

WT

VISION
2030

25

はたらく力で、イキイキをつくる。
25th
Anniversary

2030 Future vision for working people

The coming era of 100-year lifespans. With people living longer, companies...

Half of the Japanese people born in 2007 may live to 107 years of age,^{*1} portending the coming of an era where people live past 100. A majority of these people will reach adulthood in 2030. In Japan, however, the system of lifetime employment, where people join and work at the same company, honing their skills with support from the human resources department and getting promoted within their organizations until they retire, is no longer a viable system. The average lifespan of companies that went bankrupt in 2018 was 23.9 years.^{*2} The 10 years through 2030 is expected to be a decade of innovation that weeds out companies. Now that the length of time people work has become longer than the lifespans of some companies, new adults must think about the next 80 years of their lives without depending on a single company for their livelihoods.

<p>Elderly population older than 100 years^{*3}</p> <p>6,400 people (1995)</p> <p>→ 192,000 people (2030)</p>	<p>Number of workers older than 60 years^{*4}</p> <p>12,340,000 people (2014)</p> <p>→ 14,080,000 people (2030)</p>
<p>Ratio of non-regular workers^{*4}</p> <p>20.9% (1995)</p> <p>→ 42.9% (2030)</p>	<p>Number of foreign workers^{*7}</p> <p>1.28 million people (2017)</p> <p>→ 2.09 million people (2030)</p>
<p>Number of female workers^{*5}</p> <p>Increase of 30,000 women (compared with 2010)</p>	<p>Freelancing population^{*8}</p> <p>9.1 million people (2015)</p> <p>→ 20 million people (2030)</p>



*1 Andrew Scott and Lynda Gratton, *The 100-Year Life – Living and Working in an Age of Longevity*, Bloomsbury Information
 *2 TOKYO SHOKO RESEARCH, LTD.
 *3 National Institute of Population and Social Security Research's *Population Projections for Japan (2018)*
 *4 Estimate by Mitsubishi UFJ Research & Consulting Co., Ltd., based on data from Ministry of Internal Affairs and Communications' *Labour Force Survey*
 *5 Ministry of Health, Labour and Welfare's *Employment Policy Research Council Report (2012)*
 *6 2014 figure from Ministry of Internal Affairs and Communications' *Labour Force Survey*; estimates from Japan Institute for Labour Policy and Training, based on data from National Institute of Population and Social Security Research's *Population Projections for Japan*
 *7 Ministry of Health, Labour and Welfare's *Employment Conditions for Foreigners*, Persol Research and Consulting Co., Ltd.'s *2030 Labor Market Projections*
 *8 Lancers, Inc.'s *Freelance Conditions Survey*

UT VISION 2030

Facilitating the healthy birth of the next workstyle platform

Platforms that support diverse workstyles are in high demand. It is absolutely necessary to create a society that facilitates ever-increasing career choices. We envision a society where all working individuals can thrive in their careers with ease of mind. The UT Group has been, and will continue to be, ready to help working people.

Fundamental Policy

Providing the best services to workers

Since its founding, UT has placed the highest priority on expanding the potential of each worker while emphasizing the importance of achieving growth through work. To this end, we have created environments that allow people to work with peace of mind and form connections with their companies and coworkers. UT has pursued this value proposition from the standpoint that all working people are akin to its customers. Our commitment to moving ahead along with workers is a unique and unchanging quality of the UT Group.

Important Themes

Diverse workstyles for more people

With the intention of providing the best services to workers over the next 10 years, UT will promote diversity in employment conditions, such as types of work, work locations and hours, in order to provide more opportunities to working people. At the same time, UT hopes to contribute to the growth of all of Japan by enhancing the quality of work by offering peace of mind when people are both working and not working, in addition to matching education, training and jobs to the life stages and needs of each individual, regardless of age, gender, nationality or race.

01

Make use of people's willingness to work

UT will provide diverse workplaces and workstyles, as well as opportunities for skill enhancement, to all people with a willingness to work.

02

Empower foreign workers so that they can thrive

UT will assist foreigners with career formation as an extension of providing workplaces, by giving the necessary support to foreigners so that they can not only live, but also thrive, in Japan.

