

Business Strategy Presentation - ESG Fireside Chat

July 04, 2023

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

This call is translated simultaneously into English with the original language in Japanese.

Today, Sena will first give an overview of our progress made during Fiscal Year (FY) 2022 toward our ESG goals, which is the third pillar of our medium- to long- term corporate strategy.

Next, we will begin the Fireside Chat with Jun Arai, Senior Vice President in charge of corporate strategy and investor relations.

The Fireside Chat will start by answering the questions we frequently receive from investors.

If you're attending the live stream, please submit your questions through the following Google form at anytime.

The instruction shown on the screen is for Zoom participants. Please use the Google form to submit your questions.

Please note that we're recording today's session. Presentation material will be obtained from the website.

Sena: Hi, I'm Sena, Ayano Senaha, Director of the Board, Executive Vice President, and COO of Recruit Holdings. Thank you for joining us today.

Some of you may have already seen the video we released as part of the earnings report on May 15. But I'd like to briefly explain the key points of our progress in 2022 on the ESG commitment "Prosper Together," which we first announced in 2021.

Delivering social value has been part of our DNA since the foundation of the company in 1960.

In 2021, at the time of the launch of the new management team, we once again discussed our social value as a global leader in HR matching. We felt strongly that we must use our increasing influence and capabilities to achieve a greater social impact and came to agree that our sustainable growth will become possible by doing so.

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This is why we added "Prosper Together" as the third pillar of our management strategy, and established five clear measurable goals in environmental, social and governance categories with an ambitious timeframe.

In our first year, we focused on discussing frameworks and midterm goals. We are starting to see tangible signs of progress in the second year through the evolution of our products and services.

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Our first sustainability goal focuses on climate actions.

We will achieve our short-term goal as planned by reaching carbon neutrality throughout our business activities in FY 2022.

Slide 5

And to achieve our long-term goal of reaching carbon neutrality across our entire value chain by FY2030, we are reducing GHG emissions by setting targets validated by SBTi as a “Near-term targets to 1.5°C” in June.

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Next is our social impact goal. Our target is to shorten the time it takes to get hired by half by FY2030.

We aim to do so through making job matching significantly faster.

Slide 7

In FY2022, we observed several signs we were “getting closer to the hire”.

Slide 8

One of the signs was seen among those using “Indeed Assessments”.

Indeed Assessments lets job seekers proactively take assessments, offering a way to showcase their skills to potential employers.

Slide 9

Employers who utilized Indeed Assessments for screening were able to hire 16% faster.

There are other examples connected to reducing the time it takes to get hired through the evolution of the product.

Refining and updating our products in this way will first and foremost help simplify hiring, and we believe that will also help our financial growth in the long run.

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However, job seekers from the underrepresented or vulnerable groups face barriers that are difficult to remove through improving matching quality and efficiency alone.

This is why we are also committed to helping 30 million job seekers facing barriers get hired by 2030.

Although there are many barriers and biases in the job market, in FY2022, we decided to focus on and worked to reduce five barriers.

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For example, “education” is a common barrier around the world when looking for a job.

We believe hiring should be determined by whether a candidate has the skills and abilities to do the job, not by unrelated factors.

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However, according to a study, 60% of employers said they have rejected candidates because they do not have sufficient education requirements, even though they have adequate skills and abilities.

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Through making product advancements and partnerships, we are proud to have been able to help 3.9 million job seekers facing barriers get hired in the first two years of our journey.

Slide 15

Finally, our goal of achieving gender parity across the Company.

Last week, our proposal to appoint Katrina Lake as a new candidate of the Board of Directors was approved at the Annual Meeting of Shareholders on June 26th.

As a result, the percentage of women in the Board of Directors members increased from 27% to 33%.

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This appointment also broadens the diversity in terms of nationality, age, skills and experience.

Since we set these five ESG goals, we have often been asked how we can achieve such ambitious goals.

To be honest, even now, there is no single goal that we are clearly seeing the pathway towards the goal line.

However, because it's not easy, we believe exceptional ideas and innovations will be born out of it.

