

## Recruit Holdings

### Sustainability Update: Fireside Chat 2024

July 2, 2024

*\*This is a direct translation of the Japanese transcript. Please note that the following are different from the interpreter audio.*

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**Sena:** Hi, I'm Sena, COO and Director of Recruit Holdings. Thank you for joining our Sustainability Update.

Today, I would like to share our FY2023 progress for "Prosper Together," the third pillar of our business strategy. Following that, I will be joined by Jun for a fireside chat, and answering questions live.

#### Slide 1-01

**Sena:** We have set five sustainability goals that we aim to achieve by FY2030. We set these goals three years ago in FY2021, and while some are progressing smoothly, others have been more challenging. Today, I will be open and honest about both.

First, let me talk about the E pillar, Environment.

#### Slide 1-02

**Sena:** We have met our short-term goal of reaching carbon neutrality throughout our business activities for three consecutive years since FY2021. We are on track to achieve it again in FY2023.

#### Slide 1-03

**Sena:** Our long-term goal is to achieve carbon neutrality of GHG emissions across our entire value chain. To this end, we are working with our partner companies to reduce Scope 3 emissions, which account for more than 95% of the company's GHG emissions.

#### Slide 1-04

Through these activities, in FY2023, we were recognized as one of the "A" listing companies by CDP, an NGO that has one of the largest environmental databases in the world. This is the highest rating given to a company for its leadership in corporate disclosure transparency and performance on climate change.

#### Slide 1-05

**Sena:** Next, let's talk about the S pillar, Social.

#### Slide 1-06

**Sena:** For many people around the world, having a job is one of the most important facets of life. However approximately 40% of people could fall into poverty if they don't have income for three months. To address this, we are committed to our goal of reducing the time it takes to get hired by half by FY2030. We aim to do this by significantly speeding up the job matching process.

#### Slide 1-07

**Sena:** For job seekers and employers, finding a job and hiring people still involves many processes and can be long and stressful. Our challenge is to make these processes as simple and fast as possible.

To achieve this, we need to be able to measure the duration, and to make it shorter. We have been diligently working on this through trial and error. In FY2023, we focused on reducing the "Time-to-Hire" for employers and accelerated the advancement of our products. Indeed CEO Chris Hyams will provide more details on this initiative later.

#### Slide 1-08

*This transcript is provided for the convenience of investors only and this is a translated version of the Japanese call.*

**Sena:** Next, let's talk about the third goal we aim to achieve by FY2030: Helping 30 million people facing barriers in the labor market get hired.

**Slide 1-09**

**Sena:** Some issues simply cannot be solved by improving the accuracy and efficiency of matching alone.

In an ideal world, hiring should be determined by the skills and abilities required for the job. However, in reality, labor market barriers - such as educational background, disabilities, and access to technology - negatively impact job seekers when finding and keeping a job.

**Slide 1-10**

**Sena:** We have been addressing the five common labor market barriers that exist across the world. This past fiscal year, we stepped up our efforts to remove barriers for refugees in response to growing global concern.

**Slide 1-11**

**Sena:** As geopolitical tensions rise, the number of people forced to leave their homelands has hit record highs. Consequently, the number of people needing jobs increased as they sought to rebuild their lives in their new locations.

**Slide 1-12**

**Sena:** Our HR Technology business has partnered with international humanitarian organizations to hold job fairs across European countries for job seekers with refugee backgrounds.

Our Staffing business, especially our European subsidiaries with expertise in supporting job seekers who have migrated, has led efforts to promote hiring refugees to business clients and provided interpretation support during interviews for job seekers facing language barriers.

**Slide 1-13**

**Sena:** Moving forward, we will continue to exchange information with international humanitarian organizations, strive to understand local situations and needs, and provide ongoing support.

**Slide 1-14**

**Sena:** Over the three years leading up to FY2023, we have helped more than 6.9 million job seekers facing barriers get hired.

**Slide 1-15**

**Sena:** Finally, let's discuss gender parity. Our fourth and fifth sustainability goals are to achieve gender parity at all employee levels and among the members of the Board of Directors by FY2030.

**Slide 1-16**

**Sena:** For employees, we are nearly at gender parity. For managers, we are working toward achieving our three-year target by expanding the pool of management candidates through talent development. And, for senior management, women representation improved from 10% in FY2021, when the goal was set, to 27% in April 2024.

**Slide 1-17**

**Sena:** For the board of directors, it rose from 20% to 33%. We will continue to consider the board of directors candidates based on the skills and backgrounds necessary to achieve our medium- to long-term strategies.

**Slide 1-18**

**Sena:** In addition to these five goals, during FY2023, we also deep-dived on two themes that are important to us.

The first theme is the responsible use of technology. As technology rapidly evolves, the discussions are broadening worldwide concerning AI's potential risks of echoing and amplifying human biases. LaFawn Davis, Chief People & Sustainability Officer at Indeed will provide more details on this later.

The second theme is the sustainability disclosure regulations, which are advancing mainly in Europe. We are working together as a Group to prepare for these regulations while keeping up with the latest information.

We recognize we have set very ambitious goals that won't be easy to achieve. But because it is not easy, we believe exceptional ideas and innovations will be born out of it. We will continue taking on challenges. In turn, together with our stakeholders, we will achieve true social impact and long-term growth whereby we can all prosper together.

