
Human Capital Report 2022

Modis Human Capital Management Report

On April 1, 2023 We Modis Ltd. was reincorporated as AKKODiS Consulting Ltd.
The contents in this report reflect Modis Ltd.



Modis Human Capital Management Report

Opening message

Modis is a member of the Adecco Group, a global leader in human resource services, and so based on our corporate philosophy of "Maximize the well-being and potential of people and society through the creation and production of human resource.", we consider not only our employees but also all people in the world as human capital and conduct business activities to maximize the potential of this human capital.

Our human resource management values a state in which life and career vision mutually sharing a high level of empathy, for we believe that it will leads to higher engagement of employees and better organizational performance and maximization of happiness for both individuals and organizations, creating a society where people can work with enthusiasm. In particular, we continue to create jobs for non-experienced engineers in the current shortage of IT human resource. Even with no experience, we promote our services by providing months of training to enhance their expertise in technology and help them grow and develop into valuable human resource, that can play an active role in the world. We are also actively promoting human resource development, such as re-skilling training, which has been the focus of much attention in recently, both within our company and our client companies. Modis will continue to increase its investment in human resources and improve the quality of its human capital management.

We will continue to take the initiative in disclosing human capital information. We hope that this report will help you to understand our goal of human capital management.

Chief Executive Officer Kenichiro Kawasaki



Business Outline

The Modis brand is a leading company in the smart industry field with more than 30,000 engineers and consultants in 20 countries around the world. Modis LTD. ("Modis") is one of the leading technology solutions companies in Japan with approximately 9,000* engineers and consultants, providing three services: "Tech Consulting", "Tech Talent Services", and "Tech Academy".

Modis aims to realize a sustainable society where individuals and organizations can thrive together by contributing to the dramatic improvement of labor productivity and the development of smart industries across society through technology and problem-solving capabilities.

(*) As of November 2022

Corporate Philosophy

“Maximize the well-being and potential of people and society through the creation and production of human resource.”

Modis regards its employees as human resources and contributes to the development of industry and society by enhancing the creative value of all employees through the development of their skills. As an attractive company, we strive to enhance the value of our existence in society and to achieve sustainable growth of our own business through increased management efficiency and mobility.

Vision

“Become a market leader in the smart industry through technology and problem-solving capability to realize a society in which individuals and organizations thrive.”

To achieve the corporate philosophy of Modis, our board members and employees will have common sense, morals, and ethics as members of society, be aware of our social responsibility and public mission, and strive to enhance corporate value and realize a prosperous society through sound and appropriate business operations.

Our Human Capital Management Policy

As a technology solutions provider, human capital is the core of our business, and we regard each and every employee as valuable human capital. We consider the enhancement of the value of human capital as the top priority of our management strategy. We aim to improve the personnel into talented resource through the development of their abilities and turn out them to the society, and to have them continue to be active in industry and contribute to the development of society. Modis will also create new systems and platforms that support people working toward "Yakudo of the workforce"* the vision of Adecco Group Japan and realize organizations and work environments that enable people to demonstrate their abilities toward that vision.

※Adecco Group Japan's vision is to transform society by achieving “Yakudo/dynamism of the workforce” and we aim to create an environment in which employees can work with enthusiasm, with a sense of fulfillment and comfort, and with the driving force of "vision" in their hearts.

Human Capital Management Practices

Modis Human Capital Management is committed to helping people achieve their visions and career change from inexperienced to experienced positions, while making utmost effort to find and match them with employment opportunities that will satisfy their needs and make them active in their careers.

