

Business Strategy Presentation - ESG Fireside Chat

Jun 28, 2022

Shen: Thank you for joining Recruit Holdings' ESG Fireside Chat with Ayano "Sena" Senaha and Jun Arai.

This call is a simultaneous translation of the original call in Japanese.

Sena will first give an overview on our progress made during FY2021 for our ESG goals, which is the third pillar of our mid- to long-term corporate strategy.

Next, we will begin the Fireside Chat with Jun Arai, our Corporate Executive Officer in charge of the Corporate Planning Division.

The Fireside Chat will start by answering the questions received in advance. Then we will move onto answering questions received during this event.

If you are attending the live stream, please send your questions through the chat at any time.

Those participating from the telephone line will have time to raise questions in the latter half of this session.

Please note that we are recording today's session. Projected materials can be obtained from our website.

Now, let's begin the event with Sena's presentation.

Sena: Thank you very much for your attendance today. I'm Sena, Ayano Senaha, COO and director of the board of Recruit Holdings.

We reported on the progress of the first year of the "Prosper Together," our ESG initiative, which we added to the pillars of our management strategy last year, at our recent full-year financial results call.

Today, I would like to go a little further to answer your questions.

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Let me share with you what is actually going on and the progress we made so far. Thank you very much. I would like to start with the story that I emphasize every time I have a chance because it is so important. Delivering social value has been a part of our DNA since the foundation of the Company in 1960.

In 2021, last year, as we were building our new management team, we decided to take a step further to do more for our future.

With Recruit Group growing to become a global HR matching business leader, we felt strongly that we must use our increasing influence and capabilities to achieve a greater social impact along with that numeral target.

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Firstly, our social impact goal is to shorten the time it takes to get hired by half, by FY2030. So why is it so important?

Slide4

It may be surprising to you, but according to OECD research, even in a developed country, nearly 40% of people could fall into poverty if they do not have an income for three months.

What we do as a job is one of the most important facets of life for many people. If it takes time looking for a job, that impacts one's life so it has to be minimized, therefore, speed matters when it comes to getting a job to reduce the number of people in need.

We want to greatly “shorten the job search duration” as one of our ESG commitments.

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In 2021, we worked to better define job search duration on Indeed. Based on the data of those who got jobs on Indeed, while it varies between individuals, we found that currently, it takes approximately 15 weeks until most job seekers get hired.

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This shows the distribution of the job search duration of Indeed users who received an offer.

The median was about 3 weeks while the mean was about 7 weeks. But we found that it takes approximately 15 weeks until 90%, which indicates almost everyone except the statistical outlier, gets hired. This is the data from Indeed.

Apart from that, in a global labor force survey conducted across 30 countries, nearly half of the respondents reported that their job search duration was longer than the amount of time that they could cover their personal expenses without income.

Based on this result, we reconfirmed that reducing the time it takes to get hired is something we should focus on to make a meaningful difference.

By setting “15 weeks” as our baseline job search period, we aim to support all job seekers, including those in difficult situations, by cutting the time to get hired by half.

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On the other hand, job seekers from underrepresented or vulnerable groups face barriers when searching for a job but these barriers are difficult to remove through improving the matching efficiency alone. This is why we are also committed to helping 30 million job seekers facing barriers get hired.

Assisting job seekers with criminal records, which I introduced during the earnings call, is one of many barriers that needs to be addressed.

Going forward, we will continue to identify and break barriers to promote inclusive hiring with our technology and partnerships.

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Next theme is gender parity. We also set goals for ourselves.

As you may know we are an information service company and our people are the greatest assets we have.

What we deliver is based on the ideas and also genuine passions that arise from our diverse employee base. Even in the engineering process, diversity is very important. In fact, in the process of engineering, we have to have both individual strengths and diversity as a group.

Our value comes from within, so leveraging the people-capital is the source of new products and services - that’s the very mechanism of how the company survives through the times.

