Special Feature: Reinforcing Human Capital

Last updated: 10/1/2024

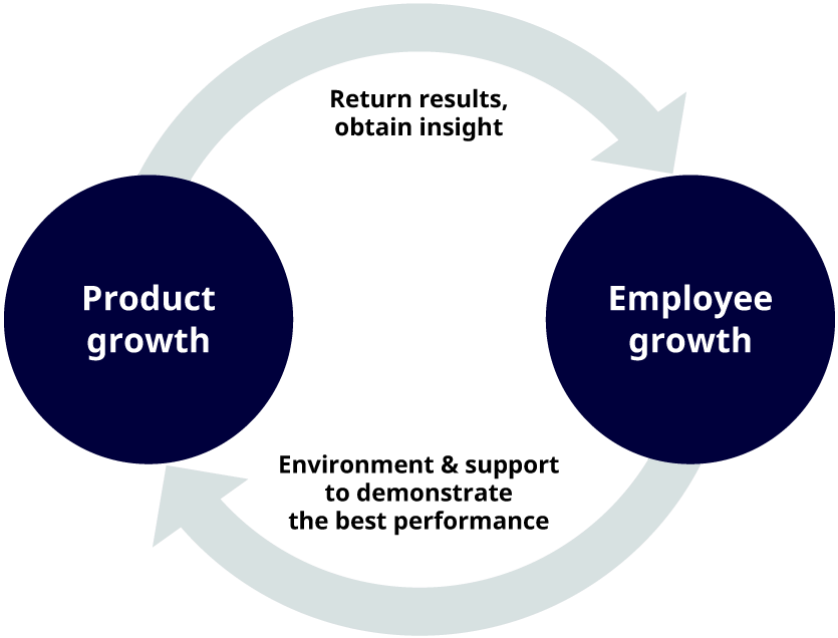
Connecting people with business to maximize the performance of human capital and organizations

Policy of Our Human Capital Strategy

In October 2023, the core group companies including Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation, were combined into one to start anew as LY Corporation (the "Company").

Before the intra-Group reorganization, the organizational structure under the former Z Holdings Corporation was unable to quickly generate synergies due to the increased complexity of the management structure and other factors. Therefore, as a new company, we have established a new mission: "Create an amazing life platform that brings WOW! to our users." Under this mission, we have decided to promote a product-driven growth strategy that aims to achieve unparalleled product-driven excellence. Furthermore, by eliminating organizational barriers, we will grow into an organization where employees can freely communicate with each other and co-create new value.

As the cornerstone of our human capital strategy, we uphold the concept of "connecting people with business to maximize the performance of human capital and organizations" so that employees can maximize their performance and contribute to improving the organization's growth. Having a competitive advantage in the internet business is essentially derived from the ability to generate innovative services and products, which is underpinned by our employees. Therefore, establishing a cycle in which they can work energetically and create outstanding services and products is a top priority for the Company.



→ Message from the Corporate Officer in Charge of Sustainability

→ Independent Outside Director Interview

Overview of Our Human Capital Strategy

The two main pillars of our human capital strategy are "reinforcing human capital" and "fostering a unique culture," with priority areas established under these pillars. In particular, “reinforcing human capital”—which includes measures such as recruitment, training, and establishing a good work environment for employees—is also positioned as one of the Company's materiality issues (Reinforcing Human Capital). While differences in culture, systems, and the environment among group companies were a strength before the reorganization, it did not generate a sense of unity for the Group. Thus, by also upholding “fostering a unique culture" as one of the pillars, we aim to create our own unique culture so that employees will work as one to achieve goals and contribute to realizing the Company’s business strategy and mission.

Mission

Create an amazing life platform that brings WOW! to our users.

Aiming to achieve

Unparalleled product-driven excellence

Business Strategies

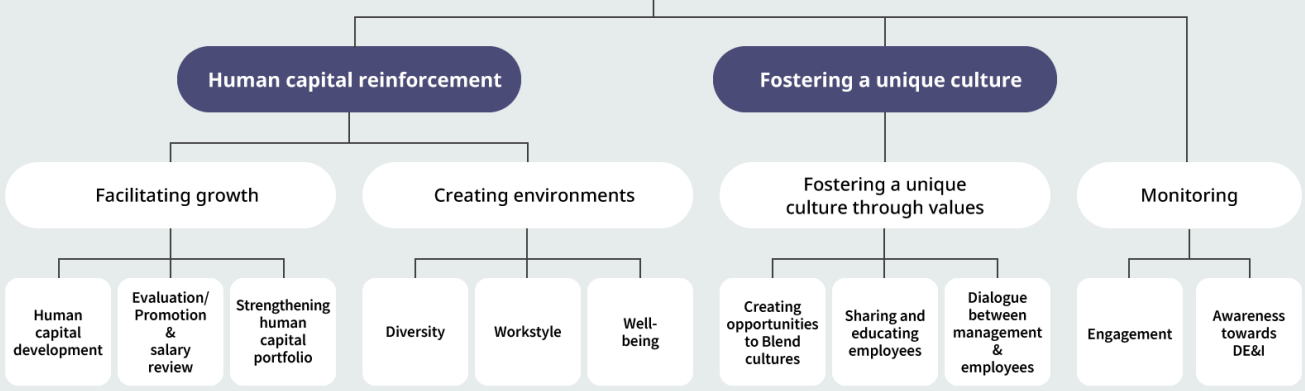
- Reinforce linkage among the Group's assets to promote cross-use
- Strengthen the gateway of each service to grow major businesses
- Enhance products by implementing generative AI in services
- Further utilize data

