipalities nationwide to help in equitably providing high-quality education in foreign languages and internationalization in elementary, junior high and high schools. We believe these efforts contribute to the achievement to SDG 4, "Quality Education."

These are just a few examples of how we continue helping to create a sustainable society through our business.

Three Goals of Our Management Policy

To achieve sustainability, we share the three goals of the Link and Motivation Group's management policy with all employees.

1. Management with Integrity
2. Management in Which Every Employee Plays a Leading Role
3. Management with Good Reflexes

"Management with Integrity" means management with no illegality or dishonesty toward any of the Group's stakeholders, including customers, business partners, employees and shareholders. Moreover, as the economy's shift to intangibles gains momentum, we have entered an age in which a company's fate is controlled by its human capital. Therefore, with "Management in Which Every Employee Plays a Leading Role," we aim to have each of our employees create value independently. Last, as the changes in our operating environment gain speed, "Management with Good Reflexes" will allow us to make swift management decisions to address changes in markets and laws, and to take a stance of generating change ourselves. We believe that getting every employee to fully understand these three goals and work to realize our mission will lead to sustainability both for the Link and Motivation Group and for society.

Conclusion

Going forward, the Link and Motivation Group will continue to engage in responsible dialogue with all its stakeholders, to work for sustainable improvement in corporate value, and to resolve social issues through its business.

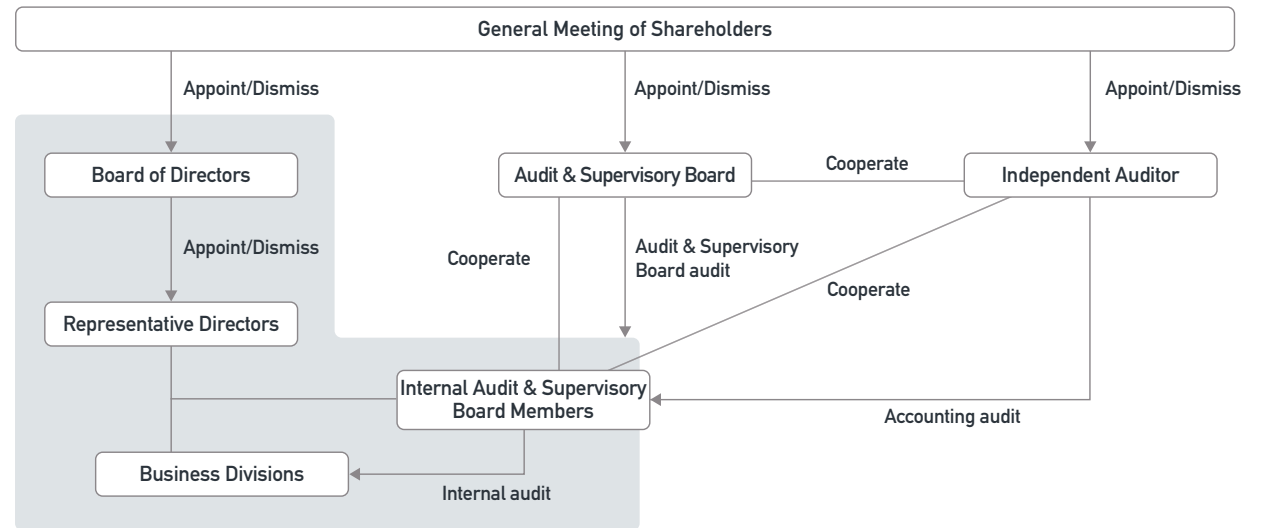
A Management Structure That Supports Sustainable Growth

Link and Motivation Inc. (the “Company”) has adopted the format of a company with an Audit & Supervisory Board. The Board of Directors makes important management decisions and supervises the execution of business, while the Audit & Supervisory Board and its members, who are independent from the Board of Directors, audit the status of execution of business, among other matters. We work to upgrade and strengthen our corporate governance system to continue to conduct fair and transparent management activities.

Governance Format



Governance Organization



Board of Directors

The Board of Directors is composed of five directors (including two outside directors) and has ultimate authority for determining fundamental management policies and high-priority issues. In principle, it meets once a month, with other meetings held as appropriate when important items arise.

