

Chapter

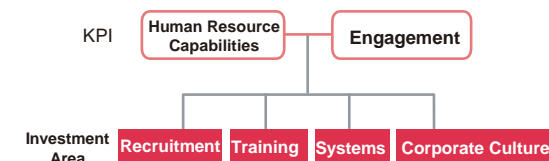
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Measures for Human Capital Management





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Initiatives to Maximize Human Capital

We invest in recruiting, training, designing systems and establishing our corporate culture to develop human resources with the skills necessary for business growth and a high degree of sympathy with the vision of their organization. In doing so, we make full use of our own solutions.

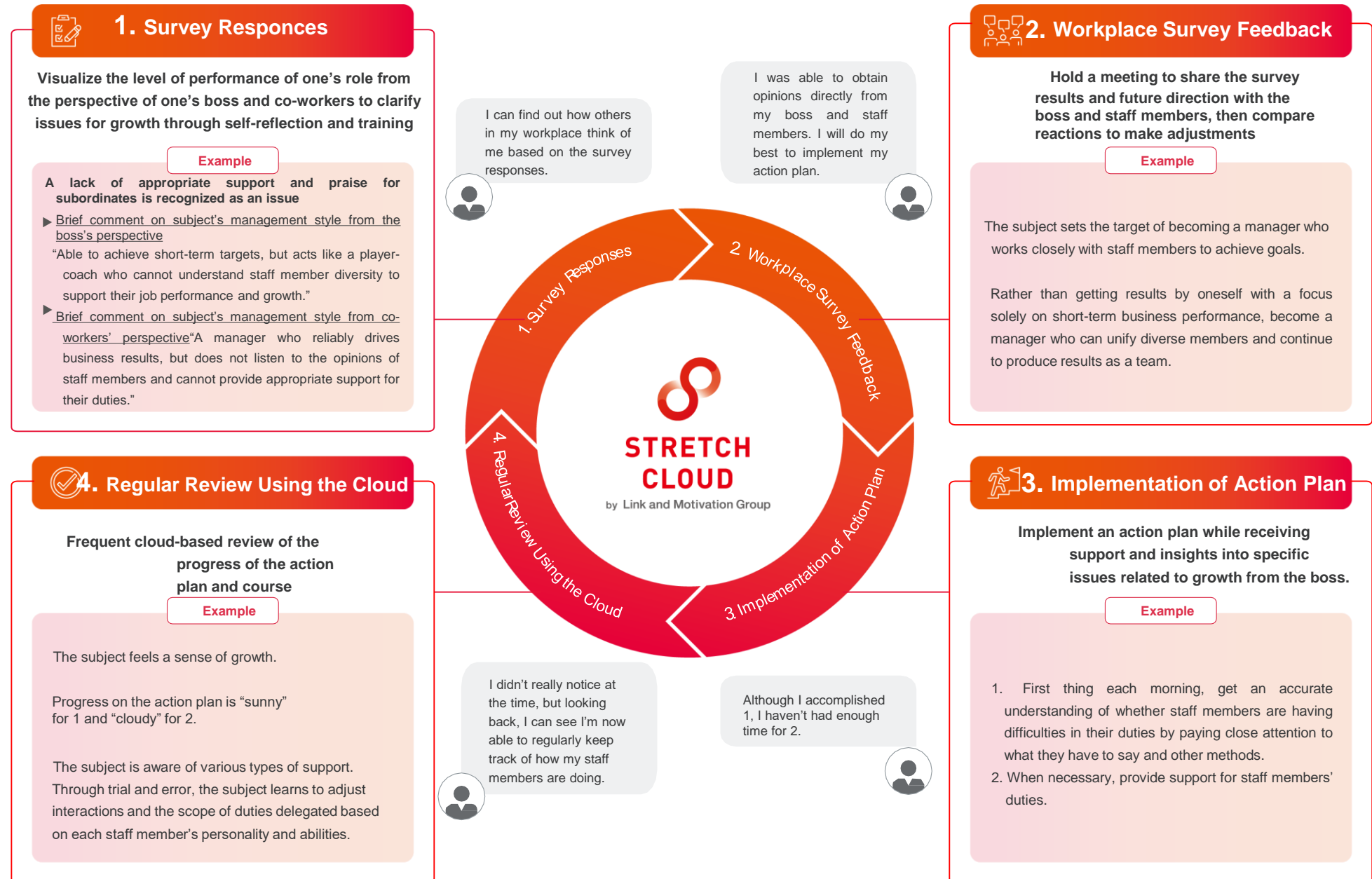


Management Areas from the Perspective of Increasing Value (Proactive Investment to Generate Business Results)

Investment Area	Name of Measure	Details	2023 Results
—	Stretch Cloud	Diagnoses an individual's performance with respect to role expectations through a multifaceted evaluation and identifies issues in order to design a plan for personal growth (transformation) and to establish a cycle that improves human resource capabilities	Role Survey Score Percentage of A rank or higher: Managers 73.1% All employees 55.4%
	Motivation Cloud	Diagnoses employee engagement with a company and identifies issues in order to establish a cycle that increases engagement through improvement (transformation) initiatives	Engagement Rating: 8 out of 8 companies maintained high standards of AA rank or higher
Recruitment 	New university graduate recruiting events	To provide a clear image of what to expect after joining the Group, we hold events to directly convey the reality of work, details of the business and the thoughts of Chairman Ozasa.	Event satisfaction 100% Note: Percentage of attendees who rated the event 4 or 5 on a scale of 1-5
	Entry Management Survey / Entry Manager System	Entry Managers are involved in the recruiting process and provide optimal individualized support with the goal of helping applicants succeed after joining the Group. We also quantitatively assess applicant engagement.	Group companies whose strength lies in LMG's philosophy and strategies: 8 out of 8 companies
Training 	DX promotion (reskilling) measures	Provide employees with opportunities to acquire IT Passport certification and to learn how to use ChatGPT in order to improve their IT skills	Average DX Score: 124.3
	Management personnel training	Provides growth opportunities separate from assigned duties to develop human resources who will lead the organization. Selected participants spend one year acquiring the perspective required of a manager.	Successor coverage rate: 112.5%
	iBS2023 (i-Company Branding Support) measures	Provide opportunities for employees to follow their desired career path and to gain understanding of the meaning of belonging to a company based on the "i-Company" concept, in which each employee acts as the manager of their own corporation	i-Company management plan submission rate: 98.1%
Systems 	Evaluation system	We set goals based on our unique view of time, which treats three months as one year with the aim of growing four times faster than the rest of the world. Evaluations are given on the two axes of performance and degree of growth.	Average individual evaluation score: 9.7
	Compatible Work	We specify days for each team to work in the office, enabling a work style that makes the most of the respective features of office work and telework to improve both labor productivity and engagement.	Frequency of office attendance: 1-2 days per week
	Ownership system Employee stock ownership association	Offers incentives to support regular stock acquisitions by employees in order to foster a sense of ownership in their company's management and help them build assets over the medium to long term	Stock ownership association membership rate: 90.9%
	Life event support	Re-establishes the terms of the employee-company relationship according to life stage and provides support in line with individual circumstances and milestones	Maternity leave rate: 100.0% Paternity leave rate: 56.0%
Corporate Culture 	Group General Meeting	Held once every three months. It brings together all employees to share the Group's current status and future direction.	Group General Meeting Average number of attendees: 1,371
	In-house media	To promote mutual understanding between the Group and its employees, the views of management and Group issues are posted on the Group intranet. Employees can make comments to communicate with senior management.	Average access rate for Top Comment (Internet-based in-house bulletin) : 90.1%