As shown in the table below, management indicators are divided into 3 categories (vision realization, team collaboration, and challenge culture) and 9 items (diversity, productivity, succession planning, leadership, skills and capabilities, recruitment, mobility, and turnover, organizational culture, health, safety, and well-being, and compliance and ethics), and activities are promoted based on ISO30414-compliant evaluation criteria

<p>Vision Realization Vision Matching promotes alignment of organizational and individual objectives, enabling both business acceleration and career realization for each employee.</p>	<p>Workforce, Diversity : Creating higher results through the creation and production of workforce by taking advantage of the characteristics of diverse human resources.</p>
	<p>Productivity : Human capital investments are linked to business growth.</p>
	<p>Recruitment, Mobility and Turnover: To improve performance, recruitment and transfers of human resources are strategically implemented.</p>
<p>Team collaboration Working as a team, which enables individuals to complement each other and produce higher results without isolating</p>	<p>Leadership: Continued development of leaders to advance a diverse group of engineers.</p>
	<p>Skills and Capabilities: To achieve our vision, training is provided to enhance the skills and abilities of our engineers.</p>
	<p>Succession Planning: Organizational turnover is functioning for business continuity and development.</p>
<p>Challenge Culture Our organizational culture supports individual challenges, which makes it more rewarding to work together to realize a better society.</p>	<p>Organizational Culture: Motivated employees are encouraged to take on challenges and work toward the realization of the company's vision.</p>
	<p>Health, Safety, and Well-being: Employees have a high degree of flexibility in the work style and feel healthy, safe, and well-being in their workplaces.</p>
	<p>Compliance and Ethics: Compliance and ethics are observed to be a leader in social implementation.</p>

Realizing Our Vision

Modis promotes alignment of organizational and individual objectives through vision matching, enabling both business acceleration and career realization for each employee.

Workforce, Diversity

Modis has set a recruitment goal of 15,000 engineers by 2025 to become the human resource market leader in the smart industry.

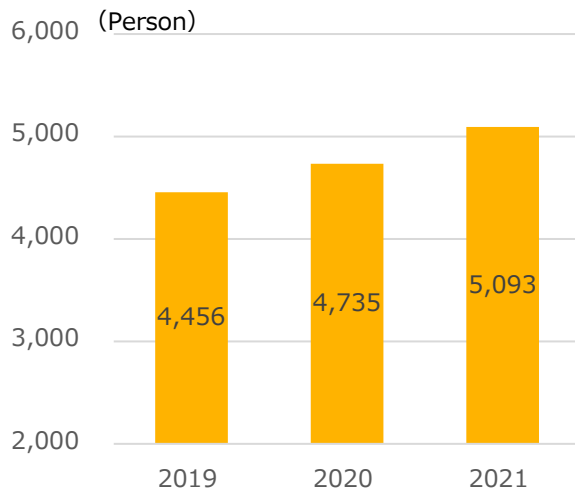


Figure 1 : Modis Total Number of Employees

Modis has been actively recruiting employees since 2019, increasing by 279 to 4,735 in 2020 and by 358 to 5,093 in 2021

(Both at the end of the fiscal year).

Furthermore, Modis is promoting the hiring of employees with diversity in mind, promoting the creation of an environment where everyone is equal and can work in their own way, and supporting the independent and motivated activities of each individual within the company.

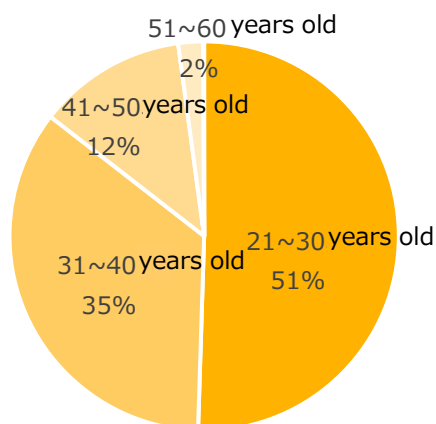


Figure 2 : Age Distribution of Modis Employees

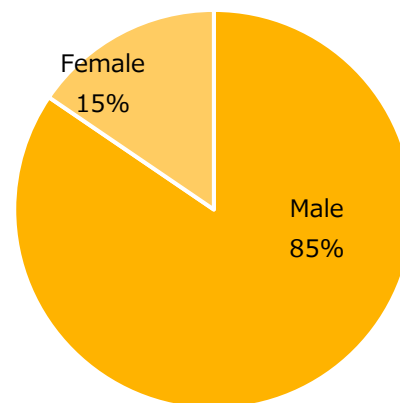


Figure 3 : Modis Sex Ratio of Employees

Productivity

Modis has seen a continuous increase in sales per employee, but a decrease in profit and EBIT per employee, due to the strengthening of employee recruitment (upfront investment) in its business strategy.