Materiality Issues

Create innovative services and products by strengthening human capital, the source of LY Corporation Group's competitiveness

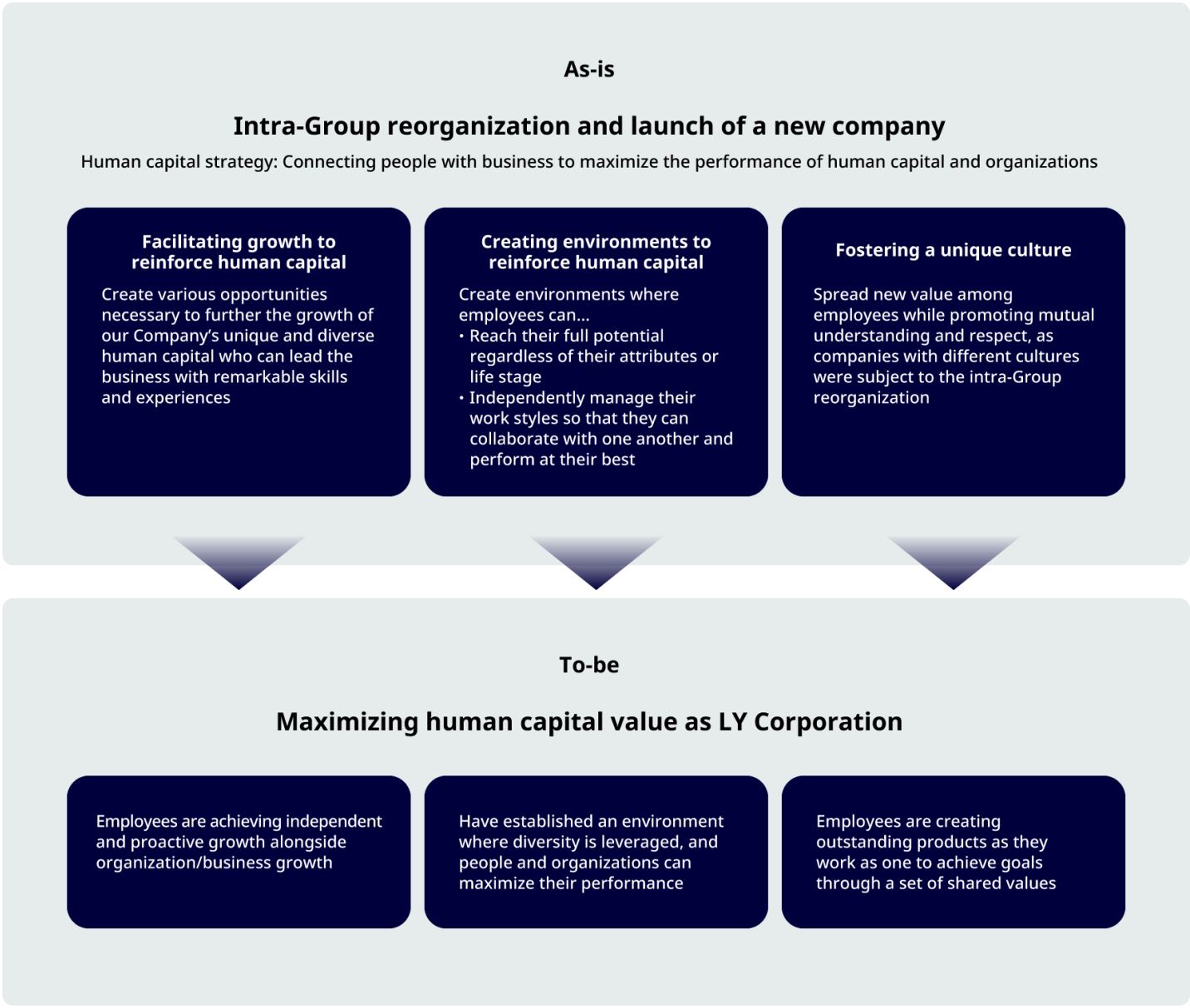
Human Capital Strategy

Connecting people with business to maximize the performance of human capital and organizations



As companies with different cultures were part of the intra-Group reorganization, we will maximize our human capital value as LY Corporation through various initiatives that focus on human capital reinforcement, creating environments, and fostering a unique culture.