Improving Human Resource Capabilities : Stretch Cloud

Stretch Cloud, a cloud-based human resource development tool, diagnoses an individual's performance with respect to role expectations through a multifaceted evaluation and identifies issues in order to design a plan for personal growth (transformation) and to establish a cycle that improves human resource capabilities.



Improving Engagement : Motivation Cloud

Motivation Cloud, a cloud-based tool for improving engagement, is used to diagnose engagement, which is the level of sympathy employees feel toward their company, to identify issues.

We then design an organizational improvement (transformation) plan to establish a cycle that increases engagement.



Specific Investments in Recruitment, Training, Systems and Corporate Culture



Recruitment

Purpose

Hire human resources who have the skills the Group requires and who sympathize with our mission

Approach

Recruitment creates a company's future five to ten years ahead

Common wisdom in Japan says that "sales capabilities determine a company's future one year ahead, corporate product development capabilities determine its future three to five years ahead and the quality of the new university graduates a company hires determines its future five to ten years ahead." Among the four areas of recruiting, training, systems and corporate culture, the Link and Motivation Group invests the most in training. We began hiring new university graduates in the second year after our founding, unusually early for a startup, and have continued to invest in recruiting year after year, even during the 2008 global financial crisis and the COVID-19 pandemic, up to the present. We view recruiting as the "acquisition of human resources with the high level of skills we need to carry out our management strategies" and, at the same time, "an activity to welcome highly motivated human resources as kindred spirits who aim to realize the Group's mission."

This is because we are confident that these human resources will perform at a high level.

We also believe that recruiting activities have the effect of increasing current employees' motivation. They provide an opportunity for applicants and employees to discuss their visions for the future. Employees talk with applicants about the future of society and the Group in their own words. This motivates them to try to realize the future they have discussed. Then, the newly hired employee discusses the future with the next batch of applicants, and the cycle continues. Establishment of a framework for this ongoing cycle, which has now become part of the Group's culture, is the driving force that makes the most of the Link and Motivation Group's human capital.



New University Graduate Recruiting Events

Objective and Outcome

Acquire human resources who have the high level of skills the Group requires and are highly motivated to realize our mission

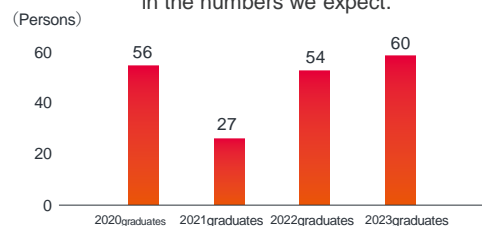
Hiring of **108** new university graduates with an average quality rating as new employees of **10.1**, exceeding the expected level of 10.0* and meeting our anticipated standards for both quantity and quality

* Following a six-month trial period after joining a Group company, employees are evaluated on a scale of 2 to 18, with 10 being "as expected."

Data Highlights

Number of New University Graduates Hired by Link and Motivation Inc.

Although there was a one-time decrease during the COVID-19 pandemic in 2021, the kind of human resources we seek have continued to join Link and Motivation in the numbers we expect.



Measures in Detail

Internship That Leads to Selection

SPIRAL

In this program, interns are involved in diagnosing organizational conditions and planning their transformation based on actual customer case studies that were originally developed as exercises for consultants. Working side by side with Link and Motivation Group consultants in confronting the most difficult corporate issues gives participants a feeling for the real nature of organizational and personnel consulting. As part of the recruiting of 2024 university graduates, 342 students participated in the program.



Comments from Participants

"I got a deeper understanding of the actual job. I was interested in organizational transformation, but I didn't have a concrete image of it. By actually experiencing it, I felt it was substantial, rewarding work that was difficult but also meaningful."

"By interacting with employees, I learned that everyone has their own approach to work."

Joint Briefing on Group Companies

TOP FORUM

At this event, the presidents of Group companies gather to talk about their company's business and outlook. Speaking directly to the students, they each make the case for their own company's philosophy and business areas. As part of the recruiting of 2024 university graduates, 872 students attended the event.



Comments from Participants

"I obtained detailed information about each Group company and got a deeper understanding of each company president's stance."

"I learned that the Group operates a wide range of businesses as well as the roles of each company and the connections between them."



Entry Management Survey/Entry Manager System

Objective and Outcome

Acquire human resources who have the high level of skills the Group requires and are highly motivated to realize our mission

Data showing that new employees place importance on corporate philosophy and strategies at the eight Group companies that hire new university graduates

Data Highlights

Reasons New Employees Joined the Group in 2024

"I want to create organizations where all members can play a leading role."

"I want to create a society where children look forward to growing up."

"I want to give hope to job applicants."

Respondents gave many reasons such as these related to the Group business philosophy.

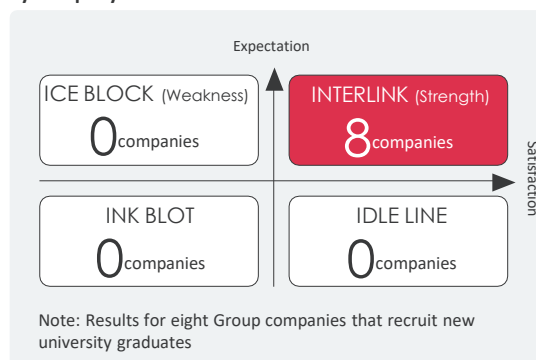
Measures in Detail

Entry Management Survey

We use our Entry Management Survey, a diagnostic tool for visualizing the state of engagement between a company and applicants, then go through the PDCA cycle in recruiting.

In 2023, the survey item "philosophy and strategies" was positioned as a strength of all Group companies, and the levels of applicants' expectations of and satisfaction with the philosophy of the Group company they joined were both high. In this way, we ensure that talent with the skills we require sympathize with our philosophy when they join the Group.

Positioning of Priority Factor "Philosophy and Strategies" by Company



Entry Manager System

The Link and Motivation Group has introduced an Entry Manager System in which each university student who has been selected as a prospective new employee upon graduation is assigned to a current employee who manages the process from job offer to employment.