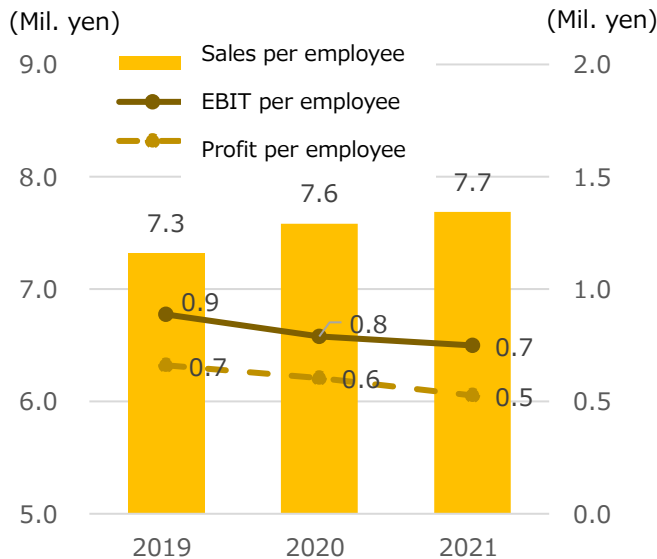


Figure 4 : Sales/Profit/EBIT per total number of employees

Sales per employee is increasing, profit/EBIT is decreasing.

Recruitment, Mobility and Turnover

Modis hires with focuses on empathy for their vision. After employment, we conduct vision hearings with each employee at least once a year, and actively transfer employees to achieve their career goals.

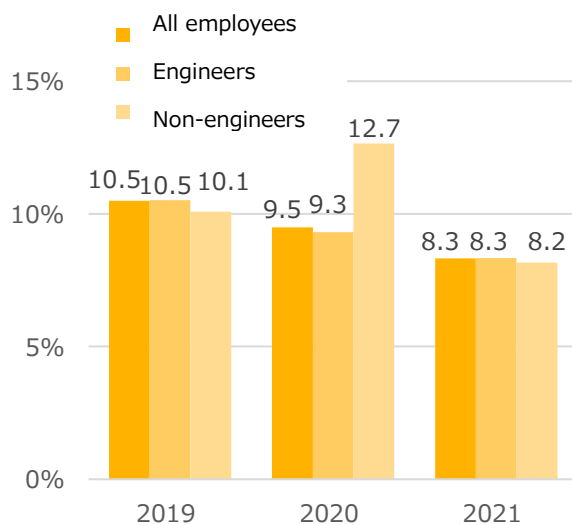


Figure5 : Job turnover rate

An increase in turnover among non-engineer employees was observed in 2020 but improved in 2021.

Human Capital ROI

As a human resource staffing company, Modis actively invests in the hiring of human resource and its development, and continuously monitors its y ROI. The decrease in human capital ROI can be attributed to the active investment in hiring inexperienced workers (in addition to an average of two months of training and development).

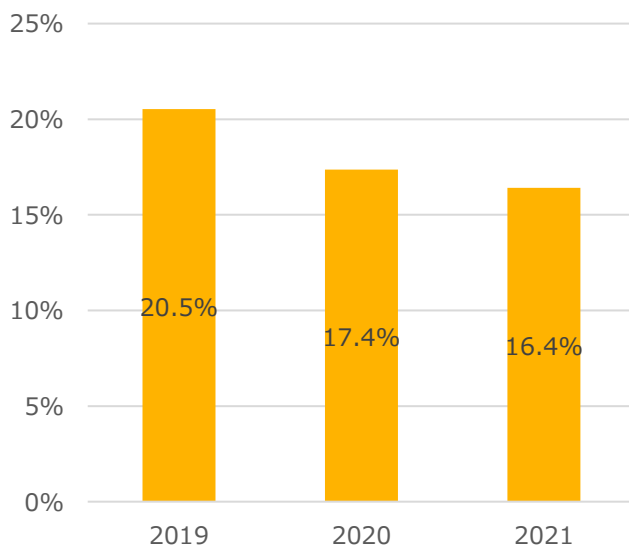


Figure 6 : Human capital ROI

Human capital ROI is decreasing due to increased personnel expenses resulting from enhanced recruitment.