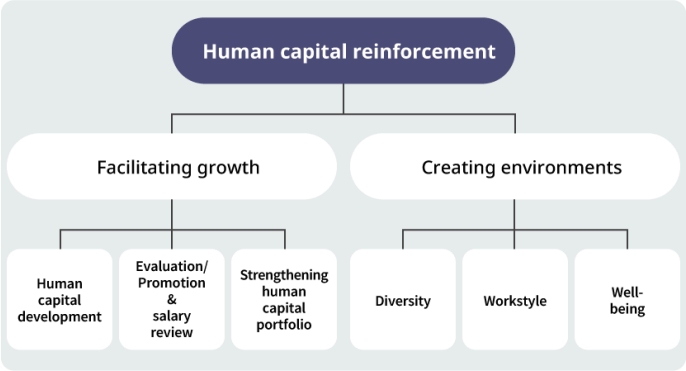
LY Corporation's Desired State



→ Human Capital Strategy (Reinforcing Talent and Fostering a Culture)

Measure 1: Reinforcing Human Capital

Strengthening human resources is one of the Company's key materiality issues, and we, including top management, are discussing ways to achieve this. Our strength lies in our unique human capital portfolio that is rarely seen in other companies, including employees who leverage their outstanding skills and experience in the areas of digital transformation, AI, and data utilization to develop and lead numerous services and businesses. By creating diverse opportunities for their growth, we aim to achieve sustainable growth for both employees and products—while employees can enjoy the changes and challenges that come by, they can continue to explore opportunities for personal growth through product development. This is why we are working on offering various opportunities and working environments for our employees.



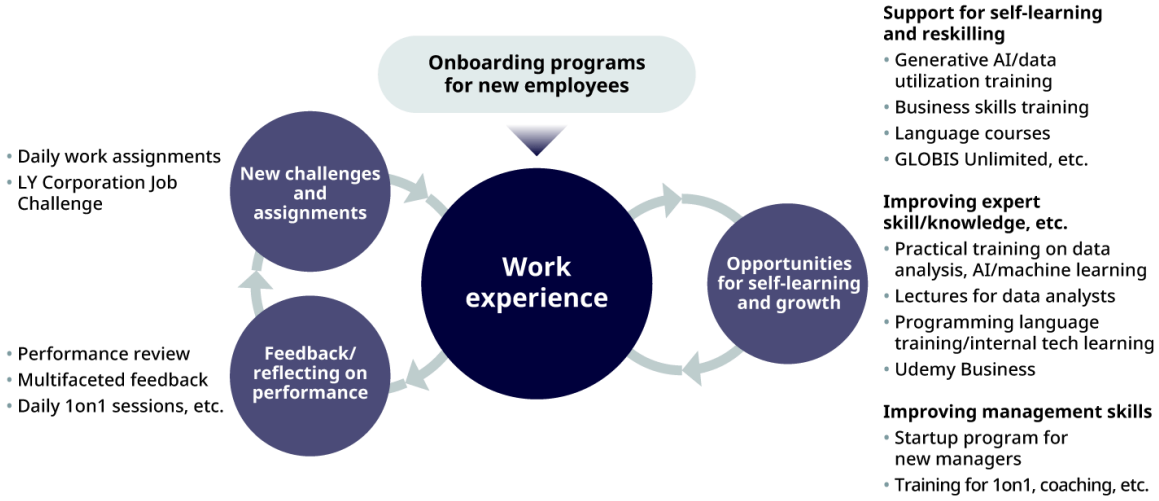
Supporting Employee Growth

LY Corporation Group believes that maximizing employee performance and promoting the entire organization's growth lead to the creation of good products. We will strive to ensure the sustainable growth of both our employees and products by enhancing opportunities for each employee to develop their individual capabilities and to work and develop independently and proactively.

Human Capital Development

We provide opportunities to improve skills/knowledge and management skills, including reskilling, through the cycle of everyday experience in the workplace as well as various training and e-learning programs to support the growth and transition of each employee.

Cycle of Employee Growth (Growth Support Cycle):