With the mission of helping new employees succeed after joining the Group, we provide a variety of individualized support in areas including understanding the Group, self-analysis and growth.



An Entry Manager (right) with the student he is in charge of (left)

The Entry Manager: A Guide Who Believes in an Applicant's Potential

Tsutsumi Ayane

Motivation Academia Inc.
Manager of Shibuya School

Reason
for
Joining
LMG

Aspiring to promote greater happiness for Japan and people after studying in Northern Europe, I joined LMG because I agree with its approach of valuing people as capital.



Being a Serious Partner in Working Life

Mr. Sasaki was Ms. Tsutsumi's Entry Manager (📄 page 29) . Ms. Tsutsumi, what kind of person is Mr. Sasaki, from your perspective?

Tsutsumi I feel that he believes in my potential even more than I do, and he has always stayed one step ahead. He is a role model for me, someone I respect and can also feel at ease with.

And Mr. Sasaki, how did you view Ms. Tsutsumi as her Entry Manager?

Sasaki She was insecure at times, but during our many discussions, I wanted to be a serious partner in giving her the best possible start to her working life. Since there are no right answers in life, I wanted to let her know that she should make her own choices, then make that work. We worked together to consider her options in life.

CROSS X TALK Employee One-on-One

Also, I was very conscious of LMG's stance of attracting the talent we want, rather than choosing from among people who want to work for us.

Frustration at Someone Else Always One Step Ahead

Were there any memorable episodes in your relationship?

Tsutsumi It sticks in my mind how frustrated he made me feel when I momentarily lost confidence in myself. As we neared the final stage, when an applicant meets the president to talk about their desire to join LMG, Mr. Sasaki said to me, "If you like, I can set up an opportunity to talk to the president, but it's up to you." At that time, I was really disappointed with myself because I felt that I should be the one asking him to set up this opportunity. I remember how strongly I felt in that instant that I needed to become able to clearly express what I want. That incident left an impression—I felt frustrated at times because he managed to stay one step ahead of me in my own plans.



Sasaki Kai

Motivation Academia Inc.
Company Administrator*

* One person assigned to each organization is responsible for collecting and communicating all information about that organization and improving engagement.

Reason
for
Joining
LMG

Having experienced both the good and bad aspects of an organization while playing on my high school soccer team, LMG's ideals and philosophy resonated strongly with me, and I wanted to work with individuals and organizations.

Going beyond the Organization's Current Capabilities

Now that both of you are Entry Managers, what do you find fulfilling in the work?



Sasaki It reaffirms my belief that recruiting is a way of improving engagement for the entire company. I think recruiting is an activity where the whole company goes all out to go beyond its current capabilities. It is a way for a company to redefine itself in order to take on the tasks it faces. I feel that it leads to new ideas and a positive attitude toward work.

Tsutsumi Finding the balance between impartially considering the life choices a university student ought to make while also remaining the foremost believer in their potential is difficult, but rewarding. Being there at the moment they make their decision is most rewarding of all. In fact, just yesterday a student I am in charge of made a final choice to join our company, tearfully thanking their parents, friends, and me as Entry Manager. That was truly gratifying.



What Is Entry Manager of the Year?

An award given once a year at the Group General Meeting (→ page 46) to Entry Managers who have achieved outstanding results, reflecting the Group's emphasis on recruiting.

Don't Let the Dreams You Shared End Up as Merely Dreams

Don't Let the Dreams You Shared End Up as Merely Dreams

Tsutsumi I believe that entry management does not end with making a job offer. How one continues to make an impact is important. Next April, the students I was in charge of will finally start work here, so I feel I must help them achieve the ambitions and visions we discussed to show that I mean what I said.

I also want to bring our recruiting system more in line with the expectations of all our stakeholders.

Sasaki In addition to achieving my own ambitions, I also want to support my students in whatever they want to accomplish as a serious partner in their working lives. To achieve this, both my company and I need to grow further. Our vision is to become a company that our stakeholders can expect great things from.



Specific Investments in Recruitment, Training, Systems and Corporate Culture



Training

Purpose

Cultivate the skills the Group requires and increase sympathy with our philosophy

Approach

Developing i-Companies

One key element for increasing human resource capabilities and engagement is the development of independent human resources. We emphasize that each employee should adopt the approach of being the manager of their own “i-Company” to independently develop their careers. By thinking in this way, they will develop the ability to objectively grasp their current situation from the perspective of their i-Company’s customers, partners and competitors. This helps provide an accurate understanding of the expectations of others, as well as their own strengths and challenges. It also leads to independent and proactive career development.

For all these reasons, the Group provides abundant opportunities for each of its employees to develop an i-Company. LM College, our in-house institution for human resource development, provides opportunities for employees to consider the expectations of others as they hone all the skills required of working adults. Since 2021, we have been concurrently conducting a new program to develop the next generation of managers to ensure our sustainable corporate growth. Given that the growth of the Group is accelerating, we are focusing on developing human resources who will support that growth and expansion.



DX Promotion (Reskilling) Measures

Objective and Outcome

Raise the average level of employee IT skills in line with the times in order to improve productivity by increasing human resource capabilities

An average DX Score of 124.3 in 2023,
an increase from the previous year

Data Highlights

What is a DX Score?

DX stands for “digital transformation,” and the results of our DX Survey Basic are presented on a scale of 200 points as a metric called the DX Score. The DX Score pinpoints issues for each individual by measuring knowledge of digital technology, including security, and operating skills for information technologies, mainly Microsoft Office.



Measures in Detail

Diagnosis

DX Survey Basic

An annual diagnosis of practical skills related to knowledge and operation of information technologies

Transformation

IT Skills Training

Depending on the diagnosis results, participants undergo training to improve their skills.

Overview of Level Specific Training Courses

Level	Training
Professional	Excel, PowerPoint, Python, AI, RPA, GAS, HTML/CSS, SEO, etc.
Advanced	
Basic	Excel basics, PowerPoint basics, typing basics, etc.



Transformation

Transformation

In 2023, we conducted training for all employees on the use of generative AI (ChatGPT) to improve productivity.



Comments from Participants

"I got a picture of how to use ChatGPT in my job, and a sense of how it can increase work efficiency."

"I learned new things, such as how the accuracy of answers changes depending on how you give instructions."

"I was somewhat hesitant to use it, but it turned out to be easier to use than I expected."