Human Capital ROI= (salary + benefits) /operating profit

About Team Collaboration

Modis has adopted the team system in its organizational management. By making the team a single unit of activity, each employee is not isolated, but complements each other, allowing for collaboration that produces even greater results.

Leadership

Modis provides various training programs for managers to improve their management skills and continuously monitors their level of confidence in their leadership.

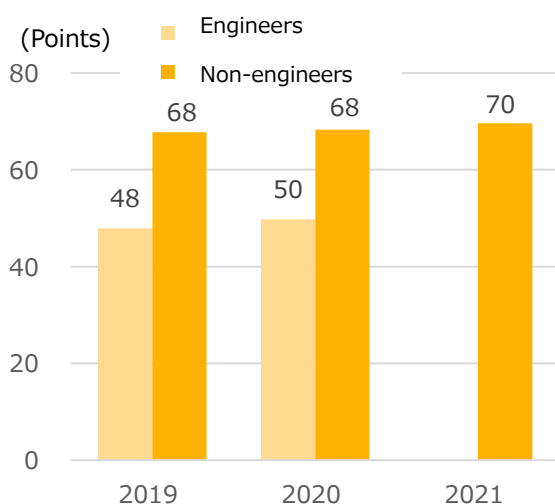


Figure 7 : Trust in Leadership

Trust in leadership is measured with the GPTW Japan Engagement Survey. It amounts to about 70 points for non-engineering employees and about 50 points for engineering employees. In 2021, the evaluation for engineering employees has been changed from GPTW to eNPS. Therefore, it is not shown in this report.

At Modis, employees who are promoted to leader positions learn how to act and behave as leaders.

We also provide training and other programs to ensure a higher level of management and to ensure that the evaluators can fairly evaluate subordinates at different places of employment, which increases the trust of leaders and improves engagement in the workplace.

Skills and Capabilities

Our business strategy is to have more than half of the engineers working at Modis be active in the smart industry field by 2025. As part of these actions, we are increasing our training curriculum from 96 courses (2019) to 137 courses (2021) and increasing our human resource development and training expenses from about 500 million yen (2019) to about 780 million yen (2021).

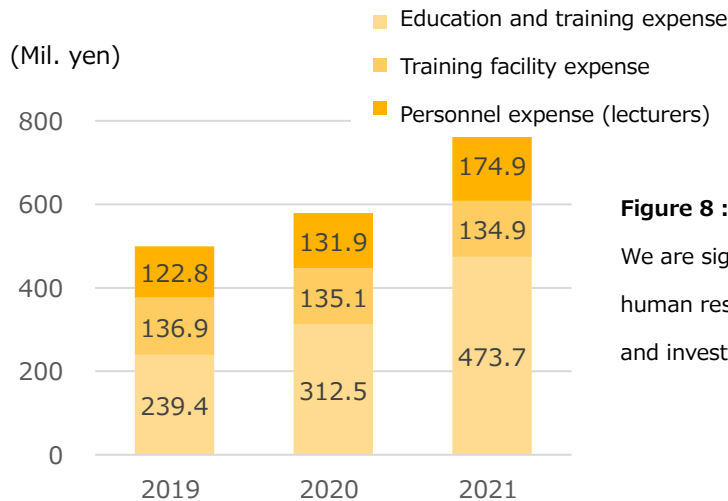


Figure 8 : Total cost of HR development and training

We are significantly increasing education and training expenses for human resource development and personnel expenses for lecturers and investing a total of 780 million yen in 2022.

In addition, Modis offers to develop and provide training curriculums in line with global trends and opens its training center facilities for use even while employees are at work. In cases where it is difficult to train employees on their own, Modis provides an environment where employees can learn and grow autonomously with group companies as well as educational program development partners.