Training Structure

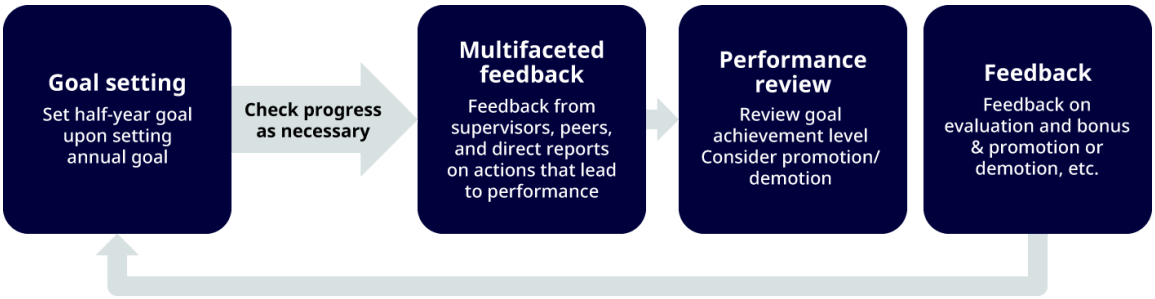
	Transition support	Independent learning/ reskilling support	Improving specialist skills
Management	Start-up program for newly appointed managers and senior managers	Various management support training	Practical training for data analysis/AI/machine learning Lectures for data analysts Programming language training/internal tech learning Udemy Business Tech seminar Specialist training for other job types
All employees	Training for next generation female leaders Career training for new graduates in their second year	• Generative AI/data utilization training • Business skill training • Language training • GLOBIS Unlimited • e-learning (Information Security, Compliance, etc.)	
New Employees	Onboarding training for new graduates and mid-career employees		

Items	FY2023
Average training hours per employee (result)	**33 hours**
Average training cost per employee (result)	**JPY67,971**

→ ESG Data

Employee Evaluation/Promotion and Salary Review

We introduce an evaluation system to visualize the performance of people and departments and link it to further growth. Furthermore, we support employees in achieving both fulfillment and growth by providing feedback and reviewing their remuneration, etc. based on evaluation results.



Strengthening the Human Capital Portfolio

We contribute to realizing LY Corporation's business strategies by strengthening the human capital portfolio, not only through recruiting but also by placing the right people in the right jobs. This includes offering a wide range of experience and opportunities within the Company as well as group companies.

Recruitment

- Recruitment of talent regardless of age, experience, nationality, or race (new graduate and mid-career recruiting)

Promoting the Success of Internal Talent

- Year-around implementation of internal and inter-Group open recruitment

→ Facilitating Human Capital Growth –Fueling Growth to Maximize Performance–

→ Recruitment

→ LY Corporation Recruitment (note) (Japanese only)

Creating Environments

We respect human rights and are committed to creating an environment in which all employees can perform to their fullest regardless of their attributes and life stages. With the launch of the new company, we conducted a DE&I awareness survey of the entire company to visualize the situation within the company (which has become even more diverse) and the awareness of the employees. Based on the results of this survey, we summarized The Basic Concept of DE&I at LY Corporation.

Promoting DE&I is important in accelerating our product-driven approach and for realizing our mission. This is because we believe that in order to create products that generate innovation and inspire users, it is essential for us, as creators, to be diverse ourselves, and to understand and respect diversity.

We promote a working style called the LY Corporation Working Style that allows all employees to autonomously manage their optimal work locations and schedules in accordance with their diverse lifestyles and life stages, promoting team synergy and the highest performance.

Diversity

We realize an environment in which everyone, regardless of their attributes or life stage, can reach their full potential through mutual understanding, respect, discussions, and dialogues.

Female Empowerment

In addition to supporting the success of female employees by offering opportunities for dialogue with external mentors, we also foster in-house mentors and offer mentor/mentee sessions to help them expand their knowledge and awareness. Furthermore, programs to foster the mindset of next-generation female leaders are being regularly held at LY Corporation Academia and other places.

LGBTQ-related Initiatives

We have been conducting internal and external initiatives in the hope of realizing a society where sexual and gender minorities can work and live in peace without discrimination or prejudice. Through these activities, the Company has once again received the highest gold rating on PRIDE Index, this time for FY2023. The index is an evaluation of LGBTQ-related efforts implemented by companies.

Initiatives for People with Disabilities

By creating a work environment that allows for online work, we have realized a work style in which all employees can perform at their best, regardless of whether they have a disability or not. We have various considerations and support systems in place so that each employee can work with peace of mind.

Support for Foreign National Employees

We provide support to employees and their families to help resolve unfamiliar issues they may face when living in Japan, including assistance before starting to live in Japan, visa procedures, consultation on living arrangements, as well as consultation on procedures necessary for leaving Japan, such as housing-related cancellations. We also offer a multilingual and multicultural working environment through measures such as developing multilingual tools and ensuring that our offices accommodate the religious and cultural needs of all employees.

Working Style

We create an environment where people and departments can maximize their performance by establishing systems and mechanisms for flexible working styles.

Note: Certain conditions exist based on internal rules and regulations.

