

# GROUP CHRO MESSAGE



**ERIKO SATONAKA**

Group CHRO  
General Manager

For the new medium-term management plan to be successful, it is essential to align business strategy with human resources strategy and develop a structure in which our human resources can support the business.

Therefore, we continue to look at what human resource measures will be required to realize our strategy of “becoming a software company that helps increase corporate value,” and regularly hold internal meetings on the topic. As a result of our discussions, **we are currently focusing on (1) Optimizing the organization in line with the strategy of the operating company and (2) Developing a new generation of leaders that can drive the business.**

**(1) Our policy of optimizing the organization in line with the business strategy** involved setting out what we needed to do and identifying the organization and personnel structure necessary to realize our goals, as well as understanding the difference between what the current situation is and what will be required in future. We began looking at measures needed to close this gap in the fiscal year ending June 30, 2024.

Although it is not easy to find the right answer, and requires some trial and error, the discussions have resulted in concrete actions regarding investment in human resources (recruitment and training) throughout the group. Key factors in the organization and human resources

of each operating company have also become apparent. We regard getting to this stage in the cycle as a big step forward, as once we can highlight what the issues are, we can consider how they are best dealt with.

At the same time, leaders are an essential factor behind the success of any business. To this end, **we are also focusing on (2) developing a new generation of leaders that can drive the business forward.**

The Group’s Board of Directors considers developing a new generation of leaders a top priority issue. Most months, the board has in-depth discussions on how to identify the talent in the pipeline, the requirements for leaders, what organization is needed to achieve the goals in the medium-term management plan, and the type of leaders who will be able to take us in that direction in future.

Specific development actions are implemented in turn, including putting in place a leadership development program for younger employees (see below for details) and providing opportunities for group executive officers to meet and interact with presidents of outside companies to broaden their perspectives and deepen their thinking, with a focus on growing the number of potential successors across a wider pool of employees. These kind of initiatives help us develop a pipeline of potential new leaders from a deeper bench of talent.

At the same time, from the perspective of looking at developing human resources within the company as well as other potential leadership candidates in Japan, our Group CEO Morikawa, will take on a role as a visiting professor at Hitotsubashi University Graduate School of Business Administration in April 2024 and teach courses that draw on his experiences in entrepreneurship and IPOs. Focusing on corporate value management, we hope to convey practical approaches to business portfolios, dialogue with investors, what is needed in a leader, and hope that our group’s experience will be of some help in developing future leaders in Japan.

**Employee engagement** is also a foundation upon which a business is built.

We use external assessments (GPTW) to ensure all employees share the same vision and strategy, and are able to experience growth on a daily basis through mutual enlightenment. By taking actions after these initiatives, and by repeating the PDCA cycle, engagement scores are improving every year.

In addition, we are working to increase investment in people by enhancing corporate value from various perspectives and strengthening our strategy based on people, such as by launching a **stock grant system** for all employees that can work to increase the share price through growth of the business and sharing these returns.

## Development of Young Leaders

In order for a company to continue to create value, it is essential to bring through the next generation who can lead the organization in future. Developing the talent who can take charge of the company 10 to 20 years from now is an important initiative for the future of any organization. The development of future leaders ensures organizational sustainability, and fosters innovation and change in a rapidly evolving environment. Young leader development is an important pillar in human capital management.

A young leader development program for young candidates selected from our companies was started in the fiscal year ending June 30, 2024. We use a backcasting process, in which our goal is to help participants have a vision of their future leaders, help them identify and take action on what they need to take now to fill any gaps.

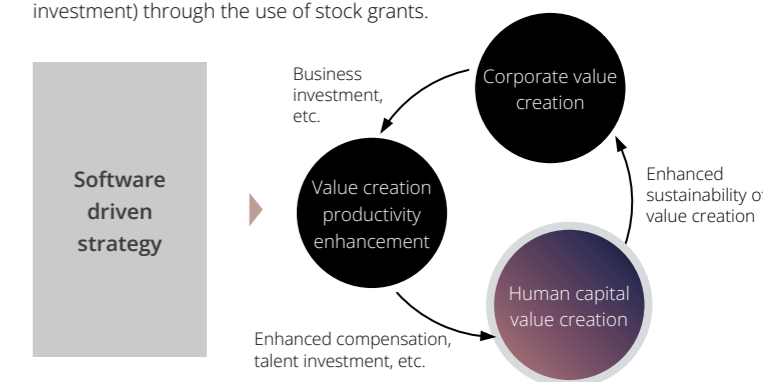
In an initiative termed the “Morikawa Juku” led by our group CEO Morikawa, we focus on the aspirations required of leaders, and include sessions that encourage creative dialogue and reflection, as well as practical training from a variety of perspectives. These include a management experience program to acquire an overall understanding and deep thinking skills, as well as training of specific mindsets to enhance autonomy, which leads to self-improvement. In addition to sessions that encourage reflection through creative dialogue, we also offer a management experience program to help participants look at situations from a more holistic perspective and acquire deep thinking skills. This initiative will be ongoing and the number of eligible participants will be expanded each year.