03

Always be reliable

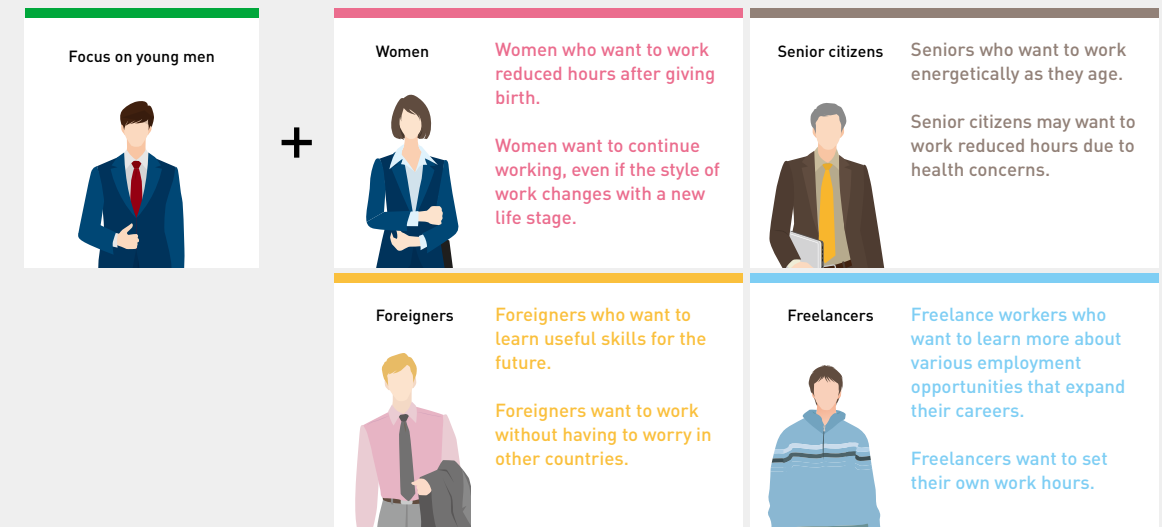
UT will ensure workplaces are thoroughly compliant with laws and regulations, and provide support even during non-working hours in a bid to increase the quality of work.

By proposing value, i.e., growth, for workers, our ultimate aim is to add value for our customers that translates into growth for society as a whole.

UT's platform supports increasingly diverse workstyles.

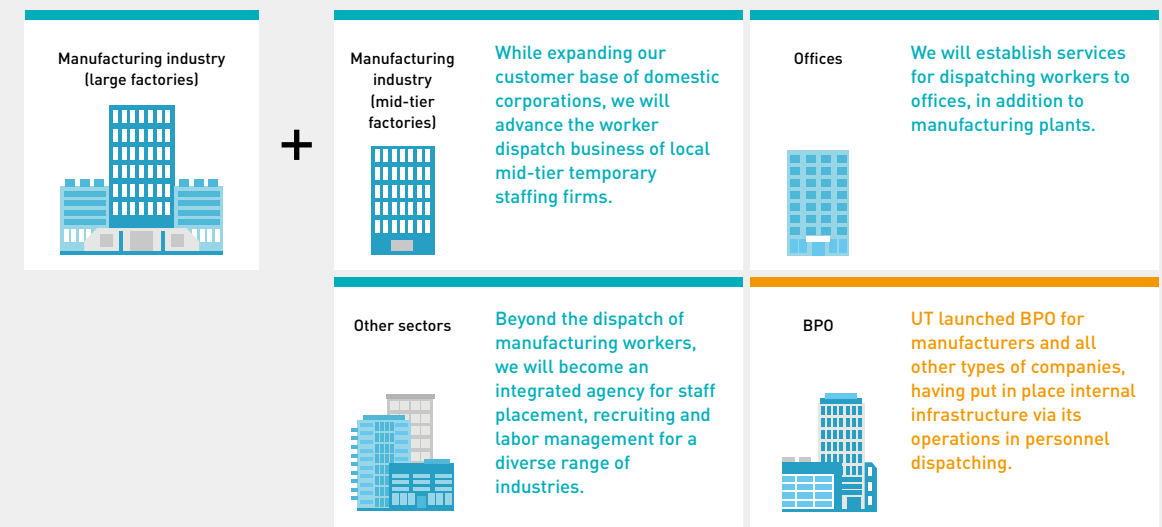
Expansion of Types of Workers

To date, UT has mainly targeted young men to dispatch to manufacturing jobs as its core business. Looking ahead, UT aims to create a platform that welcomes a more diverse range of workers, such as women, senior citizens, foreigners and freelancers, in addition to young men.