For us, diversity has been the theme at the very heart of the company since the foundation. As a global company we set many diversity themes by each region or business, but as the entire group, we aim to achieve gender parity at all levels.

In FY2021, which is the first year of the initiative we have made much progress for this goal.

For example, the number of women in senior management positions, consisting of CEOs of our major subsidiaries and executives of each SBU, increased from 10% to 21%. Also, since it was approved in the annual meeting of shareholders, women in the boardroom account for 27%, up from 20% since last year.

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Moving forward, it will become ever more challenging to move the needle towards parity, but we will continue to drive forward with our three-year target developed by each SBU.

Slide10

Our fifth and final sustainability goal focuses on climate action. In addition to the 10 year goal, we expect to have achieved our short-term goal of reaching carbon neutrality across our own business activities in FY2021 as planned previously.

We say we expect because we are going to go through the certification process with a third party but we are confident that we will be able to achieve our goal for FY2021.

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And to achieve our 2030 goal of carbon neutrality throughout the value chain, we will work toward this goal by setting GHG emission reduction targets in line with the international framework, which aims to limit the increase in global average temperature to 1.5°C above pre-industrial levels.

This is a piece of new information which was not available at the time of earnings call, but in the beginning of June, we also expressed our commitment to SBTi and we've completed signing.

We have been frequently asked by investors if we'd become a signatory, and I'm happy to announce that now we are.

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Last but not least, the three-year targets focused on climate action and gender diversity will bear incentive goals effective FY2022 which is this year, for the Company's executives who lead actions in each of its ESG themes.

I often receive questions asking whether we can really achieve such ambitious goals.

Honestly speaking, these are all very lofty goals and it won't be easy.

However, I am convinced that despite its difficulty, because it is valuable to society, our people are motivated to challenge even further.

From a long term point of view, we'd like to connect our business growth to what's good for society.

These are all very challenging and ambitious goals and it is likely that we will face many challenges but we look forward to sharing the journey with you which is another meaningful aspect of this "Prosper Together" initiative.

That is why, I look forward to responding and addressing your questions as much as possible today.

That is all from me for now. Thanks.

Shen: Thank you Sena.

So, now we will begin the dialogue with Jun Arai to first answer the questions received in advance.

Jun will take the lead from here.

Arai: Hi, this is Jun. Pleased to meet you all.

We received many questions beforehand. So let's start with this core question.

So Sena, as you mentioned just earlier, in May of last year, ESG was incorporated as the third pillar of our corporate strategy. So what was going on behind the scenes? What led you to take this move? Could you explain this point?

Sena: Sure. I'll begin by sharing with you how 2020 was such a symbolic year.

Personally speaking, right when I was about to take the role of a board member, the Company was aiming to be the leader of HR Matching market. It has always been our objective and this is still the case.

But then I came to think that from looking at it from the sun or from the moon, which player is No.1 in this market does not mean so much.

Rather, this expanding influence, how we utilize this influence as the leader to do something good and greater, that is far more important, I thought.

And that idea gave me more power and motivation to move forward, literally from the bottom of my gut.

And another trigger point was that our CEO was about to change to Deko, and so we were building a new management team. We were talking about what we need to focus on and dedicate ourselves very thoroughly.

Then, came the COVID.

And we try to match jobseekers with jobs that are the business we engage in.

But many people lost jobs and those already in a difficult situation were hit first.

So I thought about many things. What is the significance of our business? And how can we exert our impact on society?

This all happened at the same time.

So having an impact on society. This will lead to our growth in the long run, I thought.

And so rather quickly, we talked about this many times in the boardroom. And at the time the new management team started, and we announced this.

So that was the background, what triggered until we announced it.

Arai: So you said it is something that gives your gut a power and motivation to move forward. Is this still the case today? Are you feeling motivated?

Sena: Well, yes, and of course I have ups and downs. I'm a human being. But today I'm fully motivated with all of you being here for this.