Succession Planning

Modis conducts succession planning based on the concept of human capital management. We manage organization-wide talent reviews, succession planning, timing of transfers, actively promote and reassign employees according to their respective growth stages.

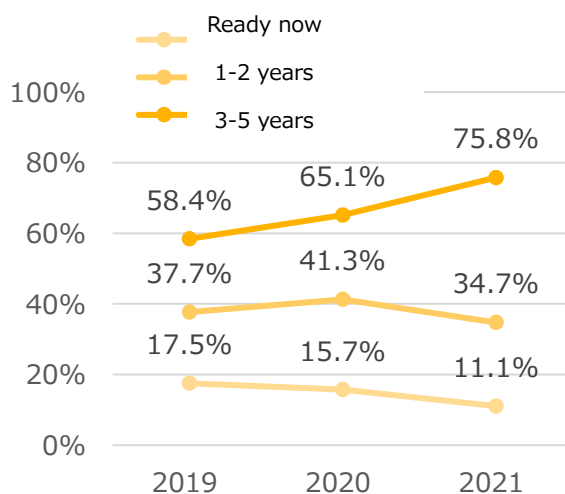


Figure 9 : Succession readiness of successors

Succession readiness increases in the next 3-5 years, and decreases immediately and 1-2 years later. The decrease in 2021 is due to a major organizational change.

Challenge

Modis supports the challenges of each and every one of its employees to enhance their sense of fulfillment, and to realize a better society together with them.

Organizational Culture

The management and employees of Modis are committed to sound and appropriate business operations with the common sense, morals, and ethics of a responsible member of society, and with an awareness of our social responsibility and public mission in order to realize a prosperous society.

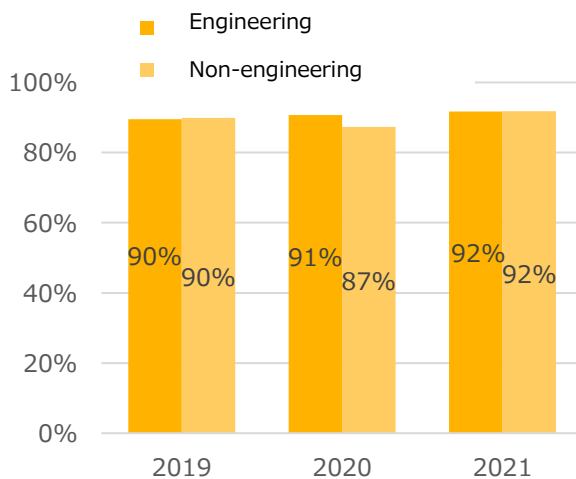


Figure 10 : Employee Retention

The employee retention rate is high for both engineers and non-engineers, maintaining about 90%.

Health, Safety and Well-being

Modis has established an increased team communication and health consultation system to protect the health of each employee.