Expansion of Customer Base

UT has mainly concentrated on dispatching workers to large factories in the manufacturing industry. In the future, UT will expand into other domains, such as mid-tier factories, office buildings and other sectors. We intend to contribute to the growth of even more companies by diversifying the services we provide in business process outsourcing (BPO).



Understanding the meaning of working and living

By working, people can lead more fulfilling lifestyles. In this context, how do people work and live? The UT Group believes people grow through work, and that this growth brings meaning to their lives. UT aims to help create a society where all workers can experience individual growth. Our mission is a manifestation of this ambition. The UT Group's mission is to realize a society where both workers and companies can grow together.



Fairness

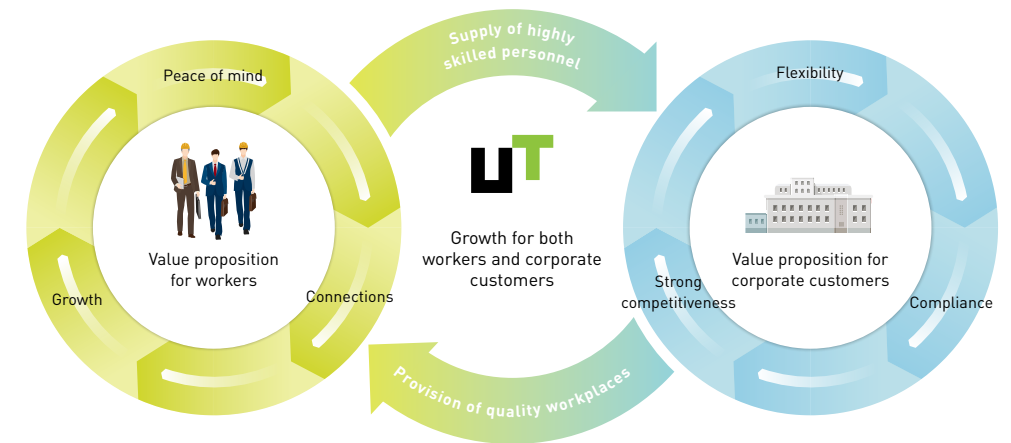
The UT Group's unique approach entails having dual customers comprising workers and corporations. For working people in particular, we have set up systems that fairly allow them to take on new challenges in line with their willingness to work and growth ambitions. People who should advance get opportunities to do so and are able to grow along with their companies. This is the kind of fair society we hope to realize.

Continue to take on ambitious goals while increasing work opportunities for people

Back when the Company was founded, an employee asked to sign up for social insurance so that they could work with peace of mind, and without hesitation, we converted this employee to a full-time regular employee so that they could join the social insurance system. No matter how challenging or ambitious the goal, no matter whether a precedent exists or not, we will engage with workers directly, listening to their opinions with the intention of helping them reach their objectives together. This is the attitude we have always taken, and will continue to value in the highest regard.

Growth in workers translates into growth for our corporate customers. Growth in our corporate customers means growth opportunities for workers.

Our unique business model entails having dual customers, i.e., workers and corporations. Through a mutual growth cycle that translates phases of growth at each customer into value for both, a positive environment is created for both employment and economic value. In turn, this creates opportunities for all people with a willingness to work to form careers, leading to a society where people are compensated fairly for their work.



Realize fair compensation in society by providing all people willing to work with opportunities to improve their skills and shape their careers