Management Personnel Training

Objective and Outcome

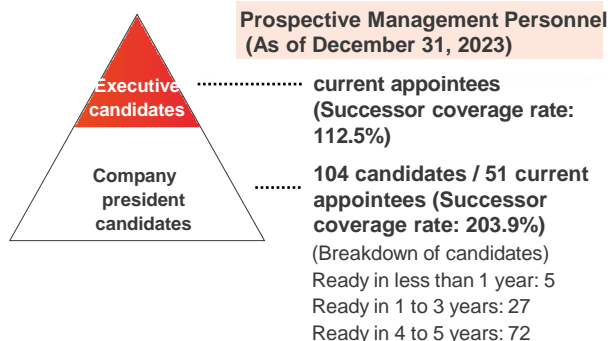
Develop management personnel who consider corporate growth from a broad perspective in order to adapt to the product, labor and capital markets

A successor coverage rate of 112.5% for executives, maintained at a high level

Data Highlights

Prospective Management Personnel

Results for 2023 are as follows.



Measures in Detail

Survey Feedback Training

Part of our selective training program for management personnel called Top Gun Selection, survey feedback training is a forum for all participants to discuss the future of the Link and Motivation Group and their own careers with Chairman and Representative Director Ozasa. Through this training, participants identify issues and set targets.

Comments from Participants

"I got advice from Chairman Ozasa and other members, and it was a great opportunity for me to reconsider how I can demonstrate my value to the Group."

"Talking directly with Chairman Ozasa about issues and how to improve them gave me a clear understanding of where we are now and what the future holds."

Proposal Presentation Meeting

This meeting is another part of the Top Gun Selection training, in which participants give presentations on topics such as proposals for the Group's medium- to long-term plan, and receive feedback.

Comments from Participants

"Learning about the quantitative impact of our initiatives to date through financial results and the stock price for the past few years gave me a deeper understanding of the Group."

"I felt the need to broaden my horizons and learn more about global trends and other companies in order to formulate a medium- to long-term plan."

"How I use this opportunity is important, so I want to have a goal in mind when doing so."



iBS2023 (i-Company Branding Support) Measures

Objective and Outcome

Employees align their career direction and ambitions with the Group to promote mutual understanding

98.1% submission rate for i-Company* management plans, an increase from the previous year

* The Link and Motivation Group's original approach of viewing one's own career independently and proactively as the manager of one's own corporation.

Data Highlights

Change Originating from an i-Company Challenge Winning Project 2021 Gold Award Winner Dream Support Project

A project giving elementary school students the opportunity to deliver an English speech online about their dreams, with the aim of building self-confidence. Winners were chosen after a nationwide preliminary round.



Measures in Detail

i-Company Report

Declaration of Intent in an i-Company Management Plan

Each employee creates a management plan for their own i-Company and submits it to their company. By linking the two visions—their company's intended direction and what the individual wants to do—we establish a clear direction for growth and occasionally provide opportunities for change such as transfers.

The submission rate in 2023 remained high at 98.1%.

i-Company Management Plan

- What the employee will, can and must do at work
- Mission (significance/meaning) derived from the above
- Vision of self in three years based on the mission
- Sharing of various information with their company (requests for transfers/interviews and information on working environment)

[Portable Skills]				[Motivation Type]	
	Skill	Reason	Score	Behavior Type	
For challenges	力	n		x	Oriented
For challenges	力				
For challenges	力				
For challenges	力				

[Mission]		
Object/Time/Circumstances	My	
	Will	MISSION
	Can	
	Must	

i-Company Challenge

An Opportunity to Achieve the i-Company Management Plan

The i-Company Challenge is an opportunity to make proposals in areas such as the launch of new businesses, transformation of current businesses and new systems as a way of achieving an i-Company management plan.

The i-Company Challenge is an opportunity to make proposals in areas such as the launch of new businesses, transformation of current businesses and new systems as a way of

2023 Award Winning Work

Gold Award Proposal Nakatani Shuichi
Cloud services that realize a PDS cycle for IR activities



At the Group General Meeting (→ page 46), award-winning projects were introduced, and award winners delivered speeches.

Developing Management Personnel through Mutual Communication

Yamanaka Mai

(Link and Motivation Inc.
Manager of Planning Officer and
Manager of Incubation Office
Organizational Development Division

Career History

Joined Link and Motivation in 2009. After gaining experience in organizational and personnel consulting for major companies, she handled rebranding of corporate products and services as a brand marketing consultant.

She has also been involved in management planning for the entire Group, with experience in building business management systems for subsidiaries after M&A and business integration. Next, she served as marketing manager for Motivation Cloud, driving its expansion since launch. Currently, she is in charge of business and management planning for new services.



Reason for Joining LMG

The fact that the most important aspect of management—that is, the importance of the people who carry out management strategies—keeps getting set aside for later is something that really resonated with me. I was also attracted to LMG's approach of practicing what they preach in management and their stance toward customer support.

Interacting with Management to Consider the Future of the Group

What were your impressions from participating in the Top Gun Selection management personnel training program?

It was an opportunity to objectively consider options for the Group's future and also get feedback from management, so I was able to obtain opinions based on the management team's ideas and strategies. But even more than just listening to opinions, an important part of the program is the chance to learn what the management team considers important through dialogue with them. The program gave me the chance to put forward my proposals and then to hear the opinions of the management team to make sure we are all on the same page, in a setting other than the Group Management Committee or a similar meeting.

Aside from discussion of the Group's direction, it is also an opportunity to express as an individual where you want your own career to lead. So, the program offers multiple benefits in a single venue.

Mutual Feedback with a View toward Medium- to Long-Term Growth

How was the survey feedback session facilitated by Chairman Ozasa?

I was impressed by his strong focus on medium- to long-term career development. I also felt that it was different from the typical unidirectional feedback session in that we all worked together to check on each other's careers. I got to hear the chairman's perspective on my strong points and how to develop them over the medium to long term. In response, I talked about the kind of career I want to have, so the program led to an exchange of opinions.

You mentioned that you discussed your career. Do you have a vision for your future?

Honestly, I haven't made any particular decisions. Rather than aiming for a certain title, I want to do something meaningful for society that also helps the organization grow, whatever form it may take. In that sense, I would like to be a capable assistant who can guide management.



Further Strengthening Management Personnel Training

What do you think the Link and Motivation Group needs to do to prepare for management succession?

Top Gun Selection is an effective opportunity for gaining a management perspective. Aside from that, I think the Group needs to create more chances to further develop each individual's abilities. Since we all tend to get caught up in meeting immediate targets, I think that being given numerous opportunities to think about medium- to long-term management—for example, what we should do to have a greater impact on the three markets (product market, labor market and capital market)—will produce human resources capable of becoming the next generation of managers.

? What Is Top Gun Selection?

This selective training program aims to develop management personnel who can make a difference in achieving our mission. Participants make presentations on various topics to directors, and determine issues and set targets with Representative Director and Chairman Ozasa Yoshihisa.

(→ page 34)

A Way to Cultivate i-Companies and Motivation Companies



Ando Sayaka

Human Resource Development Unit
Manager
Motivation Engineering Institute
Link and Motivation Inc.