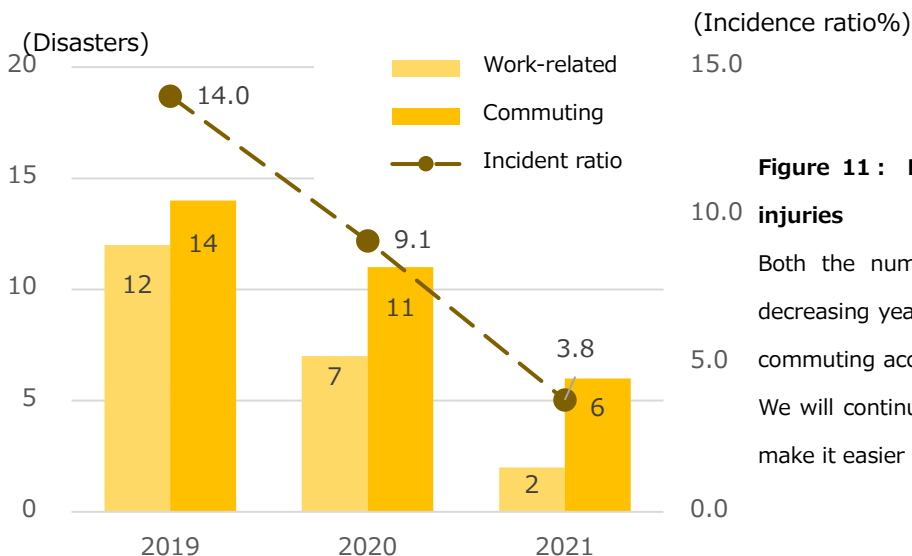


Figure 11 : Number and incidence of work-related injuries

Both the number of accidents and incident ratio are decreasing year by year. Most work-related accidents are commuting accidents, which are decreasing year by year. We will continue to improve the working environment to make it easier for employees to work.

Compliance and Ethics

The management and employees of Modis are committed to sound and appropriate business operations with the common sense, morals, and ethics of a responsible member of society, and with an awareness of our social responsibility and public mission to realize a prosperous society.

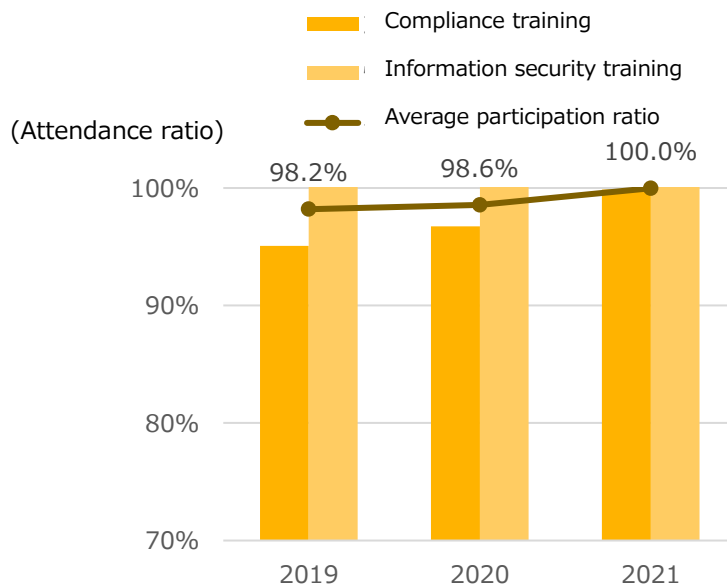


Figure 12 : Ratio of employees with compliance training

We are thoroughly promoting compliance training, aiming for 100% participation by all employees.

Informative : Other Initiatives to Improve Human Capital Value

Communication between management and employees

Modis shares management sessions and minutes of management meetings to visualize management. It is intended to keep employees abreast of company developments, and by providing direct information (rather than sharing it through supervisors), the company's vision is made more accessible to them.

In addition, management sessions (management and employees interact directly with each other) allow for direct communication and discussion of the management vision from them. The management team sincerely listens to any questions from employees and communicates its will as management in simple words.

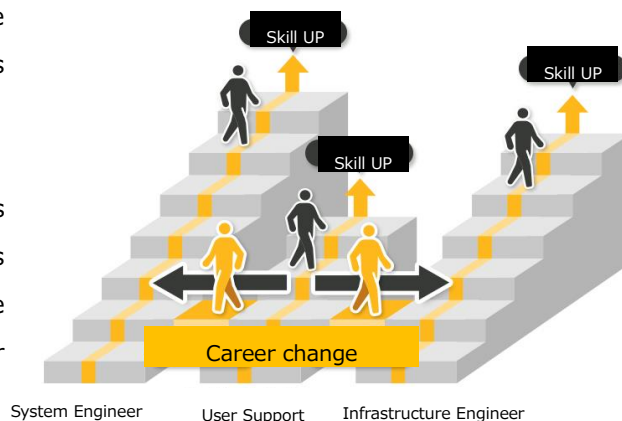


General meetings are held regularly at each headquarters and business unit to promote understanding of policies, strategic progress, and behavioral change to incorporate these into the actions of individual employees at their workplaces.

Career Design Support

Modis supports the creation of a journey-type career model that visualizes how each employee can design his or her career within the context of the company's overall business direction in order to realize their vision.