In fact, we are beginning to see tangible signs of progress that we can achieve both social impact and sustainable business growth.

Today, I'd like to share with you those signs of progress, including some information that we will share with you for the first time.

Thank you very much.

Shen: Thank you very much, Sena.

Next, we will move on to the Fireside Chat with Jun Arai by answering frequently asked questions, including questions we received in advance from the audience.

Jun will take the lead from here.

Arai: Hi, this is Jun. Pleased to meet you all. I'm sure there's a lot to share today.

Let's begin with this. How do you feel about the progress you've made in FY2022?

Sena: Well, honestly speaking, some targets progressed well, while others were more difficult and challenging than I imagined.

Arai: Well, you said that you will be honest, so I would like to ask the next question.

Which targets do you think are progressing well?

Sena: There are three: environment, one of our two social impact goals, help 30 million job seekers facing barriers, and achieving gender parity in the boardroom.

I believe these three have been progressing relatively well.

Arai: On the other hand, which targets do you think did not progress well?

Sena: It's not like we didn't see any progress, rather, we faced challenges in two targets, "reducing the time it takes to get hired by half," the other social impact goal, and "achieving gender parity at all levels of our employees," which is something we promised with our employees.

Because we are taking on the challenge that no other company in the world has been able to achieve, we are still in the state of exploration with much trial and error.

When it comes to reducing the time it takes to get hired by half, we are the only company that has set such an objective.

Arai: Then, for today, why don't we start by briefly asking the progress in the three targets you think are on track, then deep-dive into the two targets you're facing challenges while covering the points that are anticipated by investors to know.

So, the environmental goal. Besides achieving carbon neutrality throughout the business activities, what progress did you make?

Sena: In terms of the environment, we have made progress in reducing "Scope 3" emissions by working closely with our supply chain partners.

We have also contributed to mitigating climate change through our product called Indeed Hiring Platform.

These were the topics of FY2022.

First of all, 95% of our group's GHG emissions are Scope 3 emissions or from our value chain or supply chain.

Therefore, Scope 1 and 2 only account for 5%. In order to reduce our emissions, we need our supply chain partners to take action. There is no shortcut.

Our environmental team created a manual to assist measuring (partner) companies' emissions according to the GHG Protocol, a global standard.

After measurement is done, we also help partners develop plans to reduce their emissions.

I believe you can imagine that many of our partners are in the media, IT, and advertisement sectors.

Different from manufacturers, the progress is slower.

There is a room for further reduction, and the first step in this journey is to help them measure their current emissions.

It was good news that we have been able to make positive progress.

Arai: Does Indeed Hiring Platform also contribute to reducing emissions in the supply chain?

Sena: No, it's not about our supply chain. This is about our new product we launched during the pandemic.

Emissions avoided through the Indeed Hiring Platform, which allows job interviews to be conducted entirely online, is the contribution outside our supply chain. Therefore, the amount avoided is not counted as the reduced amount of GHG emissions.

If our clients use this service, job seekers do not have to travel, and thus, GHG emissions from travel can be avoided.

This is not counted toward our reduced amount of GHG emissions because this is outside our supply chain.

This is our product, and it's for the clients who use this service.

I still think this is a great contribution because of the scale.

More than 300 million people visit Indeed every month.

The GHG emissions avoided in 2021 from this product is equivalent to the charging capacity of more than 1.5 billion smartphones for a day.

Namely, there are 7.5 billion people in the world.

So, this means, we can charge the smartphones of one-fifth of the world population for a day.

This cannot be included in our emission reduction, but I believe this represents what we can do to help with our product.

Arai: As for the target to help 30 million job seekers facing barriers, I believe the fact that we were able to help 3.9 million job seekers is the major progress, as you mentioned earlier.

Do you plan to share the breakdown of this 3.9 million people?

Sena: To answer that question, I want you to imagine who exactly are the job seekers facing barriers.

There are many barriers job seekers face, but we've identified the five barriers that we focused on and worked to reduce as shown on the screen.