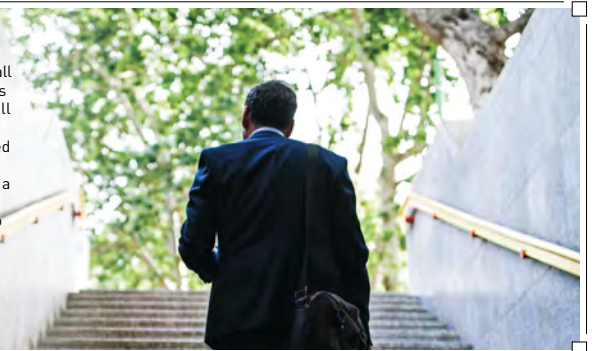
The UT Group's Strengths

<p>Regular Full-Time Employment (Indefinite-Term Employment)</p> <p>Dispatched workers who were with UT since its founding were converted to full-time employees, and 100% joined the social insurance system.</p>	<p>Diverse Skill Enhancement Program</p> <p>The value of employees is enhanced through training programs to improve their skills.</p>	<p>Creation of Growth Opportunities</p> <p>Our solid career formation support systems include One UT, which enables career changes, and Next UT, which helps workers become regular employees at customer corporations.</p>
<p>Ranked No. 1 in Hiring Capacity in Japan*</p> <p>UT is proud of its ability to hire 1,000 people per month in a time when even large corporations have trouble hiring sufficient personnel.</p> <p><small>* According to Nikkei Inc.'s Fiscal 2018 Mid-Career Hiring Rankings</small></p>	<p>Customer Base</p> <p>Among its customers, UT has large corporations that represent Japan, including Toyota Motor, Honda Motor, Sony, and Panasonic.</p>	<p>Industry-First Listing</p> <p>In 2003, Nihon Aim (currently, UT Aim) was the first manufacturing worker dispatch company to list its shares on the stock market.</p>

COLUMN

UT started with a promise to help workers.

When UT was founded, the Company only dispatched workers to a few small factories in an industrial park in Yokohama, and did not have any contracts with major corporations like it does today. The dispatched workers were all men in their 40s and 50s. President Yoichi Wakayama was still in his late 20s. One morning, Mr. Wakayama accompanied four employees dispatched to a plant. At the entrance to the plant, he parted ways with the four employees and said "Do your best!" Among them was Mr. Iwata, who was a natural leader. Even when the business was struggling, Mr. Iwata always had some words of encouragement. As he was watching Mr. Iwata walk to the plant, Mr. Wakayama thought, "These people are going to work to the best of their abilities today, which will generate revenue for UT. I have to manage the business to the best of my ability for these people." This intention to move ahead with people has continued to this day in the UT Group. This commitment began on that memorable morning long ago.



The UT Group is changing the way Japan works.

Yoichi Wakayama
President & CEO



Starting point for the UT Group — Continue to take on ambitious goals while increasing work opportunities for people

On the 25th anniversary of its founding, the UT Group created UT VISION 2030 as its long-term vision. This vision reflects the “UT Spirit” that can be traced back to the Company’s founding, and it is an expression of our future direction. On this occasion, we would like to take a look back at where we came from.

At the time of our founding, the temporary staffing business had structural pulls in opposite directions. This stemmed from the needs of companies that require a temporary short-term labor force, which stand opposite of the needs of workers who desire a stable long-term job. We decided to hire job seekers as full-time employees with indefinite-term employment conditions. Back then, it was common business practice to offer short-term contracts to workers who were dispatched to other firms. It was rare for such workers

to be offered employment with a guaranteed salary, especially when a contract did not yet exist with an end client.

At that time, we wondered if we would see one person apply for a job each month, whereas nowadays we get up to 10,000 applicants per month. Soon after UT was established, hardly any financial institutions were willing to extend financing either. The usual means of raising funds back then was to take out loans guaranteed by the National Life Finance Corporation, a credit guarantee corporation, or a similar institution, but the conundrum was that we first needed to gain experience in order to qualify. For the time being, UT was able to obtain working capital by discounting bills to consumer finance companies.

While struggling with cash flow, UT created several rules at the outset with regard to money. Profits on sales are first allocated to paying the salaries of employees and then payments to suppliers. Any remaining profits are divided among the directors as

bonuses. These rules were created after I, having previously worked at a temporary staffing company before becoming independent, noticed that most firms did not share much of their profits with the dispatched workers, instead fattening the bonuses of corporate officers. I thought this was a great disservice to the dispatched workers.

The few job seekers we received back then were all people in their 40s and 50s, including some who had failed to start their own businesses, and others who were laid off when their employers restructured. I started UT when I was 24 years old, so everyone was older and had more experience than me. UT was small enough that everyone knew each other’s families, and some of us became close friends that visited each other’s homes on occasion. When a dispatched worker became ill, I covered for them by working at the plant, and when someone overslept in the morning, I would go to their house and wake them up. Through interactions like these, I came to strongly feel that our people working at the plants are the foundation of UT.

In my youth back then, these dispatched workers often gave me words of encouragement. They encouraged me to find work for them because they wanted to work at the plants.