Next, Indeed CEO Chris Hyams will share more about our second goal of reducing the time it takes to get hired by half.

**Chris:** Thank you Sena for the introduction. Hello, I'm Chris Hyams, CEO of Indeed.

I'm happy to be here today to talk about speed, with a focus on employer time to hire and the critical importance of time to hire on Indeed's vision and strategy, as well as its significant impact on society.

#### **Slide 2-01**

**Chris:** At Indeed, our mission is to help people get jobs. This is what gets us out of bed in the morning, and what keeps us going all day.

#### **Slide 2-02**

**Chris:** Our vision is to make getting a job as simple and fast as pushing a button.

#### **Slide 2-03**

**Chris:** Our strategy is to transform from a search engine to a two-sided marketplace. For more than a decade, we've been working to bring the apply, interview, and hire steps onto the Indeed platform. The more of this process that happens on Indeed, the more we can help to make them simpler and faster.

#### **Slide 2-04**

**Chris:** In 2021, we set a transformational Sustainability commitment to shorten job search duration by 50% by the year 2030. For employers, of course this would mean hiring faster.

#### **Slide 2-05**

**Chris:** Speed to connection can make all the difference to employers when competing for talent. Our data shows that candidates who receive an outreach within 4 hours of applying are 95% more likely to get hired than those receiving an outreach a week later. Accelerating speed is an important objective with meaningful impact to both society and our core business goals of growing hires and revenue.

#### **Slide 2-06**

**Chris:** But this commitment is not just about speed or efficiency. According to the OECD, or Organisation for Economic Co-operation and Development, nearly 40% of OECD households would fall below the poverty line if they were to lose income for three months or more. For the estimated 500 million people who might fall into poverty, shorter job search duration could mean the difference between losing a home or remaining safe and secure.

**Slide 2-07**

**Chris:** Let's talk about the connection of a job seeker's search duration to an employer's time to hire.

**Slide 2-08**

**Chris:** To shorten job search duration, we need to understand the journey. Measuring job search duration is challenging because it's not empirically clear when a job seeker has actually started looking for a job with intention vs. just browsing out of curiosity.

**Slide 2-09**

**Chris:** On the other side of the Job Seeker search journey is the Employer hiring journey. Unlike the job seeker search duration, employer time to hire is simple and empirical for Indeed to understand and measure. The journey starts when a job is created on Indeed, and it ends with a successful hire. While that starting point is clear—we know when a job first appears—we've had to work to measure the endpoint of a hire.

For many years now, we've invested in understanding this most critical part of the employer journey. We collect signals throughout the Indeed platform, and also survey job seekers and employers. This measurement has helped us better understand every aspect of our product platform, to gain insight into what factors drive hires.

**Slide 2-10**

**Chris:** To sum up, we have two distinct measurements. Job search duration reflects the time it takes on the Job Seeker journey, from starting the search to getting hired. Time to Hire reflects the Employer journey from creating a job to making a hire.

**Slide 2-11**

**Chris:** We will continue our efforts to measure and reduce job search duration. But for today, I will share more about the employer journey, and Indeed's strategy to reduce Time to Hire.

**Slide 2-12**

**Chris:** As of December 2023, the mean time to hire for an employer was approximately 55 days. This represents the time from job creation on Indeed to the point of a confirmed hire. We can also measure duration between milestone points across the hiring process.

Let's take a look at some of these journey points - and the strategies to improve speed across the process.

**Slide 2-13**

**Chris:** In general, employers receive many applications before finding the candidate who they ultimately hire. We refer to the candidate who is ultimately hired for the job as the "golden" candidate. When the "golden" candidate applies, we call it the "golden" apply. One key measurement for us is the time from job creation to the time of golden apply.

**Slide 2-14**

**Chris:** The next journey milestone is the time from golden apply to employer response. In other words, how long does it take for an employer to respond to the golden candidate's application?

**Slide 2-15**

**Chris:** Finally, we look at the time from the employer response to the end of the journey: the hire.

**Slide 2-16**

**Chris:** Putting these together, time to hire is split across three distinct steps. 40% of the journey is spent waiting for the right job seeker to apply, from job creation to golden apply. 20% is spent from Golden apply to employer response. And finally, the last 40% is from employer response to hire.

We need to make improvements across all of these steps to reduce time to hire. And we believe that time to hire reductions will support our ambitious goal of reducing Job Search Duration by 50%, by the year 2030.

#### **Slide 2-17**

**Chris:** Our approach to reducing overall time to hire is composed of distinct initiatives for each of the steps, making it faster and more efficient for both the employer and the job seeker.

#### **Slide 2-18**

**Chris:** Let's start with the first part of the journey: job creation to golden apply. For this phase, our focus is on improving matching to drive faster engagement.

#### **Slide 2-19**

**Chris:** First, with Indeed Smart Sourcing product, we're using Generative AI in powerful ways to help employers evaluate potential candidates and reduce time to source significantly. AI-powered Matched Candidates, now part of Smart Sourcing, delivers quality matches to employers based on qualifications and activity. Employers can quickly connect with qualified Matched Candidates and invite them to apply for their roles.

#### **Slide 2-20**

**Chris:** Matched candidates are 17 times more likely to apply to a job than to a job they see in search. This high quality matching leads to faster time to finding the right candidate. Critically, the median time for job seeker response to a Matched Candidate invitation is less than 5 hours. As we continue to expand Smart Sourcing adoption, we can reduce the time from job creation to golden apply.