Audit & Supervisory Board

The Audit & Supervisory Board is composed of three members (including two outside members). In principle, it meets once a month to exchange opinions on confirming the proper operation of the Board of Directors, monitoring the business execution of directors, and issues related to compliance and other matters.

Business Divisions

The Group Management Committee meets twice each month. It is attended by presidents of subsidiaries and other related parties other than directors and Audit & Supervisory Board members, as necessary, to report on matters related to the execution of duties.

A Management Structure That Supports Sustainable Growth: Executives

Currently, the Board of Directors of Link and Motivation Inc. is composed of five directors (including two outside directors). The three internal directors make decisions that link business and organizational strategies as professionals in organizational transformation, with extensive experience as organizational and personnel consultants.

Directors



Ozasa Yoshihisa
Chairman and Representative Director

1986 Joined Recruit Co., Ltd.
2000 Established the Company, and assumed the position of President and Representative Director
2013 Chairman and Representative Director (to present)



Sakashita Hideki
President and Representative Director

1991 Joined Recruit Co., Ltd.
2000 Established the Company, and assumed the position of Director
2013 President and Representative Director (to present)
2017 Director, Link Global Solution Inc. (to present), Director, Link Corporate Communications Inc. (to present), Director, Link Event Produce Inc. (to present)



Ohno Shunichi
Director

1992 Joined Aoyama Audit Company (Price Waterhouse)
1998 Joined PwC Consulting Co., Ltd. (currently IBM Japan, Ltd.)
2002 Joined the Company
2008 Director (to present)
2015 Outside Director, Youji Corporation (to present)

Note: Also serves as a director at 10 consolidated subsidiaries and as an Audit & Supervisory Board Member at OpenWork.

A Management Structure That Supports Sustainable Growth: Executives

The two outside directors leverage a high level of insight gained from management at multiple companies and expert knowledge of industrial and organizational psychology, which has a high degree of affinity with the business fields of the Link and Motivation Group, among their other attributes. In addition, the Company has introduced a corporate officer system to execute management based on prompt decision-making that accurately grasps both the business environment and changes in it.

Directors



Yuasa Tomoyuki
Outside Director

2000 Joined Andersen Consulting, Ltd. (currently, Accenture Japan Ltd.)
2005 Joined Revamp Corporation
2010 Director, Revamp Corporation
2013 Representative Director, Revamp Outsourcing Corporation (currently, Revamp Academy Corporation) (to present)
2016 Outside Director, the Company (to present), President, Representative Director and CEO, Revamp Corporation, Representative Director, Eggcellent Corporation (to present)
2018 President and Representative Director, Chief Executive Officer, Revamp Corporation (to present)



Kakuyama Takashi
Outside Director

1991 Professor, Tokyo International University
1992 Visiting Researcher, Michael G. Foster School of Business, University of Washington
2003 Dean of Faculty of Human and Social Studies, Tokyo International University
2009 Dean of Graduate School of Sociology, Tokyo International University
2011 Professor and Director of Motivation Laboratory, Tokyo Future University
2012 Dean of School of Motivation and Behavioral Sciences, Tokyo Future University
2018 President, Tokyo Future University (to present), Director, Sanko Gakuen (to present)
2020 Outside Director, the Company (to present)

Audit & Supervisory Board

Kuriyama Hiromi

Audit & Supervisory Board Member (Full-Time)

1986 Joined Nippon Telegraph and Telephone Corporation (NTT)
2005 Joined a2media Corporation as Director, General Manager in charge of Strategy Promotion
2006 Director, Business Support Department (Accounting, Legal, Personnel, General Affairs), a2media Corporation
2013 Audit & Supervisory Board Member, Japan REIT Inc. (currently, Prop Tech plus Inc.)
2015 Director, Brainpress Inc. (currently, Inbound Tech Inc.)
2019 Director, Company Administrator, a2media Corporation
2022 Audit & Supervisory Board Member, the Company (to present)

Tominaga Kenji

Outside Audit & Supervisory Board Member (Part-Time)