Supporting work/life balance for best performance

Balancing work with child rearing/nursing care

- Maternity leave of absence/sick leave for expecting mothers/maternity leave
- Childcare leave/nursing care leave of absence
- Nursing care leave
- Shorter working hours
- Childcare leave
- Babysitting cost subsidy
- Selectable Work System (three days off/week)
- Accumulated paid leave
- Option to work during childcare leave at birth
- Collaboration with enterprise-led daycare centers
- Staggered working hours (those with fixed work hours only)

Balancing work with fertility treatment

- Pregnancy support leave
- Pregnancy support subsidy

Balancing work with medical treatments

- Consultations with the industrial physician

Balancing work with disabilities

- Special leave for employees with disabilities

Balancing work with women's health and changing life stages

- F leave (leave for fertility treatment or female-specific illness/mental or physical conditions)

Hybrid working styles for performance

Work hours designed for optimal performance and autonomous work

- Flextime without core hours
- Option to work in segmented periods

Environment designed for optimal performance and autonomous work

- Option to live anywhere in Japan
- Commuting expense provided for bullet trains/express trains/airplanes
- Overseas remote work allowed

Support to create an autonomous working environment

- LY Corporation Working Style allowance
- Provision of devices/smartphones for work
- Conversion to paperless offices/e-signatures

Encouraging communication

- *Tomo Café* (café with friends)/*Tomonun* (afternoon tea with friends)
- Departmental Exchange Support Fund/subsidy for social gatherings
- Program to support new hires
- Office area for collaborative work
- Office area for independent work
- Zoom meeting booths

Enhancement of office facilities as a collaborative space to amplify performance

- Operation of BASE11/CAMP11
- Accessible restrooms
- Massage rooms
- Use of satellite offices

Flexible career building

Creating diverse experiences and opportunities

- System for double work (side business)
- Sabbatical leave
- LY Corporation Job Challenge (internal/intra-group company recruitment)

→ Young and Experienced Employees Speak Out! Communication Skills in the Age of Remote Work (Japanese only)

Well-being

We will continue to improve the well-being of workers by enhancing health management and life support measures, focusing on the physical and mental health of each and every employee.

Enhancement of regular health checkups	Expansion of the scope of examination items and subsidy for those requiring precision examinations after their regular checkup
Cancer measures	Colonoscopy cost assistance program, continuous recognition as an Excellent Company Promoting Cancer Control, and a support system for employees with cancer to balance treatment and work
Health support	Establishment of an in-house restaurant/café, which obtained the highest three-star rating from the Healthy Meal and Food Environment (“Smart Meal”) certification system. Daily online course for exercising and stretching. Hosting of exercise-promotion events such as walking and bowling.

→ Human Rights, DE&I, Work Style, Well-Being —Creating an Environment to Maximize Performance

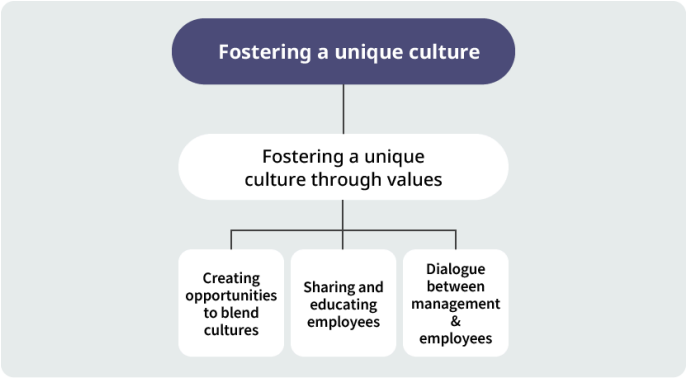
→ Good Condition Declaration

→ Those with Disabilities

Measure 2: Fostering a Unique Culture

Fostering a Unique Culture Through Values

Generating a sense of unity was a challenge for the Group before the intra-Group reorganization. Thus, by upholding the strategy of fostering a unique culture, the Company aims to create its own corporate culture so that employees will work as one to achieve goals and contribute to realizing its business strategy and mission. The first step is to promote understanding among former group companies. Then, we will create unity and our own culture through values, a workstyle defined to realize the Company's mission.



Creating Opportunities for Blending Cultures

We create a place where employees can understand and respect each other while forming a foundation for sharing mechanisms and rules.

- A place for collaborative learning (LY Corporation Academia, Sustainability Academia, AI Application Academia)

- Encouraging communication (social gatherings, club activities, volunteer and advocacy activities)

Sharing and Spreading Our Values

We emphasize the importance of mutual understanding and respect from the perspective of DE&I while sharing and spreading the Company's values.

- Sharing information on systems and rules (“Workers Hub” intranet, e-learning)
- Initiatives by the internal communication department (employee newsletter, LY Corporation Story)

Dialogue Between Top Management and Employees

We establish a system and provide opportunities for the voices of top management to be heard frequently by employees and vice versa.