#### **Slide 2-21**

**Chris:** Next, we are focused on optimizing the timing of recommendation delivery. Job seekers receive recommendations on their homepage when they visit Indeed. We also send recommendations directly to them. We're working to optimize the send time of these recommendations, personalizing the delivery to when job seekers are most likely to be active, to improve the overall likelihood of connection. And of course, we'll do the same for employer recommendations.

#### **Slide 2-22**

**Chris:** We send recommendations to job seekers across multiple channels, including email and mobile app push notifications. Job recommendations sent via push are most likely to result in an application. But we need to be thoughtful to not send too many notifications to any one job seeker. We are working to divert the highest quality recommendations to the highest engagement channels, in order to maximize the likelihood of engagement.

#### **Slide 2-23**

**Chris:** The next part of the journey is Golden Apply to Employer Response. For this phase, our focus is on messaging and employer engagement.

#### **Slide 2-24**

**Chris:** Last year we launched a new and improved mobile app for employers, designed to drive faster connections. Employers using the app and receiving app push notifications respond to job seekers 20% faster. We plan to add Smart Sourcing capabilities to the app, and also launch an Android version - which we expect will further accelerate adoption, and improve response times overall.

**Slide 2-25**

**Chris:** Indeed's built-in Messaging feature makes it simple and fast to connect on the Indeed platform. Since we launched Messaging in 2019, employers and job seekers have sent billions of messages on Indeed. Job Seekers typically reply within 2 hours when employers message them directly on Indeed. And with the introduction of a chat-based experience over the past year, it's gotten even faster. We are working to make messaging even simpler through UI improvements, and by introducing additional channels like SMS.

**Slide 2-26**

**Chris:** Additionally, with Smart Sourcing, employers can use Smart Messages to quickly connect with qualified candidates using AI-generated personalized outreach. AI Generated employer responses make it simpler and faster for employers to respond, and help engage qualified candidates quickly and move them to the interview stage.

**Slide 2-27**

**Chris:** Jobseekers can also use AI-generated prompts to respond to employer messages, further expediting the process.

**Slide 2-28**

**Chris:** The final part of the journey is Employer Response to Hire. For this phase, our focus is on hiring automation, and ATS—or applicant tracking system—interoperability.

**Slide 2-29**

**Chris :** Indeed Apply is a key Indeed technology that enables job seekers to complete a job application directly on the Indeed platform without having to navigate to an external site. Indeed Apply is simple and fast for job seekers, and increases conversion rates for employer applications.

**Slide 2-30**

**Chris:** Jobs posted directly to Indeed all support Indeed Apply. With the Indeed Apply Sync API, jobs posted on ATSes can now support the same simple and fast application process. We've integrated with more than 300 ATSes globally, and will be launching new integrations from 4 of the largest ATSes in the world later this year.

**Slide 2-31**

**Chris:** Interview scheduling is one of the most manual and time consuming parts of hiring. We offer a number of solutions to make scheduling simpler and faster, including options to schedule interviews on our own video interview platform - Indeed Interview. Last year, employers and job seekers completed 8 million interviews on Indeed. On average, employers who interview on Indeed hire 44% faster. And average time to first interview for a job seeker is just 4 days, compared to weeks for many alternative hiring methods.

**Slide 2-32**

**Chris:** We've built new automation tools to make it simple and faster for employers to create apply to hire workflow automation. And we've seen a 20X growth in the number of connections through automation in the past year.

**Slide 2-33**

**Chris:** While we have solid measurement in place, we know that reducing time to hire is a huge challenge.

**Slide 2-34**

**Chris:** In order to improve time to hire, we need to change job seeker and employer behavior—both on and off Indeed. This is an extraordinarily ambitious undertaking, however, the potential impact to society—and to our business—is significant, and the effort is worthwhile.

**Slide 2-35**

**Chris:** While I've discussed employer time to hire today, we also have an ambitious commitment to reduce job search duration by 50%. We need to continue to innovate every step of the hiring process to reduce both time to hire and job search duration.

**Chris:** Now, I'll turn it over to Indeed's Chief People & Sustainability Officer, LaFawn Davis, to talk about how we use technology and AI responsibly across all of our initiatives.

**LaFawn:** Thank you Chris. I'm LaFawn Davis, Chief People & Sustainability Officer at Indeed.

**Slide 3-01**

**LaFawn:** At Indeed, we help all people get jobs. Reducing bias and barriers in hiring is essential to this mission. And, it's deeply connected to hiring more efficiently.

Chris took us through examples of how Indeed's matching and hiring platform can accelerate speed. And I will discuss how these products and tools are built with equity in mind.

**Slide 3-02**

**LaFawn:** Indeed will harness the power of AI to make hiring simpler and faster. We know that AI tools have been built with inherent, human-created biases.

**Slide 3-03**

**LaFawn:** We want to make sure AI doesn't become another barrier for job seekers to overcome. When used ethically, AI can be a powerful tool to move the needle forward as we level the playing field, establish equity, and help break down bias and barriers for job seekers.

I want to stress that humanity is at the core of it all. And will always be the driving factor when building for better work. We have several strategies in place to combat bias including building a strong team who can leverage scientific rigor and analytical tools for our AI systems.