Of these, perhaps the most difficult for you to imagine are criminal record and military service.

I was also shocked when I heard about this, but there are more than 70 million people who have some type of criminal record in the US.

This is about 1/3 of the adult population.

There is public research showing that job seekers with criminal records are over 50% less likely to get a callback or offer.

Then, working experience in military service is also especially unique to the US, in this context.

Approximately 200,000 veterans return to civilian life each year.

But, many veterans have a hard time explaining their job experience and skills they have acquired in the military in their resumes and interviews, and find it difficult to appeal to employers.

According to one study, more than 50% of veterans are unemployed for more than four months after leaving the military.

You asked if we plan to share the breakdown of the 3.9 million.

We do not disclose the breakdown because we found that many job seekers are facing more than one barrier.

For example, some may face two barriers at the same time, such as educational requirements and criminal record, or they may have a disability.

Some may face two barriers or more at the same time.

Even if they face multiple barriers, we count them as one, if it is one individual.

For this reason, we do not currently disclose the breakdown of barriers in order to be fair.

Arai : Yes, I can see that this is complicated.

I bet it is not easy to achieve this goal if we focus on users who have difficulty finding jobs compared to if we just focus on those who have great careers and are likely to find a job easily, or more specifically, can choose from several offers.

Sena: That is exactly why this challenge is meaningful.

I believe the audience today, the majority of them graduated university and have white-collar jobs and are working based on intellectual activity in Japan and elsewhere.

Or for example, in the US, the annual income range of job seekers hired through Indeed is about the same as the annual income range of the US workforce.

Because this is a service used by so many people, as a company operating a global HR platform with about 300 million visitors each month, we believe that helping job seekers who face barriers to enter or return to the job market is a mission we should take.

Arai: You're setting a difficult challenge intentionally.

Sena: Yes, it is challenging, but it's one of the themes that are working well.

Arai: Next, I'll move on to the other targets you mentioned that you are struggling with.

About the other social impact goals, "reducing the time it takes to get higher by half".

This bold target, let us talk about that.

The contributions from several product updates were reported in May, but I think what people want to know today is how much of those actually helped shorten the baseline duration of 15 weeks you set last year.

I want to know that, too.

So, can you give us an update?

Sena: I will start by talking about the challenges we are taking on, and the difficulties we are facing, and where we are now.

Moving back to the beginning, when we set our goal to reduce the job search duration by half in 2021, there was no data available anywhere in the world on the time it takes to get a job.

In other words, no one in the world has the answer to this seemingly simple question; “when does the job search begin and end?”

For this big challenge, we have been collecting data on the Indeed platform over the years on the goal point, the Hired signal.

Now, we are able to understand the point.

We mentioned that there are 23 hires per minute at the time of the financial results briefing, that is known because we were able to accumulate the Hired signal data.

Now, we're able to understand the point that job seekers are hired with a high degree of accuracy, but the starting point is difficult.

The endpoint is hiring, so it's clear, but the starting point may differ from person to person.

For example, in my case, if I want to change a job, I will probably update my resume and look for the possible jobs and apply.

But my sister, younger sister, she probably spends more time looking at Indeed than I do.

She frequently browses jobs on Indeed when she has free time.

If she finds a good job, she will apply for it.

So, the actions that indicate the start of the job search are very diverse from person to person.

It's hard to identify the starting point with high accuracy.

Now by the way, the baseline duration of 15 weeks, we conducted a survey asking users, with Hired Signals flagged, about how long it took them to find the job.

This is how we derived the basis of the 15 weeks.

But, we also know that the user survey is not perfect.

Users themselves do not always remember exactly how long it took.

So, what we are trying is, how we can digitally measure these signals, and how we can use them to monitor how much we shortened the duration.

We are trying to take multiple approaches.

As of today, we cannot definitively say we will go with “this (approach),” so please stay tuned.

But this start and end, along with the measurement of the duration, we can say this much reduction was possible by using a particular product.

We've said that in the financial results briefing.

This is where we stand.

Arai: You are not thinking of counting manually.