- Regular sync-ups (All-Hands Meeting)
- Promoting dialogue (employee newsletter, interviews with members of top management)

→ LY Corporation Academia

→ "Z Sustainability Academia" Launched to Promote Understanding on Sustainability from a Business Perspective|Former Z Holdings Corporation (press release) (764KB) PDF

→ AI Application Academia, Former Z Holdings Corporation (press release) (1.01MB) PDF

→ Fostering a Unique Culture & Monitoring for Better Performance - Creating a Culture Through Values

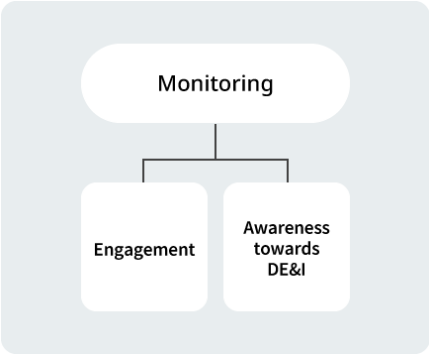
→ Supporting Colleagues Through Dialogue: What is LY Corporation's Peer Support Program? (Japanese only)

→ LY Corporation CEO Idezawa's New Strategy: Evolving Vision and Management Structure

Measure 3: Monitoring

Fostering a Unique Culture Through Values

From a diversity standpoint, the Company positions the ratio of females in managerial positions as an indicator of diversity. We aim to increase this ratio, which is currently at 18.5%, to be equivalent to that of the ratio of female employees as of October 1, 2023 (33%) by 2030. We also conduct monthly engagement surveys and plan to conduct regular DE&I surveys to measure the progress of the two main pillars in our human capital strategy, “reinforcing human capital” and “fostering a unique culture.” We strive to maintain and improve these metrics from those measured at the time of the intra-Group reorganization.



Metrics and Targets

Diversity (females in managerial positions)

Key Metrics	Target	Result for FY2023
Ratio of females in managerial positions	Aim for the equivalent of the ratio of female employees (33%) by 2030	18.5%

Human Capital Strategy

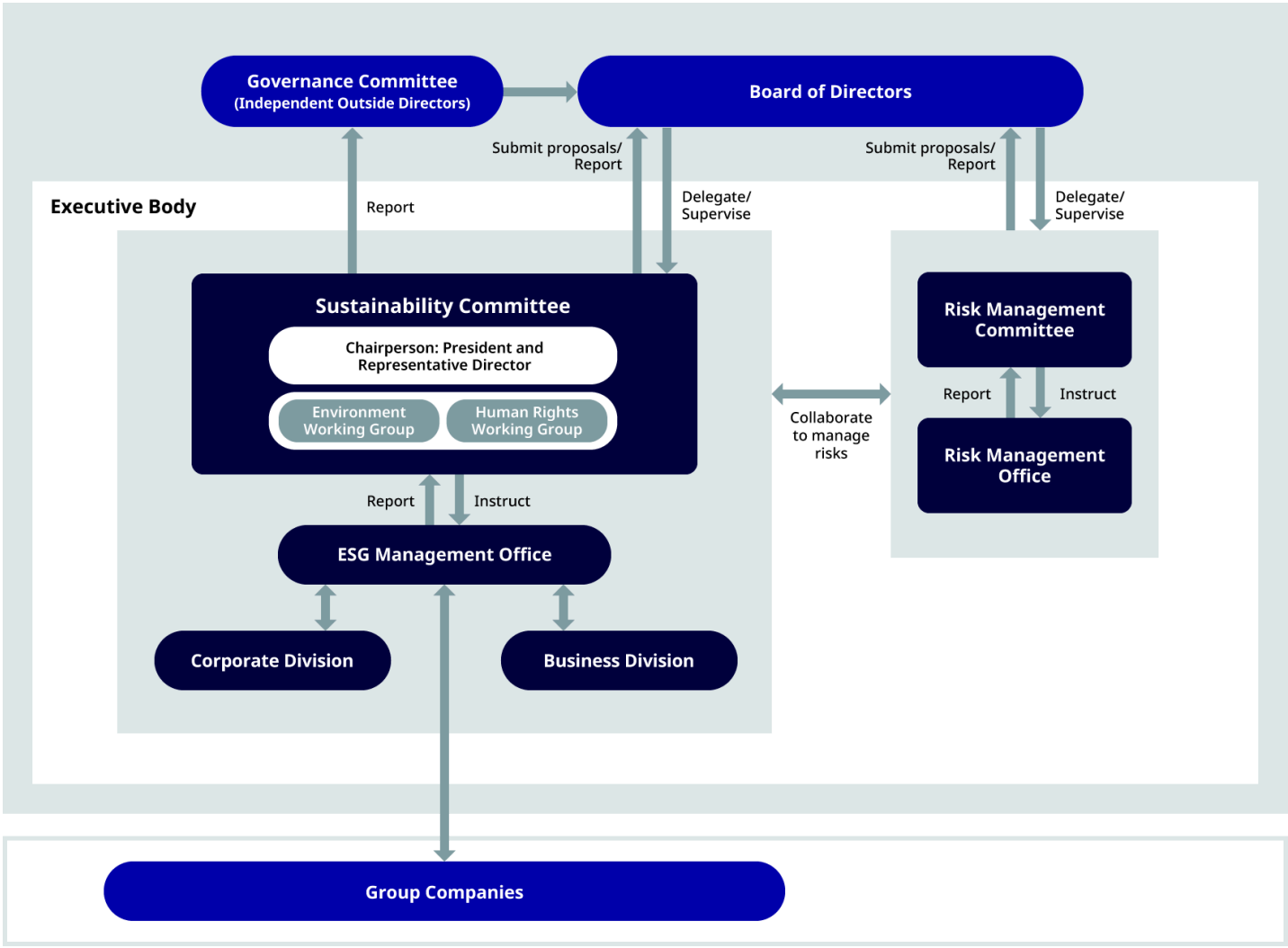
Target Areas	Key Metrics	Direction
Facilitating growth to reinforce human capital	Metrics related to growth promotion in the engagement survey	Aim to maintain/improve metrics from those measured at the time of the intra-Group reorganization
Creating environments to reinforce human capital	Metrics related to creating an environment in the engagement survey	
Fostering a unique culture	Metrics related to fostering a unique culture in the engagement survey	