Reason for Continuing

to Work at LMG

I want to give something back to those who kept believing in my potential when I lacked self-confidence. I also want to carry on LMG's corporate culture, in which all employees expect great things of each other.

Organizations and Individuals That Embody “One for All, All for One”

The Link and Motivation Group has devoted substantial energy to developing its human resources since its founding. What is the mission of LM College, its training institute?

Its mission is to make the Group's motto of “One for All, All for One” a reality. We believe that organizational development and individual development are inseparable and must be achieved concurrently. LM College aims to create conditions for accelerating growth so that organizations can provide maximum value to their customers, and individuals can acquire skills that can be used anywhere.



What Is LM College?

The Link and Motivation Group's unique human resource development institute offers a wide variety of learning opportunities, including level-based training, reskilling and a venue for refining our unique Motivation Engineering technology.

Developing a Deeply Held Stance

One of LM College's unique training measures is survey feedback training.* What is the idea behind this training, and what results does it achieve?

There are two key points. First, the training enables participants to understand where they stand at present. Second, it does not end with diagnosis but can lead to participants' transformation. Additionally, participants in each group feedback session include a manager from a department with which the others do not usually interact. This has the advantage of making it easier for everyone to express their true feelings because of the indirect relationship. All participants learn something new about themselves, including issues they need to work on, based on comments from the other members of the group, which is another feature of the training.

- Training in which participants give mutual feedback, spanning Group companies and departments, about concerns and future goals based on individual evaluations and issues identified using Stretch Cloud
- (→ page 25)

How many employees participate in the training?

The participation rate is virtually 100%, except for those with unavoidable circumstances preventing attendance, and the training has been conducted for many years. So, in addition to human resource development, I feel that it also has a direct bearing on the organizational development of the Group as a whole, transcending departments.

Using Extensive Data to Create Effective

Workplaces

Are there any aspects of the training that you would like to change going forward?

Our intention is to create effective workplaces by using the extensive data on organizations and individuals we have accumulated since our founding, analyzing the patterns of successful human resources, and reflecting this in the training. Also, now that AI is being used more and more, I think we need to focus more on the human touch and enhance the expertise of our motivation engineers.



The Core Belief That “Human Resources Are the Greatest, Most Powerful Type of Capital”

Conversely, what do you intend to continue to emphasize?

There will be no change in our commitment to embodying the concept that human resources are our greatest, most powerful type of capital and to developing them into first-class motivation engineers. Nevertheless, after each training session, we even examine the aspects that were basically successful to see if any adjustments are necessary. We will further develop the training by identifying measures that need to be changed as we continue to adhere to our underlying policy.

Specific Investments in Recruitment, Training, Systems and Corporate Culture



Systems

Purpose

Use rules as parameters for making the most of the skills Link and Motivation requires and increasing sympathy with our philosophy

Approach

Conveying Messages from Management through Our Personnel Systems

Personnel systems play an important role in showing employees a company's expectations and the direction of its growth. One thing we expect from our personnel systems is that they convey the message that we want to link the direction the Group intends to take with the vision of each employee. To improve engagement, we consider it crucial that each employee feels that they are getting closer to achieving their own vision while meeting their company's expectations. For this reason, we have implemented many measures that provide opportunities for aligning these elements.

As another expectation, our personnel systems contain the message that we want employees to increase the speed of their growth. Based on our own unique perspective of time that runs at a speed four times that of the rest of the world at Link and Motivation Group, we have designed various systems with the expectation that our employees will grow at four times the speed of the rest of the world.

We believe that incorporating messages on what we consider most important in our personnel systems in ways like these enables us to increase engagement as we conduct management.



Evaluation System

Objective and Outcome

Encourage human resources to have a sense of satisfaction with their own growth through evaluation and personnel systems

We **maintain a high rating of 4.4* out of 5.0 points in the “fair evaluations” category on OpenWork, one of Japan’s largest online employee review platforms.**

Online review data for Link and Motivation Inc. as of February 2024

※2 As of February 2024

Data Highlights

Average Individual Evaluation Score

The average evaluation score is nearly 10, indicating a balance between the company’s expectations and employee generation of business results and growth.

		2021	2022	2023
Average individual evaluation score*3	Performance*1	4.8	4.7	4.8
	Stretch Goal*2	5.0	5.0	5.0
	Total	9.8	9.7	9.7

*1 A metric for evaluating degree of contribution to the company’s business results and the employee’s organization.

*2 A metric for evaluating degree of individual growth.

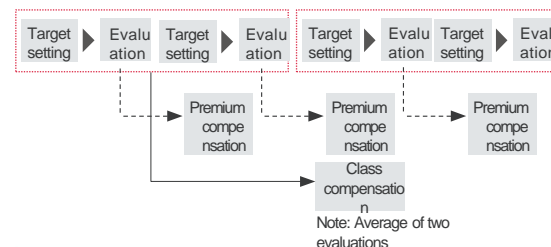
*3 Performance and stretch goal are evaluated on a scale of 1 to 5, with 5 being “exceeds expectations”

Measures in Detail

Quarterly Evaluations

Based on the idea that short-span cycles are important for growth, we share a unique perspective of time in which three months everywhere else is one year for the Link and Motivation Group, and so we set milestones every three months. Our aims are to create an environment where employees can maintain a high level of motivation as they continue to grow, and to conduct business with a sense of speed. Specific organizational operations conducted four times a year, at three-month intervals, include management of business results, target setting, personnel evaluation, promotion or demotion, and payment of bonuses.

1Q (Jan.-Mar.) 2Q (Apr.-Jun.) 3Q (Jul.-Sep.) 4Q (Oct.-Dec.)



Target setting	Employees set individual targets for a three-month period. Since the cycle is a short period of 3 months, employees can remain constantly aware of their targets.
Evaluation and compensation	Evaluations are conducted according to the targets that have been set, with promotions or demotions based on the evaluation results. Bonuses (premium compensation) are also paid every three months.

Stretch Goal Evaluation

Targets are set along two axes in order to cover not only performance, which indicates the degree of contribution to the company’s business results and the employee’s organization, but also a stretch goal, which indicates the degree of individual growth. These targets are used in going through the PDCA cycle.

Examples of Stretch Goals

Become a Calm, Prepared Coach: No More Acting as a Pinch Hitter

Background

A manager who tends to take on his staff’s work, including minor details of their tasks, will work to support them in their duties like a coach supports a team.

Popeye: A Role Model for Ho-Ren-So

Background

An employee will work to improve work quality through thorough use of Ho-Ren-So (an abbreviation of “Report, Contact and Consult”) like the cartoon character Popeye who obtains power from spinach (horenso in Japanese).



Compatible Work

Objective and Outcome

Use the features of both office work and telework to improve work productivity and engagement

We have increased productivity While maintaining a high level of engagement.