Arai: I see. Now, let me move on to the next question.

This is a question that we've received from a lot of people, actually.

So you explained how you would like to aim to shorten the time to get hired by half and make it significantly faster.

And this year you have identified the baseline which is 15 weeks and maybe it is easy on the table, but how can you elaborate on, how to shorten the time to get hired by half?

Sena: Thank you for a very good question.

So we concluded the baseline of 15 weeks as the job search duration and we spent, allocated so much efforts in order to reach that conclusion. In Indeed, "Get Closer to the Hire" has been the initiative that has been going on starting from the job aggregation website.

We now have applying function and other functionalities, getting jobseekers closer to the job. And what we are calling a "hired signal" on the platform of Indeed, we have evolved the technology to capture the digital signal.

That tells us that the job seeker has found a job. Initially that was not visible at all, but that has become visible very much in the past four or five years.

But the challenging part is when does it start? When did that individual start his or her job seeking activity? We cannot interview each one of them. So we want to have a scientific method.

Well, for example, I have a younger sister. And it is almost her hobby, what she enjoys to look at indeed to see what kind of jobs are available and compare her job with the jobs available in the market in terms of salary.

So it is difficult, very difficult to define when she started her job seeking activity.

But in my case, I think I will start by uploading my résumé and registering that with the platform. So it varies between jobseekers when the job seeking activity starts.

In order to identify the starting point, we worked with data scientists and product members and discussed what is the most appropriate method.

And we found one approach, and that has taken us to this baseline of 15 weeks as a result.

Then how are we going to shorten it? I think that's the question.

Arai: Well, you're talking about shortening it to seven weeks, right? That's less than two months. Finding a job in less than two months. That is pretty ambitious, I believe.

Sena: Yes. So that's what we've been considering.

Well, of course, because we have set this goal, we are going to accomplish it. Job seeker's activities and behaviors vary between job seekers.

So where is it that the job seekers are allocating the largest amount of time, the longest amount of time?

But perhaps that itself is not problematic for some job seekers. So we need to know if that part taking the longest time is really bringing stress to certain job seekers.

And if that is the case, we need to shorten that duration. So that is the kind of analysis we are going to deep-dive going forward, and that is what we've been discussing with Indeed team.

So we have nine more years. It is very critical that we can identify the starting and the finishing points by using our data.

So we are arriving at the starting point of our long journey.

That is all we can share with you as of today.

Arai: Okay. Moving on to the next question.

So, the investment market placing social impact as the main evaluation point is not that large yet, I think.

So we've been asked how setting social impact goals contribute to our sustainable growth. From the investor's point of view, it's not just doing something good. How is this positively impacting our business?

Sena: Thank you very much. It's very simple.

So if you could imagine if you can get jobs, find jobs twice as fast.

Now we're saying we're doing this in ten years.

If you can find a job twice faster, you will definitely use that service, right?

So if we have a chance to become one, we can become the only one rather than just number one. And so our social impact goals, we believe, will lead to our business growth. And that's why it is so meaningful.

So that is why this target is set at the right in the middle of our business.

We're doing what we have always been doing. It's not aside from the core business. This is what we are focusing on uncompromisingly.

We have to come up with a service which people want to use, and that is why we are focusing on this point.

We want you to also look at ESG and sustainability efforts or initiatives of the disclosure of other companies' social impact.

Such a clear numerical target and timeline exists, neither in Japan, APAC nor world. They aren't done by many companies. Very few companies do this. Focusing so much on society with a clear timeline is very rare.

So if you could compare many companies, you will see many companies are setting environmental impact goals because the rules are much clearer in the field, but social impact is something that we have focused on. We made sure that this social impact will be right at the core so that it will grow our business.

Arai: You sound super confident. What does your gut say?

Sena: Well, being confident is a big of a word, but yes my gut is telling me so, and I am very much motivated to get that done.