I thought we should create working conditions for these people so that they could go to work with peace of mind. This led to our decision to hire them as full-time employees and sign them all up for social insurance. Our corporate stance of continuing to take on ambitious goals while increasing work opportunities for people naturally emerged from my interactions with our employees in these early days of UT. In turn, this evolved into our mission of creating *iki-iki* workplaces to empower workers. This philosophy has continued unchanged, still flowing through the UT Group today.

A business model that cannot be easily imitated by rivals

Our commitment to expanding the potential of each worker, emphasizing the importance of growth through work, and moving forward together with workers is the basis of the UT Group’s unique business model. In a regular worker dispatching business, the corporation that pays the money is the customer. At UT, such corporations are customers, but we also regard the dispatched workers as our customers in a

dual customer framework. This is a major distinction between UT and our competitors in the industry.

A traditional worker dispatch business basically matches the skills of workers to the needs of corporations. UT takes a different approach to this business. The idea of matching existing skills to needs does not include the development of human resources. We believe there is merit in helping workers advance their careers and increase their own value. Workers who learn something in training sessions can enhance their value in the workforce. A virtuous cycle is created when dispatching highly skilled personnel because this contributes to growth at corporate clients.

All employees in the UT Group have opportunities to advance their careers. Employees can raise their hand and become candidates for management positions and upper management. We have some employees who started out making ¥900 an hour when they joined as dispatched workers and eventually became executive officers of the UT Group.

The UT Group did not carve out a niche market by concentrating on a certain field. In our early days, there were a number of majors in the manufacturing temporary staffing industry. The values that supported UT during these early times were fairness, openness, and equality. We provided growth opportunities to anyone who was willing to work and compensated them fairly for their work based on their ability. For example, UT has helped people form careers. The 2015 revision to the Worker Dispatch Law caused a number of temporary staffing companies to discontinue operations because they could not comply with the mandates of the revised law. However, the UT Group has been keen to ensure fairness since its founding. This priority for fairness has become a major part of its legacy.

Concept of Work Creating Value

The UT Group’s stance is to continue to take on ambitious goals while increasing work opportunities for people. We do not view personnel expenses as a measure of costs in our finances, and instead refer to these expenses as Work Creating Value, which is the sum of total personnel expenses and operating profit. Work Creating Value is a benchmark for the value UT creates.

There are a fair number of companies that generate considerable profits with relatively few employees,

Top Commitment

such as game app companies, for example. Such companies only need one game app to be a popular hit, and so they do not require a large number of employees, just a few software engineers. Their personnel expenses might be ¥1 billion, but their profits are ¥10 billion, an impressive business model. Let's measure the Work Creating Value of a company like this. With personnel expenses of ¥1 billion and profits of ¥10 billion, Work Creating Value would total ¥11 billion. In our case, UT had personnel expenses of ¥83.9 billion and operating profit of ¥8.1 billion last fiscal year, and so our Work Creating Value was ¥92 billion. This metric can be thought of as an issue of identity, namely where management believes value is being created, and it is not a benchmark for how well management is performing. The way we see it, personnel expenses represent a process of hiring many job seekers, increasing their value through growth, and raising their wages. In our view, operating profit represents the optimization of management resources and all businesses operating at maximum efficiency. Our aim is to hire many people and generate plenty of profits, and Work Creating Value is an expression of this value created by the UT Group.

Having employed so many people, we are occasionally asked about our plans for the future after hiring 20,000 workers. Our answer is to hire 30,000 people after employing 20,000 people. Our goal is to find rewarding workplaces for 30,000 people after we create job opportunities for 20,000 people. This is the UT Group's value proposition.

Facilitating the healthy birth of the next work-style platform

While there are elements like our mission that hold true without ever changing, we also have changing elements like our business strategies and business domains. Since UT moves forward hand in hand with people, it is important to enhance the value of workers, and to this end, we must decide where to expand business domains, while it is not as important to focus on fields that are shrinking.

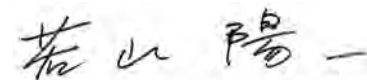
What business domains should UT focus on over the next decade? UT VISION 2030 is our answer.

