Who we are
Recruit Group’s Story of Value Creation

Realizing the Recruit Group Management Philosophy

Long-term vision
2030: Global Leader in HR and Marketing Media Businesses
—No. 1 in Total Service Users
2020: Global Leader in the HR Business
—No. 1 in Number of Positions Filled

Business model (Ribbon Model)
Meeting needs through pursuit of best matching

Huge user base
Enormous number of corporate clients

Knowledge | Capability | Technology

Corporate culture
Entrepreneurs United
Strong Sense of Ownership
Empowered Individuals, Strong Teams

Why are you here?

Corporate governance
Compliance | Risk management | Sustainability management
Recruit Group provides new value to society through stories of value creation, beginning with its management philosophy through corporate governance. Its corporate culture makes its value creation story continuous and consistent, fostering human capital in a way that cannot be easily imitated by rivals.

**Point 1: Recruit Group’s Aim is to Realize its Management Philosophy**

Recruit Group’s management philosophy is to respond to the needs of society by creating new value, thereby contributing to a brighter and more fulfilling world in which all individuals can live life to the fullest. Management’s main objective is to take steps toward realizing this philosophy.

**Point 2: Global Leadership as a Strategic Target**

As milestones for achieving its management philosophy, the Company aims to be the global leader in the HR Business in terms of number of positions filled by 2020, and also the global leader in the HR and Marketing Media Business in terms of total service users by 2030.

**Point 3: Provide New Value via the Ribbon Model**

Recruit Group’s business model is called the Ribbon Model, because it connects individuals (users) with companies (clients). By offering individuals more choices in how they live, we are able to provide optimal matching scenarios, for the benefit of companies and industry circles.

**Point 4: Recruit Group’s Corporate Culture and Intellectual Capital for Nurturing Businesses**

The Ribbon Model itself is a valuable piece of intellectual capital. Moreover, Recruit Group has diverse knowledge about and capabilities for energizing human resources and organizations, as well as businesses brought together via the Ribbon Model that have been constantly refined for more than 50 years. This intellectual capital is a key resource for creating and evolving businesses, and enables the passing down of its corporate culture.

**Point 5: Recruit Group’s Corporate Culture Unifies and Ties Everything Together**

Recruit Group’s unique corporate culture is the foundation that unifies and ties all of this together. By constantly asking “Why are you here?” within the context of customers and society, the Company reinforce its principles of “Strong Sense of Ownership” and “Entrepreneurs United”, draw out its knowledge and capabilities from the Ribbon Model, and reignite growth as a business through “Empowered Individuals, Strong Teams”. The Company believes its competitive advantages cannot be easily imitated because they are all rooted in its unique corporate culture.
Over 57 years since its founding, Recruit Group has continued to create opportunities (platforms) for clients and users to interact. We have leveraged the channels built up for clients and users in order to realize our management philosophy of creating a brighter and more fulfilling world in which all individuals can live life to the fullest. This is our Ribbon Model.

Our business model entails striving to satisfy two types of customers, namely clients and users, and by doing so, we are able to expand sales and profits, while helping to meet needs in the world through optimal matching.

By sharing the same concepts, everyone who works at Recruit Group gains a clearer sense of purpose and their roles. It also makes it easier to share knowledge and leverage data via the Ribbon Model.

Recruit Group has expanded businesses in HR field from job advertisement business for university students which is a founded business to HR agency and staffing. And we have utilized various know-how gained through these business operations, expanded into marketing fields such as life-event and daily-consumption, and now we are also accelerating overseas business development.

Recruit Group's business domain covers a wide range. But "HR technology", "Media & Solutions" and "Staffing" are common that we pursue the optimal matching of both clients and users, and create new value for society.
Who we are

Development of the Ribbon Model and Creation of Value for Society

- **HR and Marketing Media (Overseas)**
  Expanding our operations globally
  Accelerating growth in overseas market by bringing Recruit’s know-how and knowledge such as effective use of IT into the information flow in each market.

- **Marketing Media (Lifestyle)**
  Support for SMEs in travel, dining, and beauty-care services
  Support for clients’ back-office operations using IT tools from gathering users to customer relationship management, while disseminating the latest information to users.