Arai: Then let's move on to the next question about the other goal of social impact.

As we were discussing earlier, supporting 30 million job seekers who face barriers in finding a job. So what do you mean by supporting them through technology?

And doesn't that lead to elevating the barriers? And in fiscal year 2021, how did you perform in terms of numbers?

So these are the questions related to supporting job seekers facing barriers.

Sena: Thank you for the questions.

So during the earnings call and in the presentation, we featured criminal records.

And I think this is the background of the questions, but there are diverse barriers and we have already decided to address various barriers.

The first question was how we're going to use technology to support them.

So far, we have only been disclosing mostly about partnership efforts. So I think it could be difficult for the audience to imagine what we can do. For instance, in the US, a university diploma requirement can be a barrier for some people.

The percentage of people who have a bachelor's degree varies between countries, but not having a degree itself could be a limitation to job seekers for instance.

Well, let's say there is a job looking for staff in warehouses or customer support centers. And after the COVID shutdowns, they have been facing a shortage of laborers.

But do you really need to require a bachelor's degree to find a staff of those warehouses or a support center? That is an important question. Maybe that is a question that our sales reps can discuss with their clients. That itself is important.

But on top of that, if I were the hiring manager. Let's say we're looking for staff to work in our customer support center.

And we've submitted the job description and we've received applications. And on the screen, let's say that we initially have checked the university diploma's checkbox. But what if we uncheck them?

If I were shown that the recruitment cost can be brought down this much because there could be 3,500 more jobseekers who would apply for this job, then, Sena, as a hiring manager who's facing a serious shortage of workforce, I think she would ask herself, "do we really need a university diploma?"

That is something we would like to do oneday.

So, face to face education or awareness-raising is important, but from an economic rationality viewpoint, we want to make sure that these issues are solved.

This is good for the hiring manager as well. Not only is it good for society, or someone told you that it's not important to have a bachelor's degree. Maybe hiring managers would realize naturally that it is not a true requirement.

We want to bring more solutions driven by economic rationality to our clients' options and we can only do so through technology. We want to show that through our platform.

So that is something we are hoping to do in the long-run.

Arai: Economic rationality, I see. Well, otherwise, the new methodology is going to take root?

Sena: Yes, solutions have to make sense from that angle to be really rooted.

Arai: Moving to the next question. About internal matters.

So, it has been one year since we strengthened our ESG initiatives. Do you feel the company is changing? How are employees responding? How do you feel about it, Sena?

Sena: It's been a series of surprises.

In May 2021, we announced this. Our employees shared this in many, so many parts of the world and said that they are proud of belonging to a company that does this.

I hoped for that, but I did not expect all that much. So I was very happy to see the responses.

And there is this engineer who retired and left Indeed - now the engineer is who we work together to reduce the job search duration to half - the engineer identified our announcement and came back. It happened in the US. He joined the company again for this.

So I am so encouraged by that.

Not everything is easy. I sometimes wonder if I can really do this. And there are various challenges. And sometimes I get worried at night or day.

Arai: Really?

Sena: Yes, of course. I think everyone would feel the same if they were in my shoes.

But I am encouraged. And we do have some roundtables, which are off-the-record dialogues with employees and myself.

And we talked about ESG matters and received individual feedback and comments. I've found employees are energized. And with that, it's coming back to me, too. I am also motivated and energized. This was a happy surprise.

So in the case of gender parity for example, we were aiming for parity in ten years, but we want to have a break down milestone in three years.

The leader, me, the person taking the lead is not important. It is all about the people who are actually doing the job. They have to have a sense of leadership, ownership to really make that happen.

For example, the CEO of the business units and I, we discussed so many things and tried to identify what we really need to do and how we need to address them. These discussions took place and the decisions were made.

I'm proud of this year one. There are areas we have not launched yet, but we launched the direction and what we need to do in the first three years towards the ten year goal.