Sena: Well, considering the 10 year time frame, no.

Arai: That's exciting.

Sena: Please wait for a while. We're working on this very hard.

Arai: Thank you.

Sena: Please stay tuned.

Arai: Let's move on to the next question, the DEI target, which means to achieve gender parity at all levels of employees in the Group by FY2030.

According to the update in May, it seems like the progress was small or almost none.

What is the challenge you are facing now?

In March, in the HR Technology SBU, there was a layoff, but does that have an impact?

Sena: These numbers were shared in the earnings call, but the percentage of women among the managers is 39% currently, and 22% among senior managers.

The challenge in progress varies from SBU to SBU.

To explain the challenge, I would like to present the numbers by each SBU for the first time.

As you can see from the screen, the Staffing SBU has already achieved a 50% women ratio among employees and managers, and the only remaining challenge is senior managers.

Therefore, the major challenge of our Group is how to increase the ratio of managers in Matching & Solutions SBU and HR Technology SBU.

First is about our HR technology SBU.

Last year, we analyzed the situation at Indeed, a major subsidiary of the HR Technology SBU.

To our great surprise, the post-employment promotion and resignation rates were almost equal for men and women.

We found that it is the most important to achieve diversity at the point of hiring, achieving gender parity of inflows, that shall be the biggest driver.

Therefore, the SBU established a new process, "Inclusive Interview Rule" for internal and external hiring practices to ensure a diverse slate of candidates throughout the entire interview process.

Interview cannot be initiated unless you meet the requirements in the Inclusive Interview Rule.

This was extremely effective.

We were able to improve numbers in the first year, but because of the hiring freeze and layoffs in response to the current business forecast, we must aim to increase the ratio of women in the absence of new inflows.

This is the reason why there is seemingly no progress on a Year-on-Year basis.

Arai: This has been the challenge, but you have already created a system?

Sen: Yes.

Arai: I understand that it is hard to make progress in our overseas locations because of the hiring freeze, but what about the progress in Japan?

It is still fresh in our mind that Japan has ranked the 125th place out of 145 countries in the recently released Global Gender Gap Report (by World Economic Forum, 2023), a record low and disappointing result.

Sena: This data was first published in 2006, and the 125th place is a record low for Japan.

The situation is worsening.

However, I believe there is a positive sign in the Matching & Solutions SBU.

Let's look at the current status.

In 2006, when I joined Recruit, the percentage of women in first-line managers was around 10%.

But, after taking initiatives to improve the work environment, today, the number increased almost threefold to 34%.

This is higher than the average among Japanese companies, but our goal is parity.

So our starting line is already much higher, since it is after we've made certain efforts. It's about how we can improve even further-- and there are two things that are going well.

First is, the SBU worked on clarifying the requirements for managerial positions and set three-year targets by each division, just like creating a business plan.

Strength and capabilities of Recruit are leveraged in this initiative.

The other thing that is also showing a positive sign is clarifying requirements for managerial positions.

It was operationally at a high standard already, but with this effort, we have been able to make even further progress.

Arai: What do you mean when you say "clarifying the requirements?"

Sena: It is difficult to imagine what kind of person or individual would make a great manager.

There is unconscious bias tied to past successes.

People in the field realized that there is such unconscious bias.

For example, “is she able to move to a different location?” is a bias.

You may think that it's difficult to promote someone if that person cannot move to other regions or that individual should be reachable at any time in case of an emergency, or you may think a person should have the motivation and determination to become a manager.

In order for us to remove these biases, we decided to build a list of managerial requirements that is truly necessary, one by one from scratch.

This invites candidates that we were not able to reach before.

As a result, in organizations that applied the system, women candidates for first-line managers increased by 1.7x.

Moreover, we found that men candidates also increased by 1.4x under this new system.

This proved that when we remove such bias, we can expand the list of candidates, both for men and women.

These have helped us improve our numbers in Matching & Solutions SBU.

Don't you think this is a good progress?

Arai: I thought I asked a question about your challenge, but it sounded like a success story.