Data Highlights

Survey on Compatible Work

We conduct surveys of managers as needed to design the optimal work style for the current situation.

“Because of my family circumstances, which include providing childcare and nursing care, I have been able to work more productively using telework.”

“Face to face, it is easier to pick up on changes in motivation than when communicating through a screen, so I would like to increase the number of days in the office when working with new employees.”

Measures in Detail

We used the COVID-19 pandemic as an opportunity to introduce a new way of working we call Compatible Work, in which we schedule days for working in the office and teleworking days for each team to create the most suitable operations for them.

Office Work

Employees work in the office once or twice each week. We make the most of the characteristic features of office work—cooperation, chance occurrences, emotion and logic, and sympathy—by holding meetings where in-depth discussions are required, kick-off and end-of-period meetings that generate a sense of unity, and consultations with new members that foster mutual understanding, among other activities.

✓ Benefits



Cooperation

Foster a sense of unity



Chance Occurrences

Learn from others



Emotion and Logic

Promote understanding of others



Sympathy

Share the same feelings

Telework

Employees telework three or four times each week. In addition to providing time for individual work such as preparing materials, we make the most of the characteristic features of telework—concentration, planning, rationality and synchronization—by holding meetings to share details from Group Management Committee meetings, regular consultations with members, and in-house training sessions with numerous participants, among other activities.

✓ Benefits



Concentration

Improve work efficiency



Planning

Carry out tasks systematically



Rationality

Conduct standardized operations



Synchronization

Simultaneous communication of information



Ownership System: Employee Stock Ownership Association

Objective and Outcome

Encourage employees to become shareholders so each employee commits to the growth of the Company and their own individual growth as an owner

The membership rate for the Employee Stock Ownership Association is **90.9%**, a high level that fulfills our objective.

Data Highlights

History of Employee Stock Ownership Association

StartingDate

2002

Initiatives before Stock Listing

We set a hypothetical stock price for use within the Company, raising or lowering it depending on daily order volume, the number of complaints received and other factors, in order to make employees aware of themselves as shareholders.

Objectives

- To give employees a management perspective
- To share joy in the Company's growth with Group employees who continue to invest their valuable time

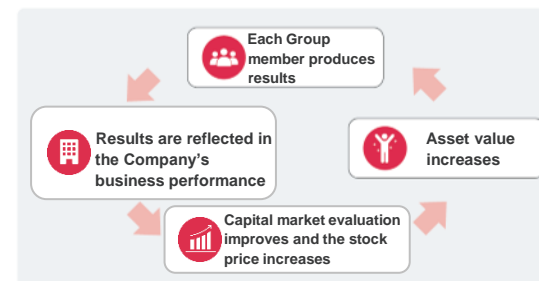
Measures in Detail

An employee stock ownership association is a system in which employees regularly acquire company stock to help them build assets over the medium to long term.

An employee stock ownership association is a system in which employees regularly acquire company stock to help them build assets over the medium to long term.

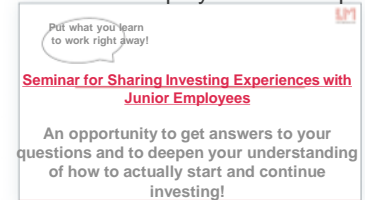
Incentive System

We have introduced an incentive system in which the Company adds a uniform 10% incentive when employees purchase Company shares. We recommend holding stocks for the long term with the aim of creating the following cycle.



Seminar for Employees

The Board of Directors of the Employee Stock Ownership Association conducts financial literacy courses to increase employee ownership.



Comments from Participants

"I had just been enrolled in automatic payments to buy Company stock, so this was a good opportunity for me to reconsider what I want from the association."

"I had heard a little about financial literacy at work, but this was my first time taking a course like this, and I learned a lot."



Life Event Support

Objective and Outcome

Build better relationships between the company and employees by supporting individual work styles according to employees' changing situations

The number of employees choosing flexible work styles has increased yearly, and **161 employees took advantage of work style options** in 2023.

Data Highlights

OzaSanta

Presents for employees' children

OzaSanta, played by Chairman and Representative Director Ozasa Yoshihisa, delivers presents to children of Group employees to show our gratitude to the families who support them.

I gave presents to **366** kids in 2023.



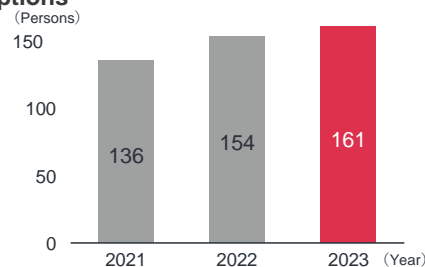
Measures in Detail

Work Style Options

Our system enables employees to temporarily change their work style to deal with childbirth, childcare, family nursing care, injury, illness, or a work-related accident. At the same time, we also reassess expectations based on changes in work performance.

Employees can choose from various options for working days and working hours, and the number of employees who use the system has been increasing year by year.

Number of Employees Using Work Style Options



Childbirth and Childcare Support

Although the Link and Motivation treats its employees the same regardless of gender, childbirth is an event unique to women. We have established various support programs to give female employees the sense of security they need to give birth, return to work, and thrive in the workplace. We have also established programs to support the involvement of both male and female employees in the care of their children.

Examples of Childbirth and Childcare Support



Cash Gift for Newborn Children

We give employees ¥500,000 for a first or second child and ¥1,000,000 for a third or subsequent child



Childcare Support Allowance

The Company pays half of the cost of a babysitter or daycare center an employee uses during working hours.

Systems That Create New Relationships with the Company

Sakurai Takuya

Human Resources Unit, Group Design Office
Link and Motivation Inc.

Reason for Continuing

to Work at LMG

I want to help make conditions more hospitable in Japan for enthusiastic scientific research, and I believe Link and Motivation can play a role in making that happen.



Reducing Time and Space Constraints for Working While Parenting

Both of you are balancing childcare and work. Have any of the Group's systems been particularly useful?

Sano The end of my childcare leave coincided with the end of the COVID-19 pandemic, so the Group had already introduced Compatible Work (→ page 40), which was very helpful because it allowed me to work both at home and in the office. I like that I can watch my child while I work. Another useful system is Work Style Options, which I can use until my child graduates from junior high school. I am also really grateful that my company subsidizes half the cost when I leave my child in daycare.

Sakurai The Flextime system is also good. I sometimes have to take a few hours off during the working day to take care of my child. Also, since it takes a couple of months to receive the paternity leave payment, I was very grateful to have the cash gift for newborns just when we had all the expenses of childbirth.

CROSS X TALK Employee One-on-One

Organizations Where Team Support Is the Norm

One often hears that even when a company has systems like these, they are difficult to use. How has your experience been?