## Introduction of a Stock Grant Program for All Employees

Beginning in the fiscal year ending June 30, 2024, a stock grant program (RS Trust) for all employees will begin providing shares worth ¥50,000 per year to all employees affiliated with the company for the full fiscal year.

The purpose is to raise awareness of the need to increase the corporate value of the company, as well as encouraging employees to contribute to the improvement of corporate value through their own actions. This should see returns through the benefit of future share price appreciation for all employees, an investment in human resources that will support the improvement of corporate value.

The more value a company can create, the more productive it will be. The value of the human capital involved in these processes also increases, leading to further human investment. In order to achieve this virtuous cycle, we intend to continue to strengthen our investment in people (human investment) through the use of stock grants.

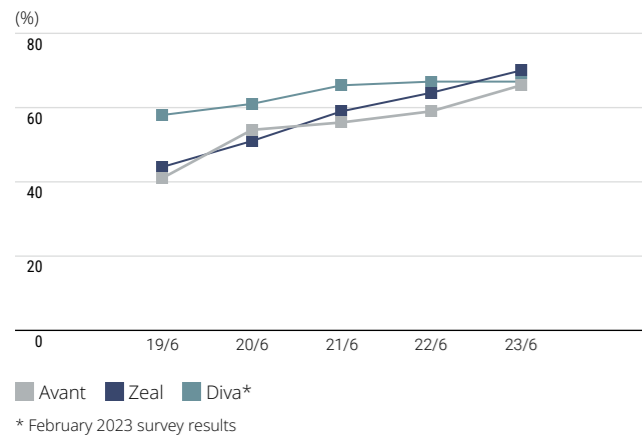


**GPTW**

Our Group philosophy is the "Creation of a 100-year Company." The strapline for this headline is "A Company Where All Employees Are Fired Up to Create Value." This is aimed at realizing a virtuous circle within the group, where accumulated efforts are properly evaluated, which in turn makes work more rewarding and

contributes to the establishment of higher goals. To this end, each group company has set a key KPI of a 70% GPTW score including participation from all members, and has established a system led by top management and company managers.

**GPTW Score of Each Group Company**



**What is GPTW?**

Great Place To Work® (GPTW) is a professional organization that has been quantifying and analyzing job satisfaction through surveys for over 30 years. GPTW defines a worthwhile company as one where there is trust between management and employees, and where all individual's abilities are maximized. There are excellent values and leadership, and where financial growth can be achieved through innovation. The GPTW questionnaire consists of questions that divide this "trust" into five elements: <Credibility>, <Respect>, <Fairness>, <Pride>, and, <Camaraderie>. Each company in the Avant Group uses the GPTW score to identify issues and aims to improve job satisfaction. Each company in the Avant Group uses the GPTW score to identify issues and aims to improve job satisfaction through solutions and improvements.

**Group Companies' Efforts to Improve GPTW Scores**

**Divia Corporation**



**GPTW Results for the Year Ended June 30, 2023**

Divia achieved a GPTW score of 67% in the February 2023 survey, the same as in the June 2022 survey\*. With regards to job satisfaction, employees highlighted the following points in particular: people that deserve to be promoted are promoted, people are treated fairly regardless of age, and a safe and healthy working environment.

The entire company is committed to dealing with each and every employee from a variety of perspectives, including developing human resources with the ability to lead the organization, regardless of age or length of employment. Having leaders that take seriously job satisfaction and growth of their teams was appreciated, as well as the discussions about growth and improvement of individual employees at monthly human resources meetings held by the board of directors. The entire company is committed to dealing with each and every employee from a variety of perspectives. In addition, internal questionnaires are used to identify questions about the company and opinions about the internal environment, implement improvements, and have President Nagata answer questions directly to address any points raised.

\* Due to a change in the timing of the GPTW survey for the fiscal year ending June 30, 2024, the February 2023 survey is an unofficial result that is not subject to the GPTW's determination of "Best Companies to Work For" certification.