Sena: Well, in HR Technology SBU, we have to wait for the right timing, but we've been able to make steady progress in Matching & Solutions SBU, so please stay tuned until next year.

Arai: Moving on, do you have any other news that we can share with those who are joining this live streaming?

Sena: Well, we call this internally, “Data for Good.”

Let's set aside our ESG targets and initiatives for a moment.

We have this initiative to explore how our strength can be used for the benefit of the society.

More than 300 million people use our platform a month.

We have an abundance of data collected.

For example, we have our Hiring Lab, which is the Indeed's Research Institute.

It has been accumulating the labor market data and is providing that data to 15 national central banks around the world at no cost as of today.

Something that is closer to our ESG efforts, two months ago, in May, a paper came out on our collaboration with the University of Oxford about “well-being.”

It's about scoring well-being, namely how happy they feel at work.

It defines happiness, satisfaction, purpose and stress, are the four indicators of well-being at work.

There are also 11 indicators that are drivers of these four well-being indicators.

Many users provided information about this, and University of Oxford analyzed these scores.

For example, the companies with high work well-being have clearly higher stock price performance than the major benchmark companies.

To align with today's audiences' interest, if we look at the top 100 companies, their stock price is higher and their performance is higher.

Well, data is a fact, but if you look at this from a broader perspective, we can think of how these kind of data that only we have can be used for the betterment of the society.

At companies with higher scores, better talents may be attracted.

We're thinking of utilizing this more.

Arai: For those listening today, checking where your companies are positioned may be interesting.

Okay. One more question before we open the floor to questions.

I'd like to ask you one last question on governance. Last year, Keiko Honda, and this year, as you mentioned in the beginning, Katrina Lake were appointed as new outside directors, recognizing growth two years in a row.

Can you tell us how we, Recruit, find new candidates this successfully, this frequently?

Sena: Just last month, the Japanese government requested companies listed on the Prime Market to achieve at least 30% women representation among the board and executives by 2030.

There's no secret recipe to it, really.

There's nothing that makes it easy for us to find good candidates.

What we do is, it's not only about diversity like men or women.

We look for talents who we think can contribute to the enhancement of corporate value.

We attend, speak at conferences, and if we find someone that looks promising, we meet them and persuade them.

Nothing special. It's only natural that we do these things in a thorough manner.

Just sitting there, and the agents would come to us and say, "this is a list of candidates" -- No, it's not like that.

As our management responsibility, we look for people.

Arai: We talk to people, and you walk around, move around, and try to meet people, right?

Sena: We go to places where we think good talent exists, and as they receive many offers, we explain what we can do and try to persuade them.

Arai: I see our management people, they are good at persuading people.

Does that mean that we can expect that there will be a new candidate next year as well?

Sena: Nothing is decided at this point.

It is not just about gender, it's about the board structure, board composition.

It is an agenda in the Nomination Committee every year.

If we meet good candidates and if the timing meets, we may be able to find another new candidate, third candidate next year again, but three years in a row can be quite difficult.

Please stay tuned.

Arai: Thank you.

Now, we'd like to start taking questions from the participants attending via Zoom as well as the online form.

Shen: I would like to first take questions from those participating through the Zoom line.

The instruction shown on the screen is for Zoom participants only.

Please use the Google Form to submit your questions.

First, Yamamura-san from Citigroup Securities. Please go ahead.

Yamamura: I would like to ask my first question regarding "Reducing the time it takes to get hired".

For essential workers, I understand that you're trying to improve the efficiency of the process, especially for those with disabilities, and that is a positive development of the society.

But, among the job seekers, there are people who are feeling uncomfortable in the current workplace because of a personal relationship or they may be looking for a new job out of a vague sense of insecurity, so I believe it should take a lot of time to identify the challenges for barriers faced by job seekers.

Is it really possible to reduce the time it takes to get hired, is faster really better?

Or, are those people not the main target users of Indeed?

Sena: Thank you for a very good question. I appreciate it, Yamamura-san.

The question was, "It's understandable for essential workers, but there are many other types of job seekers." And, "is faster, better?"