The journey-based career model clarifies the path to one's ideal career path, and thus fosters an attitude and organizational culture in which employees learn to improve their abilities on their own initiative.



Internal recruitment system

Modis has an internal recruitment system that aims for a higher level of employee job satisfaction. This system is designed to encourage employees to think about their own future, realize their own goals, and change their behavior autonomously. This internal recruitment system increases the motivation and ambition of employees and contributes to the creation of a vibrant organization.

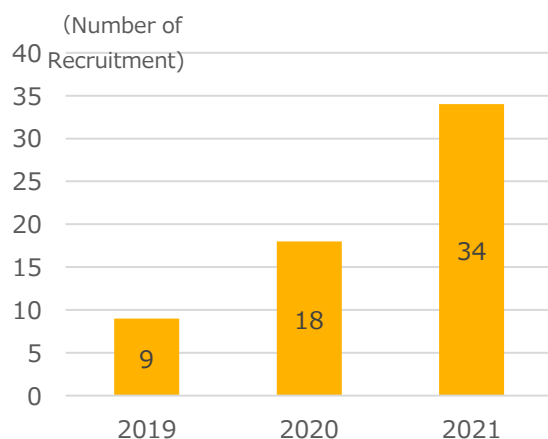


Figure 13 : Number of internal recruitment

The number of applications for internal recruitment has increased significantly over the years

※You can challenge yourself with similar experience from engineer to instructor, or from sales to recruiter with no work experience in the past.

Free address system in the workplace

Modis has a free address system in all workplaces, including the head office. It is easy to talk to them and contributes to revitalizing communication throughout the company and improving collaboration across departments.



Internal SNS, company-loaned smart phones

To transmit and share information in real time, the company has introduced an in-house SNS and lends smartphones to all employees. Information transmitted on the SNS allows employees to check messages at any time on their company-loaned smartphones. In addition to notifications from the company, the system is used for a variety of purposes, including communication between supervisors and subordinates, colleagues in the workplace, project members across the organization involved in the same work, and employees who share the same hobbies. The system is designed to activate communication not only vertically and horizontally, but also diagonally, so that employees can work without feeling isolated.

Evaluation by an external organization

In internet survey conducted by the Japan Marketing Research Organization (July 2021), Modis was ranked No. 1 in the following three categories.

- ✓ **Temporary engineer staffing services that seem to have a clear and easy to understand evaluation system.**
- ✓ **Temporary engineer staffing service where engineers can work with enthusiasm.**
- ✓ **Temporary engineer staffing services that will help me grow into an engineer who will still be active 10 years from now.**

※ We believe that these awards are the result of our human capital management practices.



Reflections on Modis Human Capital Management

Modis, a human resource staffing company, is based on the concept of human capital management, and practices company management that maximizes the added value of its employees as important human resources. Particularly in the last three years, we have worked to achieve the ideal form of human capital required by society and have strengthened our activities to realize the matching of visions by identifying numerous employment opportunities that satisfy and enable all employees to play an active role in their careers, thereby achieving growth in sales, profits, and number of employees despite the difficulties of the Corona disaster.

Regarding human capital management indicators for last fiscal year 2021, we were able to maintain high evaluation levels in "Compliance and ethics", "Leadership", and "Diversity". On the other hand, we strengthened our investments in "Skills and Capabilities" and "Recruitment Costs" to create higher human capital value, which led to a temporary decline in EBIT and human capital ROI in "Productivity," but we saw significant improvements in increased retention (lower turnover), improved competency levels, and other areas. As for the succession training, the rate of succession readiness has declined from a short-term perspective in line with company growth, but we will set this as a point to be strengthened to aim for early improvement in the next fiscal year.

The concept of international certification ISO30414 (Human Capital Management) is the very essence of Modis' corporate philosophy, which we have long cherished, and we believe that sharing Modis' human capital management approach and our experience and knowledge with as many people as possible will lead to social contribution.

Modis plans to continue to actively disclose data on human capital management, and we hope you will find the information presented in this report useful as a role model.

November 2022

Yuriko Shiota

Modis Ltd.

Managing Executive Officer

Head of Human Capital Management

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