1979 Joined Japan Recruit Center Co., Ltd. (currently Recruit Co., Ltd.)
1999 Established Career Plan Co., Ltd., President and Representative Director (to present)
2000 Outside Audit & Supervisory Board Member, the Company (to present)
2001 Established Career Design Co., Ltd., President and Director

Matsuoka Yasumasa

Outside Audit & Supervisory Board Member (Part-Time)

1986 Joined Recruit Co., Ltd.
2005 President and Representative Director, Fukuoka SoftBank HAWKS Marketing Corp. (currently, Fukuoka SoftBank HAWKS Corp.), Director, Fukuoka SoftBank HAWKS Corp.
2007 Representative Director, Career Firm Co., Ltd.
2011 Outside Director, Onionnews Inc. (to present)
2014 President and Representative Director, Motivation Japan (to present)

Managing Directors

Kawauchi Masanao

2003 Joined the Company
2010 Operating Officer
2018 Director
2019 President and Representative Director, Link Global Solution Inc. (to present)
2022 Managing Director, the Company (in charge of Organizational Development Division, to present), President and Representative Director, Link Event Produce Inc. (to present), Director, Link Corporate Communications Inc. (to present)
2023 Director, Link Academy Inc. (to present)

Kitsu Hiroyuki

1988 Joined Recruit Co., Ltd.
2006 Operating Officer, Recruit Agent Co., Ltd. (currently Recruit Co., Ltd.)
2013 Joined Square Enix Co., Ltd. and assumed the position of Corporate Executive
2015 Joined the Company and assumed the position of Operating Officer, Director Interac Co., Ltd. (currently, Link Interac Inc.) (to present)
2016 Director
2020 Director, Link Japan Careers Inc. (to present)
2021 Director, OpenWork Inc. (to present)
2022 Managing Director, the Company (in charge of Matching Division), Director, Link Agent Inc., Director, Link-i Inc.
2023 Managing Director, the Company (in charge of Individual Development Division, to present), Director, Link Academy Inc. (to present), Director, Motivation Academia Inc. (to present)

Corporate Officers

Kawamura Nobuyuki

2002 Joined the Company
2010 Established Motivation Academia Inc.
2014 Unit Manager of PR and Secretary Unit of Group Design Department
2022 Corporate Officer (executive for Public Relations Department)
2023 Corporate Officer (in charge of Matching Division, to present), Director, Link Agent Inc. (to present), Director, Link-i Inc. (to present)

Corporate Officers

Oshima Takashi

2000 Joined Sumisho Computer Systems Corporation (currently, SCSK Corporation)
2005 Joined the Company
2015 Head of Motivation Engineering Institute (to present)
2022 Corporate Officer (executive for Motivation Engineering Institute, to present)

Sakakibara Kiyotaka

1988 Joined Recruit Co., Ltd.
2000 Established the Company, and assumed the position of Director
2013 President and Representative Director, Motivation Academia Inc., President and Representative Director, Link Dining Inc.
2015 President and Representative Director, Link Relation Engineering Inc.
2018 President and Representative Director, Link Event Produce Inc.
2019 President and Representative Director, a2media Corporation
2022 Corporate Officer (executive for Brand Design Department, to present)