The employees are energized and they are motivated and they all have shown a sense of ownership. And so this is great.

Arai: Yes, that's great.

But the shareholders and investors, they cannot take a peak in our company. So, what's going on inside and the entire initiative and the outcome, how much, how good do you think we are? How much progress have we made?

We tend to insist on or appeal to what we are doing, but they may wonder if it's just nice words. So they may wonder how they should interpret this or understand this.

Of course they can't compare the "S(social)" field, there's no comparison. So that's why it's difficult. And if we become one and only, it will become even more difficult to compare us with others.

But for the sake of our audience today, how good, how successful are we so far? Can you please explain this?

Sena: As you rightly mentioned, ESG, although rules for E were set first, we've put out our S-goals first because that is linked the most to our business growth.

That's why we made our commitment around "S".

In Japan and APAC and globally, there are very few companies which make a commitment in S, and therefore it's much more difficult to understand how well we are performing.

You're right. I want to show one easy example of our performance in the past year.

ESG rating, our investors have already been probably taking a look at this.

In MSCI, we were upgraded from A to AA.

And Sustainalytics, this is a risk side measurement and scoring, we were improved from 14 to 11, the lower the better. So we're steadily improving by lowering the number. And I'm sure the audience understands this.

And ISS, this is governance related rating, we are now ranked as the highest.

And what else?

The environment, CDP, it improved from C to A minus. We jumped up all these in one year.

We've worked to improve these ratings, but we had this big jump in the past one year. So this is an evaluation, a proof that they see us as something different. We're making progress.

And, this is not the performance in the past year, but in the three year time span, GPIF has four ESG indices for Japan-based stocks, we are enrolled in all four of them. Companies that are rolled in all four indices account for only 2.5% of the listed companies.

So this is called a "grand slam", some people outside Japan say. We are one of the companies in this 2.5%.

So in terms of setting the reliable foundation for investment, these are some of the indicators.

So this easy to understand quantitative evaluation is important on one hand, but that is not the only purpose of why we're doing this. This needs to lead to business growth and sales and profit growth for everyone to feel happy.

But that happens in a longer time span. In the short run, we are also aiming at making these improvements in the ratings.

So once we look at the numbers, it is easier to understand for the audience. And the members who are involved in the job will get motivated.

Arai: Then moving on to the next question.

So you've set the goal of raising the ratio of women to 50% at all employee levels, which is ambitious, as you said, and this has received considerable media coverage. And we've received questions related to the theme.

You mentioned that you have identified the fundamental issues generating the gender gap, but how are you planning to solve them?

In particular, how do you plan to resolve them? In Japan, where the issue is deeply seated and what kind of financial impact do you think DEI will promote or bring to your company.

Sena: Thank you for the question.

This gender issue has been discussed all over the world for a long time, to the point we're almost tired of hearing about it, but we have not been able to achieve gender parity yet.

And personally speaking, I never liked this gender issue, but I felt that we want to be the last generation discussing this issue.

So that is why we have included this in our goals. I think we have received questions from several viewpoints.

But first of all, the rate of women in the senior management positions, that is the highest layer. It has improved from 10 to 21% in one year.

And let me share what we've been doing.

For example, in Indeed, "Inclusive Interview Rules" is how we call them, we apply them to above a certain layer. When those positions are open and we decide to hire someone from outside we source candidates for that position while considering women and candidates from the underrepresented groups.

And unless we have a diverse candidate list, we will not be able to begin the interview process. So we make sure the fairness in the candidates' list. And maybe you think that doesn't sound very difficult. That sounds quite easy to achieve.

Well, when we look at Indeed's performance in the previous fiscal year, it grew significantly in the post-COVID era.

But when we think of it together with the context of the situation at Indeed or its hiring manager, he or she is looking for a workforce who is available tomorrow or they need them yesterday even.