As the Company conducted a reorganization of its corporate group on October 1, 2023, this report explains LY Corporation’s standalone strategies and approaches. Furthermore, concrete indicators and targets other than the ratio of females in managerial positions is currently being considered.

Structure of Promoting Our Human Capital Strategy and Evaluation Indicators

The Company has established the Sustainability Committee under the supervision of the Board of Directors, the highest decision-making body, to promote initiatives to address various sustainability issues across the Group companies. In principle, the Sustainability Committee meets four times a year, and to ensure that the directors* are committed to promoting sustainability, the Company has incorporated sustainability evaluation as an indicator for determining cash bonuses for their executive remuneration within the range of ±5%.

* Excludes directors who are members of the Audit and Supervisory Committee.



Details of remuneration items

Monetary remuneration		Purpose/position	Criteria			Payment amount	Timing
10–20%	Base remuneration	Monthly remuneration	Amount decided based on roles and responsibilities of each director			Fixed	Every month
10–20%	Cash bonuses	Incentive to contribute to the Company's performance and to the enhancement of corporate value	Overall evaluation	(i) Consolidated performance evaluation (Achievement level of adjusted EBITDA, etc.)	80%	0–200%	July
				(ii) Quantitative evaluation (Progress against the key themes of a fiscal year)	20%		
				(iii) Sustainability evaluation (evaluation on social contributions)	(±5%)		
			Individual evaluation	(iv) Individual evaluation (Achievement level of missions for each director, etc.)	(±10%)		

→ Sustainability Initiatives and Management Structure

→ Creating a Robust and Flexible Governance Unique to LY Corporation: Yuko Takahashi, Outside Director

AI Talents: Enabling All Employees to Become AI Talents

From 2023, all employees at LY Corporation can use a proprietary chat-type AI assistant service[*1] (hereinafter referred to as "AI Assistant") that utilizes the API of OpenAI. We are promoting the active use of generative AI to improve the efficiency and quality of operations.

We have established a cycle (see diagram below) for promoting the use of generative AI, created an organization to establish an environment for using AI, set governance policies in place, and are thoroughly training employees. Employees have access to various case studies and the latest research papers through regular mandatory training, in-house intranet for utilizing generative AI, AI Application Academia, and more. We also offer study sessions, meetings for exchanging opinions, and consultation windows. Furthermore, the Company and the SoftBank Group Corp. regularly host an idea contest for utilizing generative AI[*2]. Through this Group-wide promotion of generative AI usage, many of the contest-winning ideas have already been implemented in our services.

As of the end of March 2024, generative AI has been incorporated in 19 services[*3] offered by the Company, including Yahoo! JAPAN Knowledge Search. We are aiming to use generative AI in all of our services and strive to become a company that utilizes generative AI the most in Japan. As a result of using generative AI, we also plan to annually generate a revenue of approximately JPY110.0 billion and productivity improvements amounting to JPY10.0 billion over the medium- to long term.