Shibato Junya

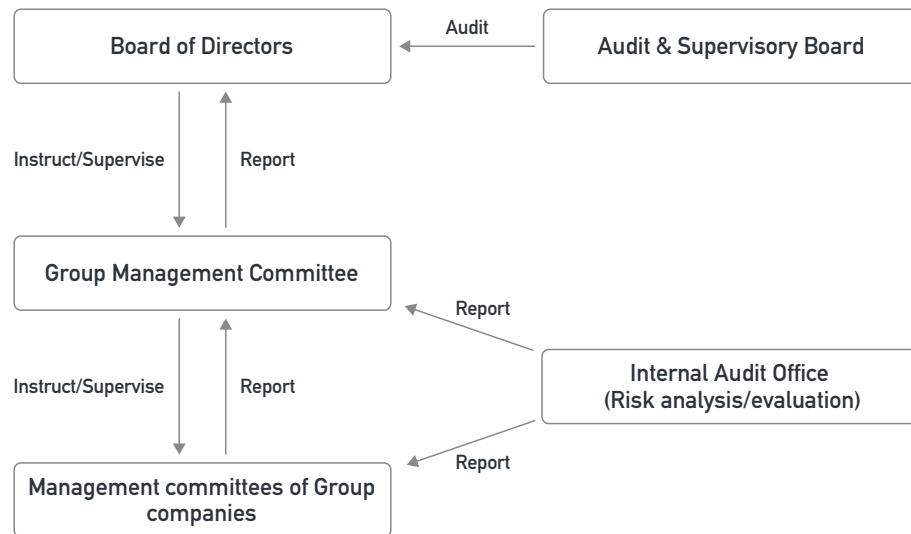
2000 Joined YASKAWA Electric Corporation (currently, YE DIGITAL CORPORATION)
2001 Joined Japan System Create Corporation (currently, SCSK Minori Solutions Corporation)
2005 Joined Ardito Co., Ltd.
2012 Corporate Officer, Ardito Co., Ltd.
2016 Joined Geniee, Inc.
2017 Corporate Officer, Geniee, Inc.
2018 Joined the Company
2022 Corporate Officer (executive for Product Design Department, to present)

Yokoyama Hiroaki

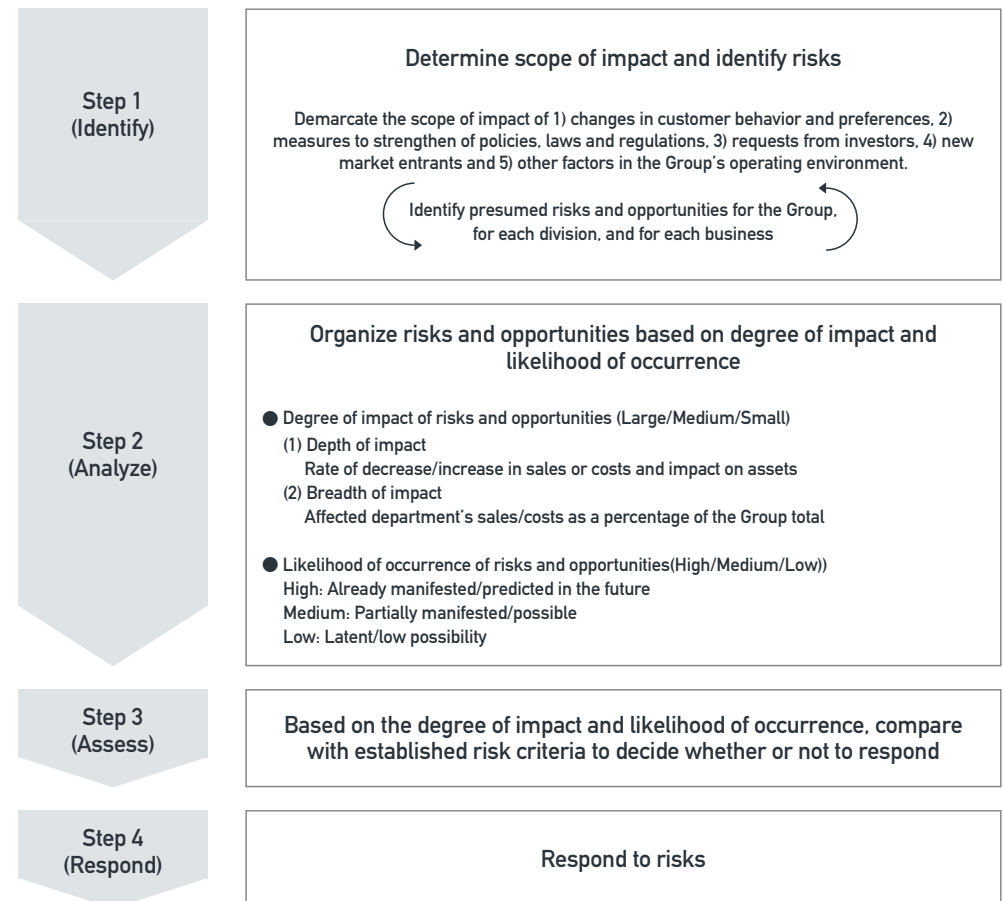
2004 Joined the Company
2008 Director, i JUST Co. Ltd.
2011 Director, DIGIT Inc.
2013 Unit Manager, Accounting & General Affairs Unit, Group Design Department
2022 Corporate Officer (executive for System Design Department, to present)
2023 Corporate Officer (executive for Group Design Office, to present)

A Management Structure That Supports Sustainable Growth: Risk Management

Risk Management Structure



Risk Management Process



Business and Other Risks

The following presents particularly significant risks that could affect the Link and Motivation Group's performance and financial position. The information contained herein may not cover all scenarios, and risks not currently apparent or considered significant may affect the Group in the future.