Sakurai I have heard that it is hard for men to take paternity leave in Japan, but Link and Motivation has created conditions that make it really easy for us to do so. When I told my boss I wanted to take three months of paternity leave, he immediately assured me that even longer would be OK. Then, after I returned to work, he mentioned that all employees should take leaves as long as mine. Some junior employees have even wondered if the leave I took was long enough. That helped me get over any feelings of guilt I might have had.

As for my job duties, I have never felt that I couldn't take time off from work when I needed to. Before my paternity leave began, the entire team worked to ensure things would be fine without me, so the moment my child was born, I was able to start my leave the following day. Then, it was easy to get back into the swing of things when I returned to work, so all this has left me with a strong impression that the idea of "putting family first" is deeply rooted in my organization. In fact, even before I officially joined the company, someone here told me, "Someone else can always cover for you at work, but no one can replace you at home, so make your family your priority."



Sano Manami

Recruiting Advisor/Career Advisor, Mid-Career Recruiting Company
Link-i Inc.

Reason for Continuing

to Work at LMG

Because each person here has joined the company after engaging in meaningful interactions during the recruiting process, there are many sincere and enthusiastic employees. This results in an organization made up of members who have the most important qualities necessary for working with others.



Sano The same goes for my organization. I took two years of maternity leave, so I was a little nervous upon returning, but I got a warm welcome. Now I have a shortened workday, and all members in the workplace support me. More important than the mere fact that a company has a system in place is whether or not it is actually being used. Link and Motivation is a company where such systems are being used.

Changing Work Styles Raises i-Company Consciousness

Has the change in your work style affected your motivation or your approach to your job?

Sakurai I have more opportunities to appreciate the greater flexibility I'm given in working and the understanding of my co-workers, so my engagement with the organization has improved considerably. Being able to work in this way is one of the reasons I have continued working. Of course, balancing work and childcare has made things much more difficult. Changing my work style has also given me more time to think about my i-Company (→page 35).

This experience has been an opportunity for me to think about my options as an i-Company, starting with whether or not to take paternity leave in the first place, as well as what I should devote myself to after the birth of my child.

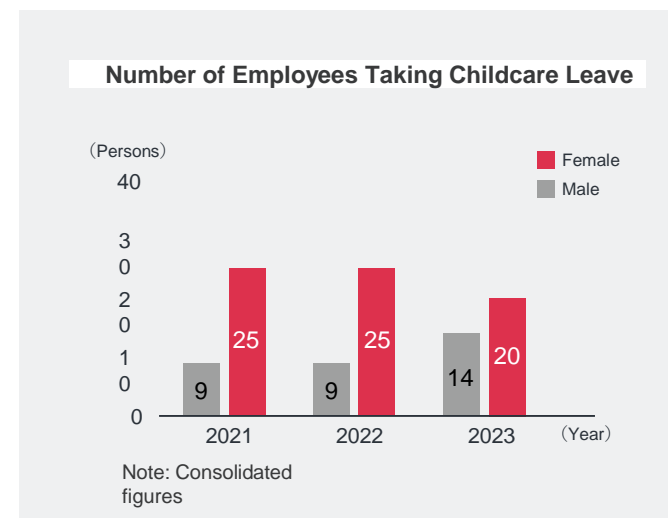


What Are Work Style Options?

A system that enables employees to temporarily change their work style to deal with childbirth, childcare, family nursing care, injury, illness, or a work-related accident. Employees can choose the number of working days per week and hours per day according to their individual circumstances. (→page 42)

Sano To begin with, now that there are limitations on my time at work since returning from maternity leave, I am particularly conscious that I cannot progress without the cooperation of my co-workers. The resulting increase in opportunities to communicate with others in the workplace has been a big change for me. I feel more motivated to take my work seriously and show my determination to advance in order to earn my co-workers' support. I also take more pride in my work. I want to maintain this attitude and show my gratitude to my co-workers.

CROSS
TALK



Specific Investments in Recruiting, Training, Systems and Corporate Culture



Corporate Culture

Purpose

Use communication as the parameter for making the most of the skills Link and Motivation requires and increasing sympathy with our philosophy

Approach

Communication Is the bloodstream of the Organization

When bloodstream is blocked, the human body develops various disorders and illnesses. Similarly, when communication is blocked in an organization, various issues arise. Just as it is important to maintain good bloodstream in our bodies, we consider it extremely important to enhance communication within an organization.

In more concrete terms, we believe that it is important to use communication to create connections within an organization, both vertically in its hierarchy and horizontally among functions, to facilitate both integration and mutual understanding. Growing the Link and Motivation Group necessitates specialization into organizational hierarchies and functions.

However, increasing specialization in an organization gives rise to a host of problems. A sense of distance naturally increases, both vertically in the hierarchy and horizontally among functions, the intentions of senior management are not communicated, and cooperation between departments weakens, among other issues. To resolve these issues and maximize results, we promote specialization within our organization and invest in communication to achieve the seemingly contradictory goals of integration and mutual understanding. We also consider communication crucial for increasing employee motivation. Investing in communication is essential for us to maintain a high level of engagement as we continue to grow.



Group General Meeting

Objective and Outcome

Improve engagement by sharing the Group's current status and vision



The average number of attendees was 1,371, with many employees participating and sharing their perspectives.

Data Highlights

Feedback from Group General Meeting Attendees

"I was able to get a glimpse of how we will grow as a Group."

"The meetings are a chance to deepen my understanding of the Group by getting a lot of new information."

"I am always inspired by the enthusiasm of people from other Group companies! It is an opportunity to better understand my own company."

Measures in Detail

The Group General Meeting is held once every three months in order to share views of the Group as a whole.

The meeting provides an opportunity to align all employees toward common goals through a full schedule of events that include welcoming prospective new employees and the i-Company Challenge awards (→ page 35) as well as regular features such as a review of business results, MVP awards and a presentation by Chairman Ozasa on policy.

The average number of attendees in 2023 was 1,371.

Report on the Three Markets

We summarize the past three months through a review of the product market, labor market and capital market.



Awards

Awards are presented to MVP employees who have produced particularly outstanding results, achieved growth and had a positive impact on their co-workers.



Chairman's Presentation

Chairman and Representative Director Ozasa Yoshihisa shares his policies for the future.





In-House Media

Objective and Outcome

Promote understanding of the management team's views and of the Link and Motivation Group as a whole

The average access rate for Top Comment, an in-house bulletin on the Group intranet, is 90.1%, maintaining a high level.

Data Highlights

「LandMark」

LandMark is a communication platform that aggregates information to be shared throughout the Group and distributes it in a timely manner. The use of the English word “landmark” for its name signifies our intention that all employees gain their bearings from the site, which is filled with information based on our management philosophy.



Measures in Detail

Top Comment

Directors of the Link and Motivation Group take turns each month to deliver a message via the Group intranet to employees covering the Group's current direction and other topics, in order to share the views of senior management. The site maintained a high access rate of 90.1% in 2023.