Building scalable tools that Indeedians can use to develop and deploy AI responsibly. And building for humans - humans still need to be involved in every step of the hiring process, and we are deeply involved in internal standard-setting and education.

**Slide 3-04**

**LaFawn:** I strongly believe that keeping the HUMAN in human resources is the path forward toward a more equitable world of work.

**Slide 3-05**

**LaFawn:** At Indeed, we believe the path towards building a better world of work starts with Responsible AI. We're on our own journey with equitable hiring and are continuously evaluating and redesigning our hiring processes with a lens of inclusion. We're adopting best practices as we learn – and are committed to driving change across fair chance hiring, accessibility, skills first hiring, and economic security.

Humanity is the key to building a more equitable society. We want to use our technology, expertise, and scale to help eliminate biases and ensure all people have access to quality work.

**Kojima:** We will move on to the Fireside Chat with Sena and Jun. This call is a simultaneous translation of the original call in Japanese.

Following today's Fireside Chat, we will have a dedicated Q&A session to answer your questions. You can submit your questions anytime during the broadcast by accessing the Google Form via the QR code displayed on the screen. Zoom participants can also ask questions live during the Q&A in the second half of the session.

Please note that we are recording today's session. Presentation materials can be obtained from our website. Jun will take the lead from here.

**Jun:** My name is Jun. Thank you for joining us today.

This is the third year of this Fireside Chat, and I would like to start with a question that I asked last year also. In your presentation video earlier, you mentioned that the progress on the five goals varied. Please tell us how.

**Sena:** To be honest, there are some things that are going well and some things that we are struggling with, but I think this was a year in which the goals that we are struggling with are gradually showing signs of progress.

**Jun:** So, first of all, let's show the five goals on the screen. Which of these themes do you think is progressing well?

**Sena:** Of the five goals, I think we are doing relatively well on our environmental goal and our second social impact goal, which is to help 30 million job seekers facing barriers get hired, and also to have 50% women in the boardroom. I believe these three are progressing relatively well.

**Jun:** I see. I am not familiar with CDP, which you mentioned earlier in your presentation video, what exactly was evaluated?

**Sena:** For those of you who may not know, please allow me to explain what CDP is in the first place.

It is an NGO based in the UK that collects and publishes a lot of data on the impact of companies on their environmental performance. The data is widely referred to, especially by institutional investors, and through that effort as a result, the organization is working to solve environmental issues.

Every year, CDP evaluates each company's efforts in the three themes of climate change, forest, and water security based on the companies' responses, and also on how transparent their disclosure is. The first category, climate change, especially has the largest number of responding companies, and last year we were selected for the A-list, the highest ranking category, as shown in the video at the beginning. This A-list has less than 400 companies listed out of the 23,000 companies that respond.

**Jun:** I see.

**Sena:** So it's like less than 2%. Since this was the first time for our company, we thought we should brag a bit about how well we did, and that's why we mentioned that we were selected for the A-list.

**Jun:** I see, you've made it! So is this it, now you're all set for this goal?

**Sena:** No, not at all. I just wanted to brag a little, but what we are really aiming for is to make the entire value chain carbon neutral, so there is still a lot of work to be done. We still have a lot of work to do, and we would like to do our best towards 2030.

**Jun:** I see, CDP is a rating organization specializing in environmental sustainability. I understand, so you mean, that there are specialized evaluation and rating organizations, and capital goes concentrated in places that are rated highly by these organizations, and not in the areas that are not rated highly as a result. Got it.

Let's go back to the beginning and look at the slide again. Which one was the one that you said you are struggling with?

**Sena:** Three of the five categories are going well, while the other two are struggling. The first of the social impact goals to shorten the time it takes to get hired by half, and also the social goal on employee gender parity. We want to reach a ratio of 50% women at all levels, but these two goals we are still going through a trial and error.

**Jun:** I guess that means some progress has been made.

**Sena:** We are trying various things even in our difficult situation, and as I said at the beginning, I think this has been a year in which we are beginning to see some signs of progress.

**Jun:** I see. Today, I would like to focus on these two points in particular: shortening the time it takes to get hired by half, and increasing the percentage of women to 50% at all levels, and ask questions on points where I believe investors are interested in.

Let's start with the heart and soul of it - sort of, in the video presentation, both Sena and Chirs Hymes mentioned that they have introduced the time to hire as a new indicator for the goal to shorten the time it takes to get hired by half. What is the difference and what is the relationship between the "time to hire" and the "time it takes to get hired"?

**Sena:** To explain a little about our past efforts, in order to achieve our goal on shortening the time it takes to get hired by half, in the first year we sent surveys directly to job seekers who had been hired or employed through Indeed, and calculated the time it took to get a job based on the responses.

**Jun:** It was done manually.

**Sena:** Yes. When we talk about the time it takes to get a job, we are talking about it from a job seeker's perspective. The time from when you start looking for a job to when you were hired is the time it takes to get a job from a job seeker's point of view. The results of the survey were used to determine the baseline of 15 weeks, which is how long it takes to find a job from a job seeker's point of view.

Actually, considering that this is a decade-long journey for us, and the scale of Indeed, which is used by about 350 million users every month, it is in fact a bit unsustainable to send out surveys to ask job seekers when they started looking for a job. Moreover, even though it is the real answers coming from job seekers, people's memories are often not very accurate and vague when exactly they started looking for a job.