But when they were told that we cannot begin the interview process because the candidate list is not diverse, that can be a challenge. Yes, I can imagine the hiring manager saying, "Please ignore the inclusive interview rule and find someone to work for us."

But because of this effort, we were able to improve the rate from 10 to 21% in the senior management positions.

And what was surprising to me was that we almost had exactly the same experience in the staffing SBU. We were looking for someone to become the CEO of one of our major subsidiaries.

And in the staffing SBU, they looked for candidates and proposed the list to Rob who is the head of the SBU. But Rob said that "the list is not diverse enough. Where is the fairness?"

So he pushed back and he said, "I'm going to wait until I get a more fair candidate list." And then a more diverse candidate pool was created. And as a result, we hired the most suitable candidate, which happened to be a woman.

So that is one example of efforts made in the field, despite the conflict in terms of the time schedule. That is another element that contributed to improving the rate of women in the management positions.

When it comes to Japan, well, actually today in the morning newspaper it was featured that at Recruit, meaning our Media and Solutions SBU, we have started discussing promotion of women since many years ago.

And we are much more advanced compared to other Japanese peers.

It's challenging to become more drastic. So we decided to identify the more fundamental issues to be more drastic.

As it was covered in this morning's newspaper article, when we appoint people to the management positions, we have certain criteria. But that criteria may contain unconscious bias and based on implicit, or tacit knowledge.

That is leading to unfairness.

For example, one of the criteria is are you willing to be transferred to another geographical location if the company tells you to do so?

And that can be difficult because of family reasons or your own personal reason. So that is one example of the unconscious bias that we need to consider deeper.

And what makes it difficult is that, such tacit knowledge is based on the past successful experience of Recruit. Meaning, in the past there was a personnel who were successful and high performing with that characteristic.

But the business has evolved and how we offer value to society has evolved as well. So we believe that we can make changes by revisiting those criteria.

So based on that hypothesis, we have changed some of our criteria in one small pilot to promote some people in some departments. And that was successful.

And that was the story featured in this morning's newspaper article.

So there is no sanctuary. We are revisiting promotion criteria in order to make changes in Japan as well.

Arai: So maybe this is a secret of the company, that the company should hesitate to share with other people. But are you willing to share these kinds of stories with the stakeholders, shareholders, investors?

Sena: Of course, we are not a manufacturer. So our business model favors fresh ideas, diverse ideas. The diversity of ideas is the most important thing for our business.

It is not only about gender diversity. We need to be diverse in order to come up with diverse ideas. And there is various types of diversity in terms of age, sexual orientation, races, ethnicity.

But when we think about men and women, they are 50 to 50 in ration on this planet. If we cannot achieve even a gender parity, we will not be able to promote other diversities.

So we will be happy to share these kinds of stories openly with someone from outside the company.

Well, there are two points. One is, there is a winning pattern and successful pattern within a company that in many cases will bring them high performance, high financial results.

But even with such companies, things have been changing and I suppose today diversity has been becoming a more serious topic that needs to be addressed across the industries.

And the other point is Japan was 121st in 2020 and 120th in 2021 in the ranking of the global gender gap index.

When we heard the 121st in the ranking, that was quite shocking. Well, this is a ranking among all the countries in the world. So Japan ranks in the 121st! But when we look at the education level of men and women, we are ranked as one of the top countries.

So we do have equal learning opportunities for both men and women but as soon as they go out into the society and start working, the situation changes. How come? What's happening there?

I believe, if we can make some changes, we can improve the situation significantly. That is why I would like to share these kinds of stories openly and such know-hows should become commodities for everyone in society.

Arai: Now we would like to address questions on the chat. This is a question regarding climate related actions.

Why are we aiming for carbon neutrality rather than net zero? And how we should think about our relationship with partners who are not necessarily willing to take climate related actions? So if you could elaborate, please.