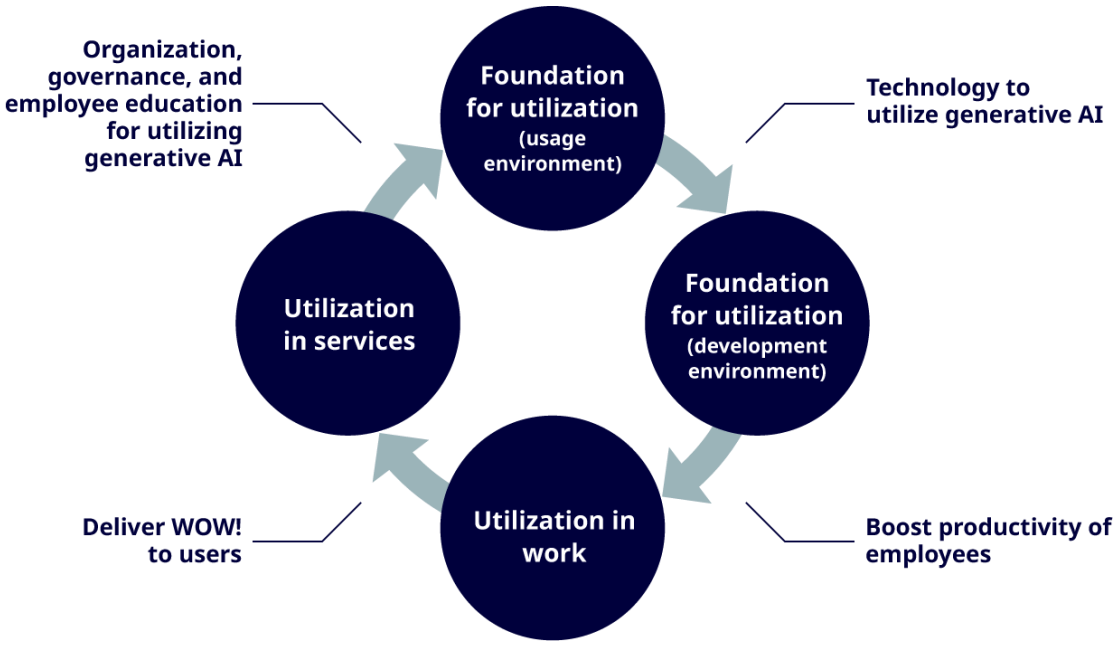
*1 With internal authentication and network restrictions in place, a secure environment that blocks external access has been established for the internal use of the proprietary AI Assistant. Prompts and responses are not used to train the OpenAI model or to improve its service. They are also not distributed for secondary use or provided to third parties.

*2 The contest has been held six times as of the end of June, 2024.

*3 Number of cases where generative AI is utilized in FY2023 (for internal use and service applications), including those that have been terminated.

Generative AI Utilization Cycle

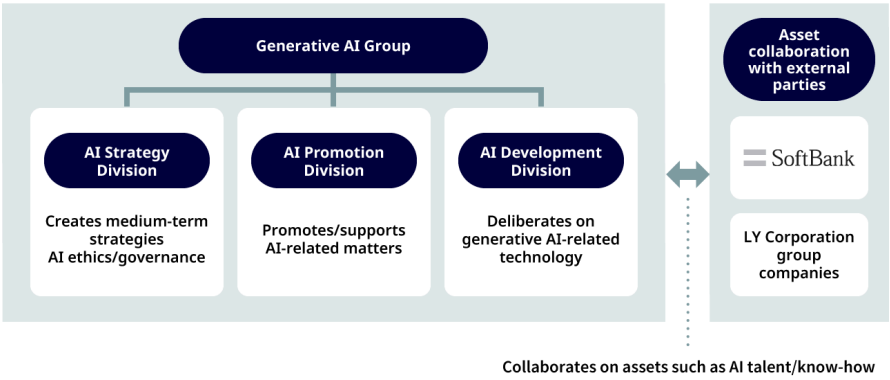
- With one of Japan's largest user base, LY Corporation has an extremely practical environment to drive the cycle of utilizing generative AI.



Organization

- Generative AI Group, an organization that promotes the use of generative AI, includes approximately 100 members as of January 2024.
- One of its roles is to work with external parties such as SoftBank and group companies to collaborate on assets.

LINEヤフー



Employee Education

- Generative AI training will be conducted as a regular mandatory course for all employees to learn the risks and techniques.
- A regularly updated generative AI training course is held, and those who pass the test can start using the proprietary AI Assistant.

Training content

Major risks	Information leakage, infringement of rights, inaccurate and discriminatory outputs, privacy
Prompts	Improving the quality of outputs (good/bad examples of prompts, templates)

- Working with AI: What LY Corporation Strives to Achieve Using Generative AI Tools (Japanese only)
- AI Application Academia (press release) (349KB)
- Generative AI Suggests Sightseeing Routes in “Course Recommendations by Sightseeing AI,” a new Feature of Yahoo! JAPAN Search (Japanese only)
- Is AI Kinder Than Human? The Reason Why Yahoo! JAPAN Knowledge Search Teamed up with Generative AI on its 20th Anniversary (Japanese only)
- Anthropic’s Claude 3 Added to “Generative AI Answers,” a Feature of Yahoo! JAPAN Knowledge Search That Provides Answers Given by Generative AI (Japanese only)
- What Can LINE AI Assistant Do? Ways to Use Generative AI as if You Were Talking To a Friend (Japanese only)
- Kazuto Ataka on the Past and Future of AI×Data Utilization: What Kind of Mindset is Required of Business Professionals? (Japanese only)
- Generative AI Proposes Ad Texts in New Feature of Yahoo! JAPAN Ads Search Ads (Japanese only)
- LY Corporation Launches Reskilling Program for Companies to Learn How to Use Generative AI, Fostering Digital Talents from Non-STEM Backgrounds (Japanese only)
- Basic Policy on AI Ethics

Copyright © LY Corporation All Rights Reserved.