With that in our minds, we have been trying for about two years to capture the beginning and end of the job search process, the timing of when they get hired, using digital signals from Indeed, our platform. We've been trying for about two years, but to be honest, we haven't quite reached the point where we can say, "This is it".

**Jun:** Oh my.

**Sena:** The reason for this is that it is very difficult to identify the beginning of a job search. For example, even if there are people who are acting the same way and looking for a job, it is ultimately impossible for us to determine whether they are just looking out of curiosity or whether they are really serious about changing jobs. We can make a model-based calculation by combining job seekers' behavior, this signal, and that signal, and we can make some kind of estimation, but we can't make a precise measurement of the duration, like from this point to this point, where we could say, "This is it!". So here we are, the first 2 years passed, and we haven't yet reached a point of solution.

However, measurement is not the end of it either even if we were able to measure it accurately. Rather, that is the starting line. Once the measurement is done, then we need to shorten it from that point, and that's the real goal we want to push towards. So after two years of trying, we know that this is not the most ideal solution either, but then, when we looked real hard for a way that allows us to accurately measure the beginning and the end point, the employers' perspective on their hiring journey on the other hand of job seekers', is so much more simple. We can identify the very moment when the job post was created. And of course, the hiring side uses the same signal, "Hired". This is the same for both employers and job seekers.

We were originally trying to measure the duration from the job seeker's point of view, but we were not able to reach the point that "this is it." On the other hand, we can measure the results if we look from the employers' side, from the start to the end (hired). That is why we would like to focus on time to hire to shorten the duration by improving our product for the time being.

**Jun:** I see, you have changed your perspective from the job seeker's side to the employer's side.

**Sena:** Correct.

**Jun:** I see. I think you have shifted yourself to where you can better understand the real-time effectiveness of product advancement as well as an accurate measurement. Do you plan to use time-to-hire as the main indicator moving forward?

**Sena:** We worked very hard over the past two years on the Job Seeker side. It is frustrating that we have not been able to achieve the results we wanted, but you know, as we often say at Indeed, what can be measured can be improved.

**Jun:** True.

**Sena:** Conversely, we cannot improve what we cannot measure. We have to conduct various A/B tests to determine the way to shorten the time to hire; we have to reduce the time through repetition of "this works" and "this does not work". In this sense, I would like to use the employer's view of "Time to Hire" as the main indicator for us to measure our progress for a while.

I have mentioned the meaningfulness of being able to measure the volume of data, coverage, and accuracy of the data. We are currently working hard on various tests to drive the actual shortening of the "Time to Hire", and I hope to be able to report the concrete results to you here in the next year. However, we have already made some actual changes, which are good signs of progress, as I said at the beginning. For example, by making it something that can be properly measured through everyone's collective efforts, for the first time we were able to include "speed" as an OKR for the entire Indeed.

**Jun:** Right. And what does an OKR stand for?

**Sena:** To put it simply, OKR stands for Objectives and Key Results, which is something we can all chase after and praise ourselves if we can achieve it. Note that I'm saying this in a real rough manner now.

**Jun:** Sure. I see.

**Sena:** Such things cannot be set as the goals we all aim for unless they can be properly measured, so we cannot set vague things as our goals. In that sense, we are finally able to measure the results from the employers' perspective. We have finally reached a state where we can judge the results of A/B testing by making various modifications to the product and determining whether they are effective or not.

When driving forward with a large team, it is very important from a management perspective to establish measurements that everyone can see and understand. I hope that everyone will wait another year to see what kind of results we can deliver, but I have a sense that we are making progress in this way.

**Jun:** I see...as Chris mentioned in the video presentation earlier, I think it is now easier to understand how the recruitment platform is being sought after and used by both employers and job seekers, by incorporating the employer's perspective in the time it takes to hire a new employee.

In addition, from a short and medium-term perspective, as well as from the perspective of corporate value, I think the relationship between the increase in speed and its impact on business performance will become more visible.

**Sena:** Yes, that's right. From a management point of view, we naturally always have considered both the employer's and job seeker's perspectives. However, in the short term, we believe it is especially important to shorten the time it takes to hire a new employee from the employer's perspective. Looking at the number of job openings in the U.S., there was a sudden and dramatic increase after the pandemic. But after that, it has become moderate. I think it has been back to moderate for more than a year now, or rather, it has been decreasing.

Historically, when the number of job openings has fallen sharply, the unemployment rate has generally increased. However, this is not the case now. In that sense, the situation in the U.S. is exactly the same as in Japan, where the working population is aging and it is becoming more difficult to hire talents.

**Jun:** I think that's what Deko talked about at the full-year financial results briefing in May, right?

**Sena:** Exactly. So, to connect the dots, we are now facing an unprecedented situation of decoupling, where the number of job openings and the unemployment rate is not linked. It can be a risk of losing an opportunity to grow one's business if they cannot hire people they need in a timely manner. Therefore I think our current goal of shortening the time to hire is becoming more attractive, especially under this kind of macro-economic circumstance.

Originally, when we released this goal in 2021, we had expectations that the halving of time to hire would double the matching efficiency, and also double the opportunity for monetization. Now moreover, in the context of the increasingly difficult situation to hire, I think it is possible to take an optimistic view that the coefficient could be a double or even more.

**Jun:** I think we can provide higher value-added services.

**Sena:** Right.

**Jun:** Then corporate value and social impact will be linked, and become more closely aligned. So is that what you are saying?