Risks	Summary	Countermeasures
Risks Related to the Macro Environment, Including Changes in Economic Conditions	<p>Rising prices stemming from the escalating conflict in Ukraine and the sharp depreciation of the yen, in addition to the continued impact of the COVID-19 pandemic on global economic activity, are clouding the economic outlook. A decline in demand for services due to the stagnation or deterioration of economic conditions could impact the Group's business results.</p> <p>Specific impacts that might be expected include those due to suspension of projects due to a worsening business environment for consulting services provided by the Organizational Development Division, particularly to small- and medium-sized enterprises and startups, and changes in the corporate recruiting environment for the Personnel Placement Business of the Matching Division.</p>	<p>In the 2010s, the Group entered the ALT Placement Business and the Career School Business, which are comparatively insulated from the impact of economic conditions, and built a business portfolio that is resilient to economic downturns.</p> <p>Amid the increasing speed of change in the business environment, the Group set "management with good reflexes" as one of the three goals of LMG's management policy in order to respond to change flexibly and quickly, and to minimize negative impacts. Based on this policy, the Group is able to make immediate decisions based on discussion of economic conditions and other matters in management meetings as required. One example of this is the Group's monitoring of human capital return on investment (ROI), which links business and organizational strategies, and considers investments according to economic conditions to maximize results in the short, medium and long term.</p>
Risks Related to Intellectual Property (Governance)	<p>The Group has established a brand by developing businesses based on Motivation Engineering. However, if companies imitating this technology emerge, the Group may become unable to sufficiently demonstrate an advantage over competitors, which could have an adverse impact on Group results, including a decrease in sales.</p> <p>Furthermore, the Group's expansion of business scale and adoption of remote work have created an environment that is more susceptible to outflow and leakage of intellectual property, such as consulting know-how and client case studies. This has increased the risk of brand damage and reputational damage.</p>	<p>To reduce the possibility that Motivation Engineering is imitated, the Group will constantly evolve this technology, led by the R&D department, while the legal department will protect the Group's intellectual property through a multifaceted strategy that combines multiple intellectual property rights, including trademarks, patents and copyrights.</p> <p>In addition, to prevent the outflow and leakage of intellectual property, the Group will not only establish reasonable information management measures and data governance as required by law, but will also step up efforts to raise employee awareness to improve the effectiveness of information asset protection, including trade secrets.</p>
Risks Related to Data Security and Data Privacy (Governance)	<p>In the course of its businesses, the Link and Motivation Group handles large volumes of personal and confidential information, including information about the organizational structure and human resources of client companies (Organizational Development Division), customer information such as names and dates of birth (Individual Development Division), and company information such as job applicants and open positions (Matching Division).</p> <p>In the event that an information leak occurs due to external fraud, such as unauthorized access via cyberattacks, or due to internal accidents, and the leak causes damage to the owner of the information, client companies or others, the resulting damage claims and/or loss of public trust could affect the Group's business results and financial condition.</p>	<p>The Group has formulated information management rules and management methods that conform to Privacy Mark requirements, and takes both organizational and technical measures to comply with them. Specifically, the Group has established work rules in accordance with said management rules, and regularly provides comprehensive training on personal information protection and management to all executives and employees. The Group has formulated security requirements that take into account the confidentiality, integrity and availability of information, and ensures thorough compliance with them when structuring and operating various environments. The Group also takes technical measures to defend against external threats such as ransomware and unauthorized access, and to prevent internal accidents.</p> <p>In addition, to prepare against increasingly sophisticated external threats, the Group continuously works to gather information from outside organizations and take necessary measures to enhance information security from a medium- and long-term perspective.</p>