Sena: I think this question is why it's carbon neutrality rather than net zero. After reducing this greenhouse gasses, the remainder will be offset. So we will combine those to achieve carbon neutrality. And then there is net zero.

So I think that is the question. The CO2 emissions through our own operation compared to manufacturers is very unique. About 95% of our CO2 emission is Scope 3, from the value chain, including our partners.

If we are to do this thoroughly, we have to engage our partners. This is the key point.

Let's go back to the intent of this question. If the partners are not very forward looking, under extreme cases, some companies may discontinue the business with such partners.

And some tell all the suppliers, "if you do not take these green activities, you cannot stay as our supplier base." Some companies are taking that stance.

Now the question is, well, what about us?

We have not gotten that far. Discontinue business because of this reason, we've not done that in the past because 95% of the CO2 emission is from partners. We don't want to give up on this dialogue.

We think this is important and why don't we do this together? Can we do this? Can you do that? I think that is our responsibility.

Cutting the partner may be easier or simpler. But we want to take more responsibility. That is my response to the question.

With COVID, our engagement with the suppliers had been online, virtual, but now COVID is subsiding so we want to engage partners and have engagement more offline this year.

Shen: If you are on the call line, please press star 1 in order to address your question.

Now first we would like to address questions on the chat.

Arai: The next question is related to data security.

Many participants are interested in our approach to data security and privacy, which are the foundation of our business activities and of high concern as a risk factor.

Since you're also a leader of risk management, can you please elaborate on our approach on data security and privacy?

Sena: Thank you. This is a really good question.

In the entire group, data security and privacy have been identified as the top risk factors.

And it is so critical that if they are not managed properly, it could undermine the value of our business.

Arai: In the Annual Report, the risk chapter featured these two elements.

Sena: That's right. The volume of data stored with each SBU, and the national and local laws and regulations vary between SBUs.

So the level, the degree of confidentiality, and the volume of data need to be considered in order to implement proper risk management measures.

The governance is done by the SBU but as the holding company, we also have a task force for these top risk factors in order to communicate with the SBU to ensure if their risk management level is satisfactory.

And we also have audits and monitoring by the Risk Management Committee.

I think we have made much progress in this area over the past few years.

Arai: There are laws and regulations which are different between regions and they are evolving constantly.

Sena: Geopolitical situation is also something we need to be mindful of and we need to continue to discuss how to comply with different regulations.

We need to have a mid to long term point of view, not only the short term countermeasures.

I think we need to be sensitive to the mid to long term development as well.

Shen: We have a question from the phone. Mori-san from J.P. Morgan. Please go ahead with your question.

Mori: Sena-san, Arai-san, thank you so much. Thank you for being so concrete and specific. This helps us a lot.

One question from what you said earlier. You talked about female representation.

You said, "the proportion between male and female is 50:50 on the earth, so we have to achieve parity in our workforce." That word hit my heart.

You are leading in Japan and you have indeed on a global basis. Are you providing tips to increase the female representation as a service or is there a possibility to provide that kind of service?

Shen: Your question was about service to help hire female employees and its future possibility. How about this, Sena?

Sena: We don't want to say limit the hiring only for women. We don't want to do that. That is not the point.

For example, what is very well-accepted and very influential platform we have is Glassdoor which offers CEO ratings or other ratings to evaluate a company.

Among them, there is a diversity ratings too.

Rather than providing tips to increase the female ratio, it's better to have higher transparency on the platform so that the companies that are working hard in terms of diversity, to be chosen and to grow.

In terms of utilizing influence, I think that's more powerful.

Indeed and Glassdoor lead the efforts to increase cases of job seekers looking for companies, as well as such ratings when they find jobs.

And there is a case from Staffing SBU company in Australia. Some clients in Australia saw we held this parity objectives, and came for us to ask for help to achieve gender diversity within their company as well.

So there are many other examples. In order to exert the impact, how to utilize the influence on the platform is the key, I think. Thank you.