Until recently, employees were guided on a career path until retirement by the personnel department at their company. However, the lifespans of companies have become shorter. Over the past 20 years, around 2,000 of the 4,000 companies listed on stock markets have changed out. Roughly half cease operations in 20 years. Looking ahead at the next 20 years, at least half of the listed companies today may no longer exist. In these times, it is not possible to dedicate your entire career to a single company. Meanwhile, the lifespans of workers are growing as people live into their 100s, prolonging their working ages. Some people may have to work until they turn 80 years old.

As the work environment changes, the value of workers also changes, and their relationships with companies change at different life stages.

Dispatched workers, foreigners, and freelancers may be in the minority today, but in 10 years they will become a powerful workforce, in my opinion. Looking ahead, UT will expand into new fields for dispatching workers, such as front offices and back offices, in addition to the manufacturing industry, while covering foreigners and freelancers irrespective of age or gender. To continue assisting these people with their careers, we aim to grow into a platformer over the next 10 years. Under UT VISION 2030, we have set a goal to reach ¥100 billion in operating profit in 10 years, which represents an average annual rate of growth of 25.9%. For a company of our size, this goal is achievable and I view this rate of growth as a baseline scenario for UT.

We have a vision for a world where both workers and corporations can grow at the same time. Our mission is to create *iki-iki* workplaces to empower workers.



Yoichi Wakayama
President & CEO

Taking Action

Process for formulating UT VISION 2030

UT VISION 2030 is the outcome of countless internal discussions and meetings from November 2018 through March 2019. As the UT Group, we will work as one to realize this vision.

Directors' Project to Formulate Our Vision

01

We honestly asked ourselves where we want to be in 2030. Through numerous discussions, our vision began to take shape, as well as the distance that needed to be covered from where we stand today. We then examined how to close this distance the best way forward.

UT's Vision for 2030

Our directors came up with a variety of ideas and opinions during the formulation process.

Be a company that facilitates diverse workstyles

We are not a temporary staffing company but a company that facilitates employment and hiring

Become the human resource function of Japan

Grow into a company that offers various workstyles

Evolve into a platformer for human resources and technology!

Create the largest human resource infrastructure in Japan

Aim to be a career & life platformer compatible with a liquid workforce

Change paradigm: Change the way people work!

Support workers into the future

Become a "chameleon company" that constantly creates invigorating workplaces by blending in with changing conditions

Employees' Project to Share Vision with Employees

02

We held meetings with employees about the vision the directors created and discussed its fairness. In workshops, we refined what we should do in order to achieve our vision.

What needs to be done to achieve our vision for 2030

A Team

Nurture attachment to UT from a longer-term perspective instead of on a fiscal year basis

Actions taken in line with the unwavering values of UT will lead to solutions that shore up weaknesses in sales strategies and management. Instead of planning in yearly increments, shape long-term engagements that contribute to realizing UT VISION 2030 by taking the long view (including indiscernible elements) in decision-making.

B Team

Have a sense of ownership and focus more on new types of workers (women, senior citizens, and foreigners)

We should create a support structure that gives all employees a sense of ownership. We will provide services and develop frameworks tailored to new types of workers. But first, we must create an organization that functions vertically and horizontally.

C Team

Create plans for achieving our goals

As our corporate scale has expanded, so has the volume of work per employee while distortions have emerged between the perception of our values and their actually being put into practice. The number of situations where we have not been able to move forward with people has increased. With an eye on achieving UT VISION 2030, we will foster a sense of ownership and establish business practices that solve these issues through a more proactive approach.



**Preparations finished.
Visibility good.**

UT VISION 2030 describes what we should do to achieve our vision over the next decade. Now standing on the starting line, we have set two numerical targets for fiscal 2030. The first is sales of ¥600 billion. This target represents the great trust placed in us by our customers and the growing expectations of society. The other target is operating profit of ¥100 billion. By supporting the growth of each and every working individual, we aim to create even greater added value. If we can achieve these targets in 10 years, the world should be a brighter place than now. These achievements would serve as evidence that we were able to “create invigorating workplaces” in Japan, simply through the expanded scale of the UT Group.

The UT Group will spare no effort taking on new challenges in this new decade.

Fiscal 2020

**Achieve goals in current
medium-term business
plan ahead of schedule**

**Become No. 1 manu-
facturing outsourcing
provider**

Fiscal 2025

**Develop and expand
peripheral domains**

Sales
¥200 billion

Operating profit
¥30 billion

Fiscal 2030

**Become a workstyle
platform company**

Sales
¥600 billion

Operating profit
¥100 billion