- **Marketing Media (Life Events)**
  Opening of information on Housing and Real Estate, and Bridal
  Recruit’s media opened up information about life events that had been closed off even though they represent major financial decisions in people’s lives, making these life events less stressful choices.

- **HR Media**
  Creation of an age when people can choose diverse work styles
  Contributed to development of HR Business during an age of drastic change in work styles as follows:
  - Supported job seeking during the rapid growth period in Japan
  - Transformed the image of switching jobs into a positive one
  - Expanded the working opportunities for women

Foundation (1960)
Recruit was founded as an advertising agent specializing in hiring information, contracted with 100 university newspapers all over Japan. Recruit’s first media magazine, Invitation to Companies, changed the way of job-hunting activities from personal connections and introductions to wide-open opportunities.
Recruit’s Core Values
Interview with the Director of Recruit Management Competence Research Institute

The Ribbon Model is driving on Interaction with Customers outside Recruit and Cooperation of Individuals inside Recruit

Recruit’s strength is its intellectual capital, which powers the high performance and deep insights of its human capital, and forges strong relationships with customers through countless interactions. Recruit has never stopped working to enhance its core competencies.

We call our business model the Ribbon Model. All of Recruit’s core competencies are rooted in this Ribbon Model.

The concept behind the Ribbon Model is connecting users with clients. The first step is to gain insight into how they feel (i.e., do they have any dissatisfaction, inconveniences, or concerns) through interacting with customers. The next step is to enhance cooperation inside the companies to solve problems following insight.

For example, the sales staff, who are the point of contact with clients, and the engineers, who work in the data science field, are able to have a shared awareness of purpose through the Ribbon Model. It enables everyone throughout the organization to have a clear understanding of their own position and to share the results or knowledge that they have discovered. The model thus enables high-level communication and cooperation.

In the Ribbon Model, we are “Entrepreneurs United” in our ambition to build new businesses, we have “Strong Sense of Ownership” from the discovery of insights into our customers, and we are “Empowered Individuals, Strong Teams” by working cooperatively together, ultimately connecting as the Ribbon Model. In other words, our true strength is derived from a corporate culture that is intimately intertwined with the Ribbon Model, the source of our intellectual capital.

Sharing Stories about Challenges Unites Employees and Leads to Cooperation

Recruit has long invested in building up its intellectual capital, most notably through platforms for employees to share knowledge and systems for cooperating. The Top Gun Award is a part of our knowledge management system, and serves to highlight projects that were successful in creating new products and services, especially in the client relationships field. In 2015, we expanded its scope and launched FORUM, which is composed of four categories: the Top Gun Forum for client relationships, Engine Forum for IT and other technologies, Growth Forum for business development and improvement and Guardian Forum for business foundation.

Members share the outcomes of their solutions, as well as their initiatives and skills. More importantly, they share their stories about taking on challenges, including the hardships and failures they faced until reaching a specific solution, starting with why they chose this particular issue to solve. By sharing these stories as knowledge, members move toward sharing the same mindset of wanting to take on new challenges in their daily work. This plants the seeds of new cooperative efforts among our members. Asking the question "Why are you here?" within the context of individual potential puts
employees on a firmer path toward their goals, which leads to the setting of even higher goals. Ultimately, this process leads to innovations that can change society.

■ A Unique Presence That Has Attracted the Attention of Overseas Business Schools

Since listing on the stock market, Recruit’s Ribbon Model has been mentioned in case studies at multiple prestigious business schools around the world. In my many discussions with foreign professors, I became confident that Recruit’s core competencies are viable on the world stage, even though they originated in Japan. Recruit has polished its business models in Japan. Established in 1960, the founding members of Recruit were influenced by Peter Drucker and management psychology. Even though more than 50 years have passed since its founding, the average age of employees is in the low 30s, we have not lost our entrepreneurial spirit, and we continue to grow. This is an evidence of the unique path we have taken while our core competencies, systems and corporate culture are being unchanged. Recruit has garnered the attention of overseas business schools for its connected and bottom-up approach to management. Recruit’s Ribbon Model is a model for creating value, and also for internal cooperation. The model is effective because management and employees on the front lines prioritize information transparency and quickly sharing information. Being able to flexibly draw connections from all corners of the organization allows faster decision-making by management, flexibility in changing strategies, and the ability to execute in unison when winning patterns emerge. Our systems for sharing knowledge allow the organization to rapidly turn challenges and the outcomes of trials into tactics, which are effectively leveraged in the investment decisions made by management. This innovative bottom-up approach to management has given us a key competitive edge in this age of rapidly changing business environments. While focusing on the creation of businesses from “0 to 1”, Recruit is able to grow these businesses from “1 to 10” at the same time. This demonstrates that Recruit is able to realize both at the same time, which has traditionally been hard with two contradictory management approaches, because of Recruit’s innovative bottom-up approach, which is optimal in times of rapid change. Recruit truly has a unique presence in the world while still being Japanese in nature.