**Sena:** Exactly.

**Jun:** Excellent. Next, I would like to talk about the other challenge, which is the target for the percentage of women in management positions. Could you please show the slide again?

Looking at the progress in FY2023, the percentage among senior managers is improving, the percentage among managers remained flat. The third year of the short-term, three-year target ends in 2024, and we are almost there, or rather, we are just now on-going. Will we be able to achieve the target?

**Sena:** That's a very good question. We are struggling with improving the percentage of female managers among our employees. What we just showed is the Group result. The middle line shows the percentage of women among managers, and it remains flat in FY2023. I have not told this information to the public so far, but the situation in Japan and overseas is quite different, so I thought it would be good to explain the situation separately between Japan and overseas this year.

**Jun:** Yes.

**Sena:** In Japan,

**Jun:** Show the slide again.

**Sena:** The slide shows the result of our major subsidiary in Japan, Recruit Co., Ltd. It shows how the percentage of female managers has changed over the years. In fact, Recruit has been working on this issue for a long time now. 2006 was the first year when they established a dedicated organization and decided to put more effort.

**Jun:** When you joined the Company.

**Sena:** Yes. This is the year I joined the Company, which means that we have been doing this for a long time. As you can see, the percentage of female section managers was only about 10% at that time. We have done a lot of things, and by 2022, the percentage exceeded 30% for the first time, and by 2023, it was 34%. In April of this year, the most recent year, the percentage had risen to 36%.

**Jun:** You are on the right track.

**Sena:** Yes, so I have the feeling that things are actually getting better in Japan.

**Jun:** We had the impression that overseas are performing better than Japan, but it is the opposite, isn't it?

**Sena:** Actually, yes. We could exceed the 30% barrier in Japan by taking many different initiatives.

**Jun:** For example?

**Sena:** There are two, one is the clarification of management requirements.

**Jun:** I think the clarification of management requirements is something we talked about last year, but is it something different now?

**Sena:** So, to recap, although Recruit had been clearly defining job requirements for each position, the abilities and behavioral requirements for the management positions were not explicitly defined. Therefore, those who were already in management positions were selecting candidates based on their tacit knowledge, which was tied to their success experiences, which made it easy for bias to creep in.

For example, if in the past it was a tacit understanding that the ability to respond to problems 24 hours-a-day is favorable, regardless of whether it's actually necessary to become a manager in that job today, there were cases where that bias was included in looking at candidates. In order to eliminate these biases, for each business, we specifically clarified what abilities and at what level they are needed to become a manager. We clearly articulated to eliminate vagueness, where bias could creep in.

As a result, the number of female candidates for management positions increased by about 1.7 times, and what made me very happy was that the number of male candidates also increased by 1.4 times. I think this is the truth that's often said in the field of diversity around the world; when something good is done for a certain group, good things also happen for other groups. I think it has been proven here. These are the things we are trying to do at our best. As Jun mentioned, this work had been done prior to 2023, and is part of what I explained as progress for 2022. However, since it was so successful, we expanded the clarification of management requirements in 2023.

It was a vertical expansion; originally, it was a trial for a certain division's manager position, but since it went very well, we expanded it to other divisions. We expand the program to not only managers, but also to the layers above them, such as VPs, etc. Last year, we further expanded this, which is my first point. This is about expanding and deploying something that was originally proven to work.

**Jun:** Recruit's specialty.

**Sena:** Yes, that's the way we do things. We are also starting one more new initiative at the same time: the Co-AL Partner Program. I think this is probably the first time I am going to mention this program.

**Jun:** The previous initiative was about how to discover new people, previously unnoticed, to reach 1.7 or 1.4 times larger pool of candidates. On the other hand, what is this "Co-AL?"

**Sena:** It's an acronym of "Co-Authentic Leadership" and we call it "Co-AL" for short. It is a word coined by combining the initial letters of "Co", "A" for authentic, and "L" for leadership. As is often the case in our company, the person who said, "I want to do this," was allowed to decide on the name and other details.

By "Authentic", we mean by Recruit's way of respecting the authenticity of individuals. It is also a reflection of Recruit's values, "Bet on Passion." This is what Co-AL is all about.

**Jun:** In Japanese, the sound of "Co-AL" also means "Bet on Passion".

**Sena:** Yes.

**Jun:** I see.

**Sena:** A bit embarrassing to explain. But that is the intention.

**Jun:** What do you actually do?

**Sena:** Here's the thing. To put it simply, let's say I am a member who is not sure whether or not to pursue a managerial position, and you are my boss. If I were to do so, normally, career counseling would be a

one-on-one relationship. But with this Co-AL partner, two other people are assigned to me in addition to my immediate supervisor.

The two Co-AL partners cannot be anybody. They should be a partner who received training on for example, "understanding people" and "development design" techniques. Including my supervisor, the three partners would support me from multiple perspectives and provide opinions.

The career prospects of the employees and what kind of management positions they can and want to take are becoming more and more diverse, so there are many ways to build a career when multiple perspectives are taken into account. When you have multiple perspectives, employees can see that there are many ways to build a career. It is easier to get an idea of the kind of manager you want to be. Such efforts have resulted in a gradual expansion in the pool of managerial candidates. Slowly and surely, we are making progress in Japan.