I agree with your points.

According to our data, people responded in the questionnaire of the time it takes to get hired. And we asked them if it was too long.

Some people or many people say that it was too long, and they hope it should be reduced.

On the other hand, there are people who are not really attracted to the idea of reducing the time it takes to get hired.

Just as you asked, if the workplace matches that person, for some of them, that is the most important thing.

Still, reducing the time it takes to get hired by half, that is our target.

That includes improving the matching accuracy. That is included in this goal.

For example, when you look at the job information and the time it takes for you to apply or to be interviewed, if we reduce just a part of the entire hiring journey, "accuracy" may not be a discussion.

We are saying that we are trying to reduce the entire time it takes to get hired.

For job seekers, they need to know if the next workplace is a really good match, good fit for that individual rather than the time itself.

KPI is about reducing the time it takes to get hired by half, but we must go through this discussion of quality or matching accuracy if we are to achieve this goal.

That is why we continue to pursue the quality or the accuracy of matching as well.

Otherwise, we would not be able to achieve this target.

Shen: BofA Securities, Mr. Nagao, please.

Nagao: I was thinking why a company that does not have factories is addressing the CO² emission reduction issue, but if the hiring process can be completed online, the energy you use for transportation will be reduced. I think that's great.

My question is, from a sustainability perspective, the respective employees' ease of work is one important factor.

Another layer is between subsidiaries or parent and subsidiary of SBU or sub SBUs.

In terms of labor status, there are full-time workers and dispatched workers and part-time workers, temporary workers.

For each status, the ease of work may be differ or the hesitancy may be there.

I think resolving this will improve the ease of work.

Recruit Group has many big units, companies.

Are you taking measures to eliminate the barriers between companies, between business units?

Some may think they are better or stronger if they're in a particular SBU or a particular company. Are you intentionally trying to eliminate such barriers?

Sena: Just because you belong to a particular SBU doesn't mean much, I think. From the management, at least, we do not say one SBU is above other SBUs. We don't see it that way.

That said, our Group has different SBUs operating together.

For example, if a person wants to move from one SBU to another, if he or she requests, then he can move.

Arai: You're a good example. You moved around a lot.

Sena: Yes, I joined Recruit and then went to corporate planning and then sales and marketing, I volunteered to go to sales, and then the Staffing, and then overseas, and then HR Technology SBU, so I've moved around a lot. If the conditions match, you can move.

Between SBUs or a parent and subsidiaries, the level of ease of work is not that different.

That being said, it's not that we're not making efforts to eliminate barriers.

We want people to do what they want to do, that will unlock their capability.

We try to realize people's wishes as much as possible.

That is what we focus on.

It's not about (for the sake of) ESG, but this is what we've done all along because people are the source of our value.

I think that's our focus.

Shen: Thank you. Then Arai-san, we would like to move on to the questions coming from the Google Form.

Arai: Yes. We talked about this a minute ago, helping 30 million job seekers facing barriers.

There is a question about this target.

How is this target connected to the enhancement of our corporate value? How can it contribute?

Sena: Well, there is knowledge gained through the partnership, which can be used for product evolution.

One example is Skill Connect, which is a new feature we launched recently.

For example, there are job seekers facing barriers. If they participate in the job training program, they can automatically reflect the skills they acquired through the program in their Indeed resumes.

In general resume format, it may be difficult for job seekers to accurately describe their skills and capabilities.

We wanted to improve that by a change in the format, and the employers will be able to look at that format of resume and screen applications based on jobseekers skills.

In the longer term, we believe increasing the value of the platform by improving the quantity and quality of matching will be able to contribute to the enhancement of corporate value.

More than 300 million people visit and use the platform every month.

We have to continue refining our product.

Arai: Next. "When you achieved carbon neutrality in your business activities, where did you procure the carbon credits? Were they from overseas?"

Very technical. I don't have enough knowledge to understand what this question is about.

Sena: The carbon credit we use for offset that we procure is mostly from Central and Latin America.

Not 100%, but most from the reforestation.