Takanori Makiguchi
Director, Recruit Management Competence Research Institute, Sustainability and PR, Corporate Planning Division, Recruit Holdings Co., Ltd.
"Corporate Culture", a Foundation that Brings It All Together

Entrepreneurs United
We give each of our employees chances to take on important tasks regardless of his/her experience. We start by asking them "Why are you here?" to ignite their own inspiration to take on work responsibilities, and require them to thoroughly explain their passion to get a final approval from their boss.

Strong Sense of Ownership
We expect each of our employees to take ownership of their own task and make a commitment to achieving results. We help them grow through cross-organizational communication and daily feedback.

Empowered Individuals, Strong Teams
We create opportunities for our employees to share collaborations with partners who have expert knowledge and information, and outcomes as explicit knowledge. People who have produced results also have opportunities to share with their colleagues the keys and approaches for getting the job done. This initiative leads to even greater accomplishments.

“Why are you here?”
Recruit has built a unique corporate culture since its founding. Why has this corporate culture persevered, even though people come and go at a high pace? How do employees feel about Recruit’s corporate culture? When conducting business, Recruit focuses on the “Strong Sense of Ownership” held by each employee, no matter when we create a new business or change an existing one. We capture potential problems beyond the scope of one’s responsibility for current work by looking deeply into values from the standpoint of customers. Taking a leadership role, we execute the business plan while bringing others into the fold. We call this mindset “Strong Sense of Ownership”, and when we execute the business plan, we respect each other’s potential while striving for the better through friendly rivalry. Recruit provides opportunities suchlike. We call this “Empowered Individuals, Strong Teams”. The employees at Recruit temper “Entrepreneurs United”.

"Recruit-Entrepreneurs united"
Knowledge

Knowledge Sharing: Intellectual Capital of People and Organizations

Recruit Group’s unique corporate culture is nurtured, sustained and reinforced by various mechanisms such as its organization structure, personnel assignments and evaluation systems.

New RING

In 1981, Recruit Innovation Group (RING) was initiated as a system for creating new businesses. In 1990, this system was updated and renamed as New RING. This is held as RECRUIT VENTURES across Recruit Group, and at each company as well.

[Business created by New RING]
Zexy
Lifestyle Information 360° (currently HOT PEPPER)
Jyuken Sapuri (now Study Sapuri)

FORUM

FORUM is a major event for sharing professional knowledge across the Group. By sharing initiatives that are highly novel and versatile, the event aims to create new value and play a role in accelerating the growth of each employee in the entire Recruit Group. We broadly share nominated cases selected in four expertise categories though nominees’ TED-style presentations and panel discussions with external experts. (Photograph 1)

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Capability

Recruit Group has put in place various systems to support the development of capabilities for the purpose of providing opportunities for each employee to grow.

- **Indeed—Indeed University**
  Indeed University (IU) brings together new college hires from around the world to teach them about data-driven decision making, by having them build and launch challenging products within Indeed. IU is now in its third year.

- **Optional training programs**
  Recruit Group has optional training programs to help employees achieve growth by themselves. For example, employees can apply to take courses on logical thinking, marketing, accounting, leadership and other topics, based on their own interests and career plans.

- **GLOBA**
  GLOBA is a short in-house seminar. We invite professors from renowned business schools overseas, Silicon Valley investors, and other global players to share insights that employees can incorporate into their work at Recruit Group. Employees can learn about international trends, knowledge from overseas, and the skills and stances of internationally successful individuals. About 800 people attended the seminars in fiscal year 2016. (Photograph 2)

- **Recruit Management Solutions—RMS Academy**
  Recruit Management Solutions has an educational curriculum for employees who aim to develop their own abilities and shape their careers by increasing their specialization, as well as RMS Academy, in-house classes where employees have opportunities to share their knowledge.