**Challenges Seen in the Results for the Fiscal Year Ended June 30, 2023**

Among the items that received low evaluations, we highlight three key issues: "fostering a sense of contribution," "a company where people can work for a long time," and "an organization where anyone can fit in." We will focus on these three areas for improvement because we want DIVA to be a company that can offer something positive to employees who join DIVA and want them to be as healthy and happy as possible while they work with us.

**Future Initiatives**

While continuing to provide appropriate support for each individual's job satisfaction, we will work with the leaders of each organization to analyze and improve organizational issues, and strengthen onboarding and improve the retention rate in these three priority areas.

We will strive to create an environment in which each employee has a sense of satisfaction in his or her work, and can grow through cooperation and friendly competition, aiming to create an organization in which employees can take pride in working for DIVA.

**Group Companies' Efforts to Improve GPTW Scores**

**Zeal Corporation**



**GPTW Results for the Year Ended June 30, 2023**

Zeal has carried out this survey since 2016 and has continuously worked to improve employee job satisfaction. When the survey began in 2016, the score was 51%, but as a result of company-wide efforts to improve the workplace environment and job satisfaction, the score rose to 70% for the fiscal year ended June 30, 2023, a significant improvement of +5 ppt over the previous year.

In addition, the company was selected as one of the "Best Workplaces" in the 2023 edition of the "Best Companies to Work for" certification, with employees citing points such as "opportunities for skill development" and "fair distribution of profits."

This result arose thanks to an initiative by department heads and senior managers in discussions about job satisfaction of their employees. The department heads themselves considered and implemented various measures, as well as the receiving input from the activities of the Working Group for Enhancing Job Satisfaction. This group has members participate on their own initiative, to create opportunities for employees at work. We believe that this is the result of the efforts of each employee to improve his or her own work environment.

**Challenges Seen in the Results for the Fiscal Year Ended June 30, 2023**

The gap in scores by position and age, such as young to mid-career and executive positions, has highlighted differences in values and other issues. The score gap between general employees and managers on questions related to "pride," such as the significance of individual duties and the sense of contribution, is also large. One key area to address is improving satisfaction among general employees.

**Future Initiatives**

A continued point of focus will be further bolstering of the company-wide skill enhancement training program and creating an environment in which individuals can realize growth and develop their abilities, one of the company's strengths, through the formulation of skill maps and other measures.

In addition, we will focus on measures that promote connections within the group both with individuals working at different levels and at similar roles in other parts of the organization. We will carry out initiatives such as promoting 1-on-1 meetings, workshop-style philosophy training, and online get-togethers open to anyone who wishes to participate, regardless of department. We will focus on creating an environment in which two parties can openly approach each other with mutual understanding and a common understanding that goes beyond age or position.

**Group Companies' Efforts to Improve GPTW Scores**

**Avant Corporation**



**GPTW Results for the Year Ended June 30, 2023**

Avant's GPTW score for the period ended June 30, 2023, was 66%, a +7 ppt increase over the previous quarter and the highest level ever recorded. In comparison to benchmark companies, Avant's strengths included "providing an easy work-life balance," "being entrusted with responsible work," and "compensation commensurate with work." The company has a high rate of employees taking paid leave, a high rate of male employees taking parental leave, and offers a hybrid work style of coming to the office as well as working from home that takes into consideration employees with various needs such as childcare or nursing care, etc. In addition to finding a work-life balance for employees, the company also sets goals that take into account career plans ("will"), organizational goals ("must"), and adjusts compensation scales using an external survey to achieve market-competitive pay levels. The company also supports employee growth ("can") through 1-on-1 communication and twice-yearly evaluation meetings. It also adjusts compensation using external surveys to ensure a market-competitive pay levels.

**Challenges Seen in the Results for the Fiscal Year Ended June 30, 2023**

Issues identified as challenges include "low scores of managers below the department head level," "solidarity," and "ease of approaching and speaking to the management and administrative level." This will be improved in future.

**Future Initiatives**

President Okabe will review the GPTW survey results for all employees and provide an opportunity to explain the company's strengths, growth opportunities, and future initiatives. He will also provide process improvement and implementation support related to various tasks faced by managers below general manager, a twice-yearly company-wide award system (Avant Award). The company aims to further improve employee job satisfaction by resolving issues through town hall meetings in which the president will address the whole company and through small meetings in which each director can provide further clarity on initiatives introduced at the company-wide meetings.