**Jun:** I see. So through this, more candidates will emerge and some of those people will further move up in the organization, is this what you mean? I understand that this is the case for Japan, but what about overseas?

**Sena:** If domestic is progressing and the overall situation is flat, that means we have a tough situation overseas.

**Jun:** Yes, that's right.

**Sena:** Overseas, there is a hiring freeze in HR technology SBU, and I think this is the reason why the percentage of women managers is stagnant.

When we originally set this goal in 2021, we started the Inclusive Interview Rule. When there was a position for which we wanted to hire, we made a rule that we could not start interviews until we had a diverse pool of candidates. At the time, this worked very well, and in FY2021, Indeed alone achieved a huge improvement.

However, we are currently in a hiring freeze. Hiring is the most important driver for improving the gender ratio, and it has come to a halt, which is a very understandable reason for the lack of progress. However, we are trying to do what we can do even in this situation.

Originally, the Inclusive Interview Rule was only applied to a certain portion of the global workforce, the upper layers in the U.S., but now they are expanding it to all positions globally. I believe that this will come into effect when the hiring freeze is lifted and we can start hiring again.

**Jun:** So you are saying that you are preparing to make an impact in the future.

**Sena:** I will say that while the situation is challenging, we are preparing for the moment.

**Jun:** So you mean I should keep an eye out for positive results in the future?

**Sena:** I'm a little nervous about being so imposing, but that's what I mean. I hope you will wait and see.

**Jun:** I understand.

**Kojima:** Now we would like to take questions from the participants.

If you have questions, please use the QR code on the screen to access the Google form to send them to us, or you can use the audio for Zoom attendees. Due to time constraints, please limit questions to one per person; Zoom participants with questions should raise their hands as indicated on the slide.

Now, Nagao-san of BofA Securities, please go ahead.

**Nagao:** Can you hear me?

**Kojima:** Yes, I hear you.

**Nagao:** Yes. Thank you very much, my name is Nagao from BofA Securities. Thank you very much. I have one question for you, Sena. I was wondering if you could tell us how the change in the monetization method of Indeed, from the traditional PPC, PPA, or PPSA, and now shifting to a different approach, has affected the impact target, or if there has been any discussion about this? That is all.

**Jun:** Now, we have a fundamental question from Nagao-san.

**Sena:** Hello, Nagao-san. Thank you for the question.

First of all, our basic premise is that what we want to do with Simplify Hiring is to simplify the long and complicated series of processes involved in hiring, which has not changed at all. The challenge is how to reduce this effort, how to make it faster and more efficient, and how to bring it to the level where it can eventually be done with a push of a button. Perhaps you wanted to ask that, since we reported that PPA contributed to shortening the time it takes to get hired, what will happen after its termination? PPA was an experiment, but it didn't go so well, and many customers used it differently than we intended, so we stopped it. You are wondering what the relationship was between the monetization efforts and the current goal.

PPA was one of our experiments, and we will continue to experiment with different things in the future. For example, as Chris mentioned in the video, we are starting a new service called Smart Sourcing. If the company thinks the candidate is a good fit for the job, they can invite the candidate to apply for the position. If a candidate applies, there is a high possibility that the person is a very good candidate since the employer chose by their own. In this sense, the time a company has to wait to access to the right candidate can be shortened tremendously.

To add more information, the message itself, which sends an invitation to apply for a position, is also sent using AI to help create the most appropriate message based on the candidate's resume and other various information. This means that it is faster to send a message, faster to respond to the message after sending it, and the time to hire is shorter. We are planning to continue to try out many new ways of doing this. Let me talk a little bit about monetization as well.

For example, Smart Sourcing currently offers two different subscription menus, depending on how many people you want to send an invite to apply to, or how many people, including recruiters, from your company you want to give access to this service. The lowest price plan, for example, costs \$120 per month in the U.S. So, if the number of subscriptions increases, the cost per hire will increase as more employers sign up to use the plan.

In terms of coverage, in 2023, Matched Candidates feature was a stand-alone feature, and it was only available in English-speaking countries, for example US, UK, and Canada. In 2024, we have decided that it would be a good idea to provide it as part of Smart Sourcing, so we are expanding the service to more countries. Since the products will be of higher value, the cost per hire will increase. Opportunities for sales will also increase as coverage expands.

Basically, we are trying to combine the evolution of this product with monetization efforts. Some of them will work, some of them will not work so well, and we would like to shorten the time to get hired by half over a long period of time while doing various things. Is that a good answer?

**Nagao:** Yes, I understand very well. Thank you very much.

**Sena:** Thank you very much.

**Kojima:** Thank you very much for your question. Now I would like to move on to the next question. Please raise your hand if you have any questions.

Now, Mori-san of JP Morgan Securities. Please go ahead.

**Mori:** Yes, thank you very much for your time today. This is a bit of a vague question, but the topic is about AI, a topic that you also discussed in the March [Investor Update](#). I am aware that you have talked about reducing bias in your video earlier, and I am also aware that Recruit has also issued a policy on the use of AI. I would like to hear your thoughts on the current situation, including what you think your company is doing ahead of others, or what are the points that are bothering you the most. That is all.

**Jun:** That is quite a topical and very catchy question.

**Sena:** Thank you, Mori-san. Technology in general, and AI in particular, are advancing at such a rapid pace that I believe it will have a considerable impact on the matching of people with jobs, which is what we specialize in.