- **Recruit Management Solutions—Knowledge Grand Prix**
  Knowledge Grand Prix is a major event held once a year to share knowledge. Any employee can enter the contest. The contestants are screened based on their application materials and judged based on their presentations, and eventually, the Golden Grand Prix winner is selected.

- **Media School**
  The Media School is a course for employees who engage in media production and IT engineering for planning and editing various products including websites and magazines. The school covers a broad range of topics, from the basic knowledge needed for media production to new techniques and ways of expanding the imagination. It has also become a platform for sharing successful in-house experiences of creating new trends in society. About 1,350 people attended the school in fiscal year 2016.
Who we are

- **Staffmark—Learning and development**
  Staffmark provides opportunities for employees to learn and develop skills including leadership, compliance, software, and more. They also have a tuition reimbursement program for eligible employees who want to advance their education.

- **Peoplebank—Programs for training staff**
  Peoplebank has its own in-house training programs to support establishment of career paths, coaching, sales training, and leadership development.

- **Chandler Macleod—Pre-employment training**
  Chandler Macleod developed 30 courses as a joint operation with a training organization. The courses were designed to upskill and prepare unemployed job seekers for work.

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**Topics**

- **Indeed—Indeed University**
  Job Spotter, a mobile app that allows users to submit photos of help wanted signs and their location through GPS coordinates was created at Indeed University. Since its release, the app has been used to upload over 800,000 jobs and has become the No. 2 source of mobile clicks among US job seekers. (Photograph 3)
Technology

■ Technology is a Source of Recruit Group’s Competitive Edge

Advances in technology, the foundation for business development, have facilitated the transition from paper-based media, such as magazines and free publications, to digital media on PCs and smartphones, while enabling the acquisition of big data. Recruit Group aims to advance technology to the next stage where new opportunities are discovered and exploited through the use of AI trained on this data to formulate predictions.

■ Harnessing Advances in Technology

Business: Sophisticated Data Analysis and Advanced Matching Technologies

Recruit Group is concentrating efforts on improving matching precision with IT, including big data analysis centered on Recruit Technologies and the deployment of AI technologies. Meanwhile, Recruit Communications is also engaged in a joint research directed toward the practical application of quantum computers. Specifically, Recruit Communications is engaged in multiple research projects that include optimizing matching efficiency between advertisements and users in the web advertising business, and improving accuracy in machine learning, a field symbolized by tailoring.

Basic Research: AI, Aggregation Systems and Research Centers

RIT has a development base in Silicon Valley and on a global scale is pursuing the creation of a disruptive business model using its world-class technological capabilities. RIT produced BigGorilla at June 2017, an open source data integration and data preparation ecosystem in Python that will help reduce the time data scientists spend preparing their data for analysis.
Technology Creates New Possibilities for the Future in Recruit Group's Business

Interview with Recruit Institute of Technology, Inc. CEO

Two Approaches of Our Research

In our Recruit Institute of Technology, Inc. (RIT), we always advance our research by asking ourselves what will our products look like 5 years from now. Viewing the technological trends, the way Recruit affects people, and the changes of our services to our clients, our research needs not only to be practical but also very innovative.

We have two approaches. The first approach is that AI becomes an intelligent agent. Using AI to anticipate people's wishes and future behavior based on data from past user behavior helps people make better decisions, which lead to well-being and happiness.

The second approach is data management. By compiling data in one place and utilizing them. We can predict and infer solutions to various questions by AI. We can certainly make people happier with data and technology, can't we? I believe these are great asset. Effectively using data dispersed across organizations will provide users and clients new options and expand the possibilities to offer. These two approaches are going to be big directions and are crucial for our research.

Technology for Making People's Lives Better

BigGorilla, which we released in 2017, is an open source system to lighten the workload of preparing data before analyzing AI. A year ago, we were just talking about BigGorilla, but by now it has already been used in several successful projects. We envision creating technological innovation for industry by building ecosystems with more companies on this open platform. In RIT, we choose projects based on whether this project is meaningful to make people's life better in the long term. I really believe that technology is for making people's life better.

RIT is a research team composed of multinational members. In RIT, they emphasize a teamwork that is created by pursuit of members' diversity and mutual respect.