When we purchase carbon credit, we prioritized it to be aligned to internationally certified rules like core carbon principles.

I think the intention behind this question is, are we procuring credits properly?

My short answer is, yes, we are doing it properly.

These are credits certified by the international organization. That's my answer.

Arai: The next question is, "according to a survey by Indeed and Glassdoor, I believe the results said that many of the younger generation would turn down the offer from a company if they are not supportive of DEI.

Do you think there is an increasing awareness among your client companies for Glassdoor's DEI score?

How is your HR Technology SBU supporting your client company for improvement of their score?

Do you think this result of the survey is a global trend and the same can be said for Japan?"

Sena: Many of the younger generation will turn down the offer of companies who are not supportive of DEI.

Well, this is a US-based result, and we don't have any data from Japan.

This is a joint survey by Indeed Hiring Lab and Glassdoor Economic Research.

The young generation between 18 to 34-year-old groups, among them, 70% approximately said that they will consider leaving the company if they find out that the workplace does not show understanding of DEI.

Yes, this is how the world is shifting today.

So, how are we supporting our client companies?

As a platform, we need to think about our influence.

First of all, it is important that job seekers can search jobs based on the level of DEI initiatives taken. That needs to be ensured.

To be more specific, for companies considering what should they do to improve satisfaction to DEI initiatives, we tell that we can clarify the satisfaction rate or difference by different attributes or genders.

We started offering such products.

Although it is important that the client touch point team educates clients to raise their awareness, ultimately, what we aim for is to showcase the findings we gained by analyzing the large amount of data. That is important to contribute to society.

Shen: Time is running out. We would like to ask Arai-san to ask Sena-san a question.

Arai: My job is to ask a question that a third-party audience wants to ask. Let's close it with that kind of question.

At the May financial results briefing, we said that our sales are going to be difficult, both sales and profit are downward, and the full-year forecast cannot be disclosed. The business environment is tough on us.

There are concerns about promoting ESG initiatives in such a difficult environment and maybe, we should focus on our "core" business.

Are we distracted from our core business? Or, that's not the case?

What does it mean to deliberately talk about ESG now?

Sena: Well, it is right. We should focus on our "core" business -- in fact we do this (ESG) because we think we're doing this as our core business.

We're not doing this on the side of our business on a small scale.

We're doing this right in the middle of our business, facing squarely with the problems and to contributing to society.

For example, as I said earlier, shorten the time it takes to get hired by half.

This means it will double the matching efficiency.

It also means twice as high matching efficiency, which, of course, means it contributes to our sales and profit in the long run.

It's not just about being number one. If we can do that, we can be the "only" one.

Additionally, in terms of diversity goals.

Unlike manufacturing companies, we do not produce products.

We don't have patents that will last for decades, but we still have to innovate, which means we need great talent from around the world and create something new and innovative.

We need diversity. We need diverse talents, and this is our survival mechanism.

In that sense, this is crucial, and that's why we think this is the middle of our core business.

In the short term, the ESG rating is now steadily improving, so short-term benefit is being harvested. That's good, too.

But, if we look at it in the longer term, we want ESG to contribute to the business growth, and we want to be able to say that this contributes to our profit.

That is why it is included in our medium- to long-term business strategy.

Shen: Thank you very much.

With that, we will close today's ESG Fireside Chat.

Thank you very much for your attendance.

[END]

Forward-Looking Statements

This document contains forward-looking statements, which reflect the Company's assumptions and outlook for the future and estimates based on information available to the Company and the Company's plans and expectations as of the date of this document or other date indicated. There can be no assurance that the relevant forecasts and other forward-looking statements will be achieved.

Please note that significant differences between the forecasts and other forward-looking statements and actual results may arise due to various factors, including changes in economic conditions, changes in individual users' preferences and business clients' needs, competition, changes in the legal and regulatory environment, fluctuations in foreign exchange rates, climate change or other changes in the natural environment, the impact of the spread of COVID-19, the occurrence of large-scale natural disasters, and other factors.

Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements. The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.