Shen: Now, we'd like to go back to the question from the chat, but we are still waiting for your questions on the call line with star 1.

In a chat from Tokyo Marine Asset Management, Asano-san addressed a question.

Human capital of Recruit is praised. What do you think is the most important index of ISO while there are many elements such as compliance, cost, diversity, leadership, corporate culture, organizational wellness, safety, productivity, development?

Sena: Thank you. I like this kind of technical question.

Arai: It's very exciting.

Sena: I think I also feel a pressure to discuss more specific matters.

I would like you to understand this is my personal response, not as a company.

Leadership and corporate culture are the most important indices for us.

I think I should be answering "all of them!," but I think leadership and corporate culture are the two most important indices.

These two are the most difficult to grow genuinely in a short period of time.

For other indices, there are actually "control levers" which are correctable in a shorter period of time.

But leadership and corporate culture are the areas that take time. And when they are broken, it also takes time to rebuild them.

They are the most difficult to be measured, but at the same time they're the two most important impact for growth. In that sense, I think these two are the most important.

Arai: "Bet on Passion" is what we always say. But that is a core values of our company.

Sena: Yes, that is what we would like to leverage in order to continue winning.

It is not something to hang up on the wall, but we want to have that rooted in the company as a process and structure and system.

So it's not about having a corporate culture or not, but it's about whether we have rooted it in our day to day life.

Shen: Thank you. I like to go back to the call line. Tankai-san from Nikkei, please.

Tankai: This is Tankai from Nikkei. Thank you.

What I'd like to ask you is 30 million people, job seeker support. What was your result in fiscal year 2021?

You mentioned the importance of economic rationality, and you would solve it through technology development.

So what was your progress? What does your progress look like? Thank you.

Shen: 30 million. This is a big number. So what is your progress? Your track record, please.

Sena: Thank you very much.

In reality, the economic rationality with the power of technology, we have not made progress there yet.

It is what we are hoping to realize in the future.

If we try to realize something just to make progress in ESG initiatives, that kind of solution does not last long.

A measure that contributes to business growth, is good for the employer, and the user. We have to have all that in place, otherwise this cannot last long.

Within the discussion of improving matching efficiency, for example, we have to have it all that in place. For instance, how taking off a certain barrier contributes to increasing the candidate pool. There are many other assumptions like that.

We're testing them one by one and see what's effective and what's most meaningful for everyone.

So, not yet at this time.

We cannot achieve the goal to reach 30 million job seekers if we do not test out various options. Currently, we're in the middle of the activity.

We're doing this and we're trying that in the next three years or so. We don't have something that specific at this very moment.

Arai: From people outside the company, our product development cycle may not be easy to understand.

So we try and then retract and then try again, and listen to people's advice. We continue and repeat the cycle, like Sena just said.

It's difficult to understand because we're not a manufacturing company. We always try little things. We hope people understand that is how we make progress.

Shen: Thank you. Sena.

I regret to tell you that it's about time to close today's session.

Arai: Sena, I think you've already communicated a lot of messages today, but can you please share with us your future prospects and enthusiasm?

Sena: Well, there are many companies which make a lot of profit in the world.

At the same time, there are NPOs and NGOs or companies contributing to society by doing something good.

But there are not many organizations that do both even when we look around the world.

So we aim for significant growth and we also want to be loved and respected. I think we want to achieve both of that.

And we would never want to become a slow moving company but is doing good for society. That's not our vision.

So you wanted to hear my enthusiasm? There was a question asking where we are on our journey.

For example, we had progress in the area of diversity in the past year.

Every year I hope that I will have one or two exciting stories that I will be able to share with you so that we can move forward in this ten year journey together with you, all our stakeholders.

Well, of course, we want to have more, but I would say one or two at least.

Shen: Thank you very much. This is the end of our program today.

Thank you very much for joining the ESG fireside chat. Thank you.

END

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