Risks	Summary	Countermeasures
<p>Risks Related to Natural Disasters, Transmission of Infectious Diseases and Emergencies (Environment)</p>	<p>A disaster on a greater scale than anticipated or an infectious disease pandemic could cause system failures or suspension of business, both of which could significantly affect the Group's business operations, results and financial condition.</p> <p>In particular, as an example of the acute physical risks associated with climate change, flooding or landslides due to extreme weather (torrential rains) could cause damage to school buildings or suspension of sales operations in the Career School Business of the Individual Development Division.</p>	<p>In the event of an emergency, the Group has built a system to report on its own safety as well as that of its surroundings, such as the status of school buildings in the Career School Business, to enable swift information sharing and understanding of conditions to make appropriate management decisions.</p> <p>The Group continues to limit its exposure to acute physical risks by reducing the number of school buildings and encouraging enrollees to take courses online.</p>
<p>Risks Related to Laws and Regulations (Society/Governance)</p>	<p>The Group is required to comply with laws and regulations in every country/region where it does business. Violation of any applicable laws or regulations that apply to the Group, including those governing personal information protection, data protection, telecommunications, consumer protection, labor, human rights, anti-corruption and anti-bribery, taxation, and anti-monopoly laws, could have a significant impact on the Group's business operations, results and public trust.</p> <p>Furthermore, there has been active public discussion on the topic of corporations and human rights issues in recent years. Failure by the Group to appropriately comply with human rights-related laws could impact the Group's brand. In addition, in the Group's ALT Placement Business, if the schools that the Group dispatches ALTs to do not provide a safe and hygienic workplace environment, the human rights of the dispatched employees could be violated, which could have an impact on the Group's business results, brand and public trust.</p>	<p>The Group has set "management with integrity" as one of the three goals of LMG's management policy, and strives for management that ensures no legal/regulatory violations or acts of dishonesty toward the Group's stakeholders, who include customers, business partners, employees, shareholders and others. The Group will continue working to properly understand and respond to changes in laws and regulations in all countries/regions where it does business.</p> <p>Regarding human rights, the Group has already studied and implemented measures to strengthen compliance and prevent harassment, and will continue to practice human rights due diligence. In the ALT Placement Business, the Group will periodically conduct engagement surveys of ALTs dispatched nationwide to predict and prevent human rights risks and maintain a thorough understanding of actual conditions.</p>
<p>Risks Related to Securing Human Resources (Society)</p>	<p>The Group places the highest priority on human capital, and will continue to maximize human and other forms of capital, and create value for customers based on that capital. Therefore, securing excellent human resources is vital for achieving sustainable growth. In the Organizational Development Division, where significant growth is expected, it is important to hire and develop project managers and engineers; however, the Group's business results could be impacted if it is unable to secure the required human resources, or if the compensation and wage levels needed to attract and retain excellent talent rise.</p>	<p>Since its establishment, the Group has shared the idea of being willing to invest in recruitment of highly engaged, capable talent, and has used its own recruitment consulting knowledge in securing human resources. To attract capable talent, the Group also continues to work on improving employee engagement and branding in order to be an employer that job seekers choose. To enhance business stability and consulting productivity, the Group is adopting cloud technologies for some of its organizational and personnel consulting services, while seeking an optimal balance between technology and the human touch.</p>
<p>Risks Related to Impairment of Assets</p>	<p>The Link and Motivation Group has been accelerating its growth through business expansion, including through M&A, and is actively entering new fields and adding to its lineup of products/services. As a result, its consolidated financial statements include a considerable amount of goodwill resulting from the acquisition of shares in the process of M&A and other transactions. Going forward, the Group will apply impairment accounting to recognize non-recurring loss on acquisition of equity if factors including changes in the operating environment or business conditions significantly reduce the profitability of acquired businesses, which could affect the Group's financial position.</p>	<p>The Group minimizes impairment losses by enhancing follow-up measures to generate synergies post-acquisition and the regular monitoring of business performance.</p>

Note: Forward-looking statements contained herein are judged by the Group's management to be consistent with information available as of December 31, 2022.