Comments from Readers

“Now I understand that our reorganization is aimed at increasing the value we provide by creating customer-centered clusters. I will renew my efforts to provide customer value!”

“The detailed advance explanation of the background of the changes helped me consider my next moves.”

LM Kaitai Shinsho

To give employees a multifaceted understanding of the Group, each April we publish LM Kaitai Shinsho, which breaks down our current situation in the product, labor and capital markets, and analyzes and explains various quantitative data.

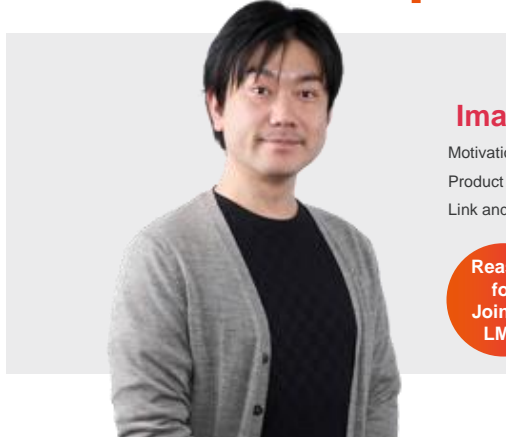


Comments from Readers

“It's easy to understand because it gives a grasp of data from multiple perspectives, including the Group overall as well as the status of each division and Group company.”

“In-house media of this high quality will inspire us to expand our horizons and take actions for the future so that we can live up to what it signifies for the Group.”

What Makes Our Corporate Culture Unique?



Imano Satoshi

Motivation Cloud Unit Manager
Product Design Office
Link and Motivation Inc.

Reason
for
Joining
LMG

My mission is to help create a society where all creative people, including engineers, can work with enthusiasm. I decided to join Link and Motivation because of my sympathy with the Group's philosophy and businesses in the area of "creating good organizations" to achieve this goal.

Aligning Terminology to Maximize the Power to Provide Value to Customers

You changed jobs mid-career to join Link and Motivation as an engineer in 2019. Was there anything that surprised you about the corporate culture?

I was surprised to find that there is so much specialized vocabulary, constituting a common language, for sharing the Group's way of thinking, based on the Group's own DNA Book. Everyone in the Group uses the same terminology to maximize our ability to do our utmost for customers, even though our job descriptions and roles may be different. I think that is unique. Employees use this language not only in measures to promote understanding of our DNA and terms, but also in everyday communication.

What are your impressions of this common language used in the Group?

It took me some time to understand it properly and to be able to express myself using it. However, because I had to take that time, I feel that once I became able to use it, it has the advantage of facilitating communication with others in the Group.



Measures to Promote Understanding of Our DNA

Measures include giving tests, having employees write reports, or other methods conducted each year to promote understanding of our DNA Book, which we have published to share the Link and Motivation Group's unique concepts and philosophy.

Setting Long-Term Individual Visions Throughout the Organization

Are there any measures carried out within the Group that left an impression on you?

One measure in my department is for each employee to create a vision of what they want to be three years from now. This is highly effective as a way of making a long-term investment in the future. I also like the fact that employees are free to choose who they ask for advice, not just their direct superiors, because it allows individuals throughout the entire organization to work together.

The Link and Motivation Group has numerous in-house media (➡ page 47). How do you use them in your daily work?

Using Statements from Management as the Basis for Decisions

Ordinarily, they are used extensively in the course of communicating within a team. During a discussion, people will quote something a member of the management team said in some in-house media or at the Group General Meeting (➡ page 46). For example, "Chairman Ozasa said so-and-so" or "This approach seems best based on what President Sakashita said in his message." You could say that in-house media serve as a reference point for members in product development or everyday decision-making.

Also, for me personally, the Group's in-house media create a feeling of connection with the management team, which fosters agreement with and trust in management. I think that is a unique point for Link and Motivation.

Communication Gives an Organization

Strength

What effects do you see from the Group's measures to build its corporate culture?

I believe that having everyone communicate using a common language makes our shared objectives clearer and increases our strength as an organization. In other words, it increases engagement with the organization, which in turn should provide our businesses with room for growth in the future.



Supporting Corporate Culture Creation at Other Companies Makes Our Own Strengths More Apparent

Matsuda Yoshiko

President and Representative
Director
Link Event Produce Inc.

Reason for Continuing

to Work at LMG

I want to use Motivation Engineering to do work that leaves a lasting impression on people. I also hope to create opportunities for the Group as president.



Integrating the Organization through Motivation Engineering

Link Event Produce Inc. provides support for other companies in creating their corporate culture. From your company's perspective, what are the strengths of the Link and Motivation Group's own corporate culture?

The Group's businesses are conducted by three different divisions, and the workforce is diverse, so it is great that it has created a culture that maintains a sense of unity as a group while respecting specialized expertise. In terms of the specific aspects of creating a corporate culture, the Group employs various measures, but the underlying philosophy of Motivation Engineering is "One for All, All for One," and the measures are modified based on that idea. Therein lies the strength of the Group's corporate culture. I believe that is why the measures are structured so that all employees understand the significance of implementing them from their own respective viewpoints.

What are the features of the Group's measures?

People are both the core of the Link and Motivation Group and its competitive advantage. Therefore, before it implements any measures, the Group considers how the individuals in the Group will grow and find fulfillment through their implementation.

Eliminating Gaps in Time and Space

The Group emphasizes communication as the "bloodstream" of the organization. What do you think about its communication measures?

I feel that they are consciously working to eliminate gaps within the Group in terms of time and space. As for space, when the growth of each individual leads to the growth of the company, it is usually likely to lead to a situation in which each person accumulates knowledge on their own, creating gaps between employees. However, my impression is that the Group consistently works to avoid conflicts between individuals or departments by encouraging relationships between them, through methods such as creating a common language that unites its diverse employees and providing regular opportunities for making connections.

The Group has also eliminated gaps in the experience employees accumulate over time through efforts to connect the past to the future, such as ongoing measures to convey the thoughts of the founder and the history of Link and Motivation.



Connecting through Comprehensive Communication

What specifically does the Group do to eliminate those gaps?

For instance, the Group General Meetings that are held once every three months include a look back at the past and talk about the future, rather than just a simple announcement of business results. For Group-wide communication, including between the management team and the workplace, there is LandMark (→ page 47) and opportunities for interdepartmental training, among other initiatives. Training measures create diagonal connections that transcend Group companies and departments. This ability to comprehensively cover vertical, horizontal and diagonal relationships and create communication opportunities is a unique feature of the Link and Motivation Group, whose business centers on people.

? What Is the Business of Link Event Produce Inc.?

Support for companies in transforming their corporate culture centered on their vision through consulting, event planning and cloud services