There are various surveys and data that show that, for example, about 40% of jobs will be affected by the evolution of AI, and in developed countries, the percentage is estimated to increase to about 60%. I think this area that we are working in will also be affected by the evolution of AI, but it is not only a bad thing. It was the same story when the steam engine came out and the Industrial Revolution started, and even earlier, when the Luddite movement started with letterpress printing. On the other hand, advancement in technology also resulted in a great increase in productivity, and people's lives improved.

In this sense, I personally believe that technological evolution is a friend to mankind in every era. For example, there are many new jobs that will be created by AI, and there are also many existing jobs that will be extremely rewarding when augmented by AI.

Additionally, it is a challenge for us to utilize this technology to match people based on their skills, not on their educational background or work experience. And of course, shortening the time required means increasing efficiency. So, one of our challenges is how we can properly match people based on their skills.

On the other hand, I do recognize AI has a negative impact as well. That is why I asked LaFawn to talk about this theme in the video. I think it is a very important theme to consider how to manage the bias risks associated with the use of AI. I think this is a very important theme. In fact, the Sustainability Committee, the Risk Management Committee, and the Board of Directors have been discussing this topic. It is rare to have multiple committees to discuss one same topic and then to talk about it at a board meeting. We have been discussing how to continue to utilize technology in a responsible manner. We are taking the stance because the usage of AI is a winning strategy for us, we should practice a responsible use of it.

**Mori:** Thank you very much.

**Jun:** Thank you very much.

**Kojima:** Thank you very much.

Now I would like to move on to the next question. Yamamura-san of Citigroup.

**Yamamura:** Thank you very much. I am Yamamura from Citigroup Securities. Can you hear me?

**Jun:** Yes, we can.

**Yamamura:** This may be a little far from what you have explained, but since this is a good opportunity, I would like to ask you this question. It may include two questions. I have a feeling that resistance to changing jobs is waning in Japan. This in itself may be a positive thing, but I am concerned that in the medium to long term, there may be a risk that employers may have less incentive to develop human resources. I would like to ask your opinion on whether or not this is a positive thing for society as a whole in the long run.

On the other hand, your company itself encourages its employees to change jobs at an early stage, and at the same time, you also achieve continuous business growth. I would like to ask how your company can simultaneously promote the mobility of the human resources market and the sustainable growth of the company. I think this is a very unique feature as a Japanese company, and I believe that promoting your methodology will be an ESG action for Japanese society. That is all.

**Jun:** Let's start with the question about the labor market. Shall we?

**Sena:** Thank you, Yamamura-san. First of all, I think your question is from the perspective of whether too much mobility is really a good thing overall. I think it is good and healthy for workers to be able to play a more active role, to grow, and to move to higher-paying jobs by doing the same work. I also think it is a good and healthy thing to move people from low-productivity industries to high-productivity industries on a macro level.

On the other hand, and this may be the answer to your second question, companies have a lot of work to do. In order to hire better people and have them play more active roles, companies need to invest in them properly. They need to make various efforts so that they will continue to be selected. We, as a company, would like to do our best in this area.

I think I have received compliments on how we are dealing with the highly mobile labor force, and how we are able to balance business growth and a high level of liquidity. However, I think we are not quite there yet.

What I think is that we are not in the manufacturing business, or we don't have any patents or something else which will protect us for the next 20-30 years without doing anything. We can only grow by hiring good people, and then moving the business forward with their ideas and passion. Without good people and their great performance, we could eventually go out of business.

So, recruitment, training, and boosting their performance are important themes in the management of the Company. These are the important points that we are focusing on. We deeply believe this is how we can survive in the future. We are testing various initiatives. Some of them work, and some of them don't. We still have a long way to go, but I think that's what it's all about. I truly believe that our strength comes from our people. So, we should continue to explore what is necessary for our employees to perform well, regardless of their age, years of service, gender, and so on.

**Yamamura:** Thank you very much.

**Jun:** Thank you very much.

**Kojima:** Thank you very much.

We are receiving many more questions, but it is time to end the Q&A session now. Now, Arai-san, could you please wrap up?

**Sena:** So it's time, already. That's short. I feel kind of sorry. Every time I wanted to answer a lot of questions, but I couldn't. I'm sorry.

**Jun:** As the final question, if you have any highlights for the year 2024, or if there is anything you would like people to pay attention to, please give us a few words.

**Sena:** What we want to focus on is to reduce the time it takes to get hired by half, since this is what we have been struggling with so far, and this is also directly connected with our business.

As mentioned earlier, I believe that achieving solid results in this area is very important for our medium to long-term performance and for the company's financials. I would like to accelerate initiatives in this area.

As for the environment and gender parity goals, 2024 is the last year of the three-year goal. And we are actually in the middle of making progress now, just as Arai-san mentioned earlier. I hope to be able to deliver a good update next year.

**Jun:** I'm looking forward to it.

**Sena:** While continuing to make solid progress, we must also set goals for the next three years. I hope 2024 will be a year that will lead us to the next major strides.

**Jun:** I hope we can have another pleasant talk next year, like this time..

**Sena:** It's possible that it's not going to be all fun, but even though that is the case, I'll be honest with you.

**Jun:** Yes, then I think it is time to go.

**Kojima:** With that, we would like to conclude the Recruit Holdings Sustainability Update. Thank you very much for your